

**The Mortimer Society**  
**(A Company Limited by Guarantee)**

**Trustees' Report and Financial Statements**

**For the Year Ended 31 October 2020**

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**The Mortimer Society**  
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**Reference and Administrative Details of the Charity, its Trustees and Advisers for the Year Ended 31 October 2020**

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**Trustees**

Mrs J M Westwood OBE (resigned as Chair 24 June 2020 and resigned as Trustee on 16 December 2020)  
Dr T J Cantor, Vice Chair (re-appointed as Vice Chair on 24 June 2020)  
Mrs J Grimmett  
Dr D J Oliver (appointed as Chair 24 June 2020)  
Mr K Lagden  
Mrs V Lepadden  
Mr P Ball

**Company registered number**

01741444

**Charity registered number**

287579

**Registered office**

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

**Chief Executive Officer**

Mr Paul Studd

**Executive management team**

Mrs Susan Matthews, Head of Business and Corporate Affairs  
Mrs Elaine Runeckles, Head of Care, Quality & Compliance  
Mrs Tracey Edwards, Dual Location Registered Manager (appointed Registered Manager of Birling House 1 August 2020)  
Ms Hannah Wilson, Birling House Registered Manager (until 14 January 2020)

**Independent auditor**

UHY Kent LLP t/a UHY Hacker Young, Thames House, Roman Square, Sittingbourne, Kent, ME10 4BJ

**Bankers**

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

**Solicitors**

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

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## **The Mortimer Society**

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### **Trustees' Report For the Year Ended 31 October 2020**

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The Trustees present their annual report together with the audited financial statements of the charitable company for the period 1 November 2019 to 31 October 2020. 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 Charities SORP (FRS 102) (second edition), "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS 102)".

#### **OBJECTIVES AND ACTIVITIES**

##### **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.

##### **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 most appropriate level of care and support.

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

##### **Activities for achieving objectives**

By considering 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 integrated Activities Team
- Well-equipped Activity Suites including the provision of facilities such as family accommodation, TV, hair dressing salon, PC and Tablets with internet access and an interactive game tables with WiFi connectivity
- 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, aromatherapy and chiropody
- Speech and language therapy
- Multi-sensory rooms
- Programmes for Activities of Daily Living
- Residents, Family and Carers assemblies and social events
- Access to laptops and tablets to facilitate communication with families and friends through Zoom, WhatsApp, FaceTime and other online social media channels.

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### **Trustees' Report (continued) For the Year Ended 31 October 2020**

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#### **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. However, during the most of 2019-20 this interaction has not been possible due to the Covid-19 pandemic affecting both homes.

#### **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 as part of their induction process, in achieving the Care Certificate. This qualification 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.

It has been a difficult and challenging year for the care sector during 2020 due to the Covid-19 pandemic and as a result of the contagious nature of the virus, it has been necessary to deliver Covid awareness training to all staff including the donning and doffing of personal protective equipment (PPE) in order to maintain the safety of both the residents and staff at all times.

## **STRATEGIC REPORT**

### **ACHIEVEMENTS AND PERFORMANCE**

#### **Review of activities**

##### **Activities and achievements during the year**

This has been a very challenging year due to the Covid-19 pandemic. This has affected many of the activities for residents and restricted visiting by family and friends. The Executive Management Team and all staff have worked very hard to maintain the care provided for residents at a very high level and to provide extra support for residents. The Trustees are very grateful to all staff for this extra commitment during these very difficult times, when they were also facing restriction and fears of illness for themselves and their families.

#### **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 care needs and aspirations of our residents to deliver the required person centred outcomes. Our staff turnover is considerably lower than the sector generally which we know enhances the consistent care that we give to our residents albeit staff recruitment and retention has been extremely difficult and challenging during 2020.

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.

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### **Trustees' Report (continued) For the Year Ended 31 October 2020**

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Staff normally 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. These have not been possible during the year due to the Covid-19 pandemic. However, staff have been undertaking many activities to provide entertainment and support for residents, who have been unable to leave the homes and have received restricted visiting by friends and families, including activity days and assistance with on-line communication with families.

Staffing at both homes have been severely affected by the Covid-19 pandemic in 2020 as a result of either care staff receiving positive tests or having to isolate due to affected family members or having been contacted by the Track and Trace system.

Although there has been a good pool of candidates from the job applications, it has been extremely difficult to retain new members of staff as it appears that applicants who apply for care jobs do not appreciate the work involved and leave the position after a very short time through their probationary period.

#### **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.

However, Covid-19 prevented from face to face training to be undertaken in the normal learning environment and so a corporate decision was made early on for the Society to go forward with on-line training for all staff. The on-line training programme delivered the necessary mandatory courses for all categories of employees with care staff being expected to complete 22 modules for which they were recompensed if completed in their own time. This programme has proved to be extremely effective which means that it will be the likely method of delivering all training in the future except for any practical training that has to be undertaken.

All 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.

#### **Occupancy levels**

The Society's financial performance depends on overall room occupancy and the level of weekly fees paid on behalf of our residents by the local authorities and the NHS Clinical Commissioning Groups (CCGs). The Society is registered with the Care Quality Commission for 31 rooms at Birling House (31 residents) and 23 rooms (23 residents) at Frindsbury House. In 2019/20, the Society achieved an overall average occupancy rate of 94.4% with Birling House achieving an occupancy level of 91.7% and Frindsbury House achieving 98.2%. The occupancy levels within the residential care sector reflect the quality of care provided and the value for money delivered as a charitable organisation and in the 2019/20 financial year the occupancy levels had increased over the previous year to an exceptionally good level which pleasingly increased the fee income received.

#### **Fabric and equipment**

A significant amount of reinvestment into the business from reserves was made in 2019/20 as identified in our Capital Programme. The annual capital budget was agreed but limited by Trustees to approximately £130,000 due to the uncertain economic times and the austerity measures imposed by Central and Local Government in the care sector generally. There was also the added uncertainty due to the outbreak of the Covid-19 pandemic in March 2020 and the implications that has brought to the economy. The capital programme included investments such as the purchase of replacement equipment for residents at both homes as well as in general, important buildings repairs and maintenance across the Society which meant that the actual capital expenditure in 2019/20 amounted to almost £120,000 and was within the capital budget that was set for the financial year. Facilities for staff changing and washing, which were highlighted as being necessary in the Covid-19 pandemic, have been introduced in both homes. At Birling House this is a temporary structure, and plans are being developed to make arrangements for these facilities within the main building in the future.

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### **Trustees' Report (continued) For the Year Ended 31 October 2020**

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#### **Care Quality Commission**

Birling House was last inspected by the CQC on 11 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. Although a visit by the CQC was imminent at the beginning of 2020, no further visit was carried out during the year due to the Covid-19 pandemic as CQC inspectors were not undertaking compliance inspections as a result.

Frindsbury House was last inspected by the CQC on 12 February 2019 and the service was awarded the rating of 'Good' in all five key lines of inquiry areas having received a 'Requires Improvement' a year earlier. The overall rating for the home was given as GOOD by the CQC.

During that year between inspections, a robust and comprehensive action plan to address the areas not meeting the required standards at that time was endorsed by the Board of Trustees and put into place which achieved and reinstated the rating of GOOD for the service being provided by the home. A follow up inspection by CQC at Frindsbury House was due early in 2020 but again due to the Covid-19 pandemic this inspection did not take place.

However, during the year the CQC began rolling out their transitional regulatory approach in response to the Covid-19 pandemic by introducing the Emergency Support Framework (ESF) as an additional monitoring tool, to support structured and consistent conversations with providers. The ESF helped inspectors to understand where there were risks of unsafe care and to prioritise support to address such issues and share learning from providers that were using innovative ways to manage their services. Both homes have undertaken these ESF conversations on several occasions with the nominated inspectors with a satisfactory outcome and no concerns were raised that had to be addressed.

#### **FINANCIAL REVIEW**

##### **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.

##### **Financial risk management objectives and policies**

The Society produced a very pleasing surplus for the year ended 31 October 2020 following the disappointing outturn deficit for the previous year. The Society produced an operating surplus of £185,016 in the 2019/20 financial year from charitable activities. In commercial terms this surplus would be considered as a negligible return on capital employed but however, the Society has again been able to look positively into the future and made some significant capital reinvestment into the business. Although the total income significantly increased by £381,755 from the previous year, expenditure increased by £78,426 which positively affected the overall financial position of the Society compared with last year's outturn. The significant increase in expenditure was eased by the receipt of various Covid-19 operational and Infection Control Fund grants awarded from central government through the local authorities.

It is pertinent to note that staffing costs accounted for 73p out of every £1 of fee income in the 2019/20 financial year. 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 unique but person centred service which maintains the professionalism and reputation of the Society's charitable purpose.

##### **Financial risk management objectives and policies (continued)**

As a result of the very good occupancy levels that the Society have achieved in 2019/20, our finances are currently sound but like most care homes we continually face significant rising costs. In contrast, the level of our fee income per resident per week did not keep pace with inflation. During 2019/20 a number of sponsoring authorities/CCGs awarded an inflationary increase in weekly fees to recognise the ongoing and increasing cost of the National Living Wage on the 1st April each year and also the general cost of inflation on goods and services. The fee increases were generally below the rate of inflation despite ongoing increased costs, whereas the remaining authorities offered no increase at all or were actively seeking to reduce fee levels due to budget constraints. While it is appreciated this situation has

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### **Trustees' Report (continued) For the Year Ended 31 October 2020**

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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, repairs and maintenance costs and equipment service agreements have all been subject to a substantial 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 which have to be borne.

As a result of the global pandemic and its severe impact on the care sector throughout 2020, central government issued grants to support residential care homes with the significant increase in operating costs particularly around personal protective equipment and in maintaining staffing levels in an attempt to maintain the safety of residents and staff.

The two host authorities, namely Kent County Council and Medway Council awarded two types of grants during the year as follows:

- One off Covid-19 operational grants based on the value of the placement fees for the residents in each home
- Infection Control grants(Round 1) based on a price per bed in each home determined by the central government allocation of funds across the residential care sector in England and distributed by the local authorities

These grants were very welcome and contributed towards the significantly increased costs but the total value did not meet the continued escalating costs that were being experienced due to the severe and ongoing nature of the Coronavirus pandemic.

As a charity we strive to deliver high quality, 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 residential care homes such as the Mortimer Society are to continue, fee income must reflect the true cost of caring for our residents who have very high dependency levels. They must also recognise and attempt to meet the increasing pay rates resulting from the imposed year on year increases in the National Living Wage through to at least the year 2021 and probably beyond.

#### **Donations**

During the financial year, we received £3,122 in donations (excluding grant income) from various sources including donations made by families and friends of our residents.

The Society also received a small sum of £4,514 from fundraising income as a result of either staff or families arranging social activities such as charity football matches and other events and also bazaars organised by staff for the benefit of the residents.

#### **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 Executive 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 upon to the Board on a quarterly basis.

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

The Trustees consider the greatest risk at present to be that of the consequences of the ongoing Coronavirus pandemic which may seriously affect our residents who have serious underlying health conditions which may lead to significantly reduced occupancy levels. There is also the risk that there may be a continued freeze or even reduction in fees paid by local authorities linked with the significant year on year increased operating costs and staffing costs arising from the National Living Wage through to the year 2021.

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. The Society operates a clinical audit and performance management process to rectify any possible failure in standards. Changes in the political or social climate, a further economic downturn or the impact of Brexit could also significantly affect the operation of the Charity's business.

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### Trustees' Report (continued) For the Year Ended 31 October 2020

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Recruitment and retention of appropriate staff continues to be of significant concern in this unprecedented and challenging climate that results in higher costs due to the use of agency provision.

#### Reserves policy

The total reserves at the end of the financial year amounted to £5,818,917 which included the designated fixed asset fund of £3,861,208, however this fund can only be realised on the disposal of the assets.

At the end of 2019/20 the Society's free reserves stood at £1,957,709 compared with £1,599,680 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 unexpected eventualities. The reserves policy agreed by the Board of Trustees currently state that reserves should be maintained at a minimum of three months of basic operating expenditure of circa £750k.

During the year small values of donations were received from families and friends of £3,122 at 31 October 2020 which is included in the total reserves figure above. The expected timing of expenditure of donations received would be within 12 months of receipt, for the benefit of all the residents.

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.

#### Performance Management

The Board of Trustees have recognised that it is increasingly 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 our External Auditor to continue to adopt and report upon five key performance indicators (KPIs) for the year ending 31<sup>st</sup> October 2020.

The five Key Finance Performance Indicators (KFPIs) that are being reported upon in 2019/20 are as follows:

- Occupancy level
- Total surplus as a percentage of total income
- Staffing costs as a percentage of total income by home
- Staffing costs and operational costs as a percentage of total costs
- Net current assets position

KPIs serve as a measurable value that demonstrates how effectively an organisation 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 Society's results from the KFPIs in the 2019/20 financial year were as follows:

Key Performance Indicator	Birling House		Frindsbury House		Society Total (Inc. Central Costs)	
	Actual	Standard	Actual	Standard	Actual	Standard
Occupancy level	91.7%	90.3%	98.2%	91.3%	94.4%	90.7%
Surplus to Income	24.1%	15.3%	10.4%	4.1%	8.5%	-1.03%
Staffing costs to Income	60.8%	68.5%	74.5%	78.8%	72.9%	80.1%
Staff costs to Total Costs	80.1%	80.8%	83.2%	82.1%	79.6%	79.3%
Ops Costs to Total Costs	19.9%	19.2%	16.8%	17.9%	20.4%	20.7%
Net Current Assets	n/a	n/a	n/a	n/a	£2,052,890	n/a

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### **Trustees' Report (continued) For the Year Ended 31 October 2020**

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## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **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.

### **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. At the date of the Annual General Meeting on 24 June 2020, no Trustees were eligible to retire by rotation and therefore all remained on the Board for at least a further year in office.

### **Policies adopted for the induction and training of Trustees**

The Society has an appointment and induction programme for Trustees covering the work of the charity including visits to the two homes and an opportunity to meet the Chair of Trustees, 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.

### **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 purpose and 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 and/or the guidance from the Association of Chief Executives in Voluntary Organisations.

### **Organisational structure and decision making**

The Board of Trustees discharges its responsibility of overseeing the management practice of the Society at its quarterly general and additional meetings and by delegating specific projects to sub-groups if appropriate. Society members are entitled to attend and vote at all Annual General Meetings.

In addition to the Trustees, Society members are also 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 Executive Management Team. The operational management and the running of the two homes is carried out by the Head of Care, Quality and Compliance through the Dual Location Registered Manager. 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.

In November 2017 the Society adopted the principles contained in the revised Charity Good Governance Code which is a Code containing seven main principles as recommended by the Charities Commission for use by Charities in England and Wales. The Society continues to operate within these principles which have been adapted to reflect the nature of the business within the care sector.

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## **The Mortimer Society**

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### **Trustees' Report (continued) For the Year Ended 31 October 2020**

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#### **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 Society and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

#### **PLANS FOR FUTURE PERIODS**

##### **Future developments**

The main aims and objectives of the Society during 2020/21 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 and turbulent 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 to utilise available capital to invest in prioritised projects and estate development at both Birling House and Frindsbury House as set out in the programmes agreed by the Trustees.
- Continual review of new initiatives introduced in 2019/20 to improve standards including the catering provision to suit the diverse needs of our residents' and the computerised online E-Mar 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 offer of care 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 newly designed website and marketing material which was launched in early 2019.
- Implement a web based care management system for residents care plans and the recording of all daily information which will meet CQC compliance standards and enable the organisation to hold electronic records to fully comply with GDPR regulations.

##### **Major development projects**

As part of the Society's estates growth and development plan, it is proposed that Frindsbury House will be extended in 2021 to serve a greater number of beneficiaries with Huntington's disease and other neurological conditions.

The project will increase the number of residents that can be accommodated from a 23 bedded service to an optimum level of 30 rooms to achieve operational efficiency.

It is estimated that the purpose built extension is likely to cost in the region of £1.7m which will provide seven additional ensuite bedrooms, two extra communal bathrooms and two disabled toilets over two floors plus a large extension to the day lounge including a quieter dining area and an integrated passenger lift on the external of the building. The build will also incorporate a technologically advanced sensory suite and washing and changing facilities for staff to meet the infection prevention and control procedures specific for Covid-19 and beyond.

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 with a possible option of a short term loan in order to maintain the level of reserves in line with the policy agreed by Trustees.

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### **Trustees' Report (continued) For the Year Ended 31 October 2020**

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Additionally there are further plans to develop part of the garden adjacent to the activity suite to become a sensory garden, with resident involvement in the designing. It is believed that the residents will enjoy participating with the choice of planting and developing the area to their preference, promoting a sense of worth and well-being along with their independence. The end result is to have a pleasant and stimulating atmosphere and environment that can be used and enjoyed by residents and their visitors.

Included within the development programme for 2020/21 is the installation of a new passenger lift at Birling House to serve the ground and first floors of the home. It will provide added benefits for existing residents as they will enable them to access different parts of the building easier and quicker and it will also act as an enhanced facility in the case of emergencies and evacuations. Facilities for staff washing and changing will also be included in this development. It was intended to complete this project in 2019/20 but due the outbreak of the Covid-19 pandemic this work was postponed until such time that the construction work can begin in a safe manner to protect the residents.

#### **Statement of Trustees' responsibilities**

The Trustees, who are also the directors 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 SORP (FRS 102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the ongoing concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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 safe guarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Auditor**

The Society's auditors are appointed by a Resolution of the Society's Annual General Meeting.

At the last AGM, UHY Hacker Young were appointed as auditors after a competitive tendering process.

#### **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 Trustees are aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- The Trustees have 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 31 March 2021 and signed on their behalf by:

**Dr D J Oliver, Chair**

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**Independent Auditors' Report to the Trustees of The Mortimer Society**

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**Opinion**

We have audited the financial statements of The Mortimer Society (the 'charity') for the year ended 31 October 2020 which comprise the Statement of Financial Activities, 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 2020 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 Auditors' 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 Auditors' 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 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.

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**The Mortimer Society**  
**(A Company Limited by Guarantee)**

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**Independent Auditors' Report to the Trustees of The Mortimer Society (continued)**

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**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 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 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.

**Auditors' 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 Auditors' 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**Use of our report**

This report is made solely to the Charity's trustees, 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 Charity's trustees those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

**Allan Hickie BSc FCA (Senior Statutory Auditor)**

for and on behalf of

**UHY Kent LLP**

Chartered Accountants

Statutory Auditors

Thames House

Roman Square

Sittingbourne

Kent

ME10 4BJ

Date:

**The Mortimer Society**  
**(A Company Limited by Guarantee)**

**Statement of financial activities (incorporating income and expenditure account)**  
**For the Year Ended 31 October 2020**

		Unrestricted funds 2020	Restricted funds 2020	Total funds 2020	<i>Total funds 2019</i>
	Note	£	£	£	£
<b>Income from:</b>					
Donations and legacies	4	21,427	53,991	75,418	3,922
Charitable activities	5	4,008,904	-	4,008,904	3,701,349
Other trading activities	6	4,514	-	4,514	1,404
Investments	7	14,629	-	14,629	15,035
<b>Total income</b>		<u>4,049,474</u>	<u>53,991</u>	<u>4,103,465</u>	<u>3,721,710</u>
<b>Expenditure on:</b>					
Raising funds	8	925	-	925	2,320
Charitable activities	9	3,863,533	53,991	3,917,524	3,783,712
<b>Total expenditure</b>		<u>3,864,458</u>	<u>53,991</u>	<u>3,918,449</u>	<u>3,786,032</u>
<b>Net movement in funds</b>		<u>185,016</u>	<u>-</u>	<u>185,016</u>	<u>(64,322)</u>
<b>Reconciliation of funds:</b>					
Total funds brought forward		5,633,901	-	5,633,901	5,698,223
Net movement in funds		185,016	-	185,016	(64,322)
<b>Total funds carried forward</b>		<u>5,818,917</u>	<u>-</u>	<u>5,818,917</u>	<u>5,633,901</u>

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 15 to 30 form part of these financial statements.

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**The Mortimer Society**  
**(A Company Limited by Guarantee)**  
**Registered number: 01741444**

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**Balance Sheet**  
**As at 31 October 2020**

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	<b>Note</b>	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
<b>Fixed assets</b>			
Tangible assets	15	3,972,765	4,011,419
<b>Current assets</b>			
Debtors	16	116,877	170,100
Cash at bank and in hand		1,959,753	1,624,818
		<u>2,076,630</u>	<u>1,794,918</u>
Creditors: amounts falling due within one year	17	(230,478)	(172,436)
<b>Net current assets</b>		<u>1,846,152</u>	<u>1,622,482</u>
<b>Total assets less current liabilities</b>		<u>5,818,917</u>	<u>5,633,901</u>
<b>Total net assets</b>		<u>5,818,917</u>	<u>5,633,901</u>
<b>Charity funds</b>			
Restricted funds	18	-	-
Unrestricted funds	18	5,818,917	5,633,901
<b>Total funds</b>		<u>5,818,917</u>	<u>5,633,901</u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 31 March 2021 and signed on their behalf by:

**Dr D J Oliver, Chair**

**Dr T J Cantor, Vice Chair**

The notes on pages 15 to 30 form part of these financial statements.

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**The Mortimer Society**  
**(A Company Limited by Guarantee)**

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**Statement of Cash Flows**  
**For the Year Ended 31 October 2020**

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	<b>Note</b>	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	20	457,787	256,273
<b>Cash flows from investing activities</b>			
Dividends, interests and rents from investments		14,629	15,035
Proceeds from the sale of tangible fixed assets		-	12,545
Purchase of tangible fixed assets		(137,481)	(119,777)
<b>Net cash used in investing activities</b>		<b>(122,852)</b>	<b>(92,197)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>334,935</b>	<b>164,076</b>
Cash and cash equivalents at the beginning of the year		1,624,818	1,460,742
<b>Cash and cash equivalents at the end of the year</b>	21	<b>1,959,753</b>	<b>1,624,818</b>

The notes on pages 15 to 30 form part of these financial statements

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**The Mortimer Society**  
**(A Company Limited by Guarantee)**

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**Notes to the Financial Statements**  
**For the Year Ended 31 October 2020**

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**1. General information**

The Mortimer Society is a charitable company limited by guarantee, registered in England and Wales. Its registered office is 42 Hollywood Lane, Frindsbury, Rochester, Kent, ME3 8AL.

The nature of the charity's operations, and its principal activity is to provide relief of suffering for people with physical and/or learning difficulties and/or physical and/or mental illness of any description, including people suffering from Huntington's disease.

**2. Accounting policies**

**21 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) (second edition) - 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (March 2018) 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.

The currency used in the financial statements is Pound Sterling.

**22 Going concern**

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern, as there are sufficient reserves to cope with any potential shortfall in income which may occur.

The Covid-19 pandemic has affected the Society adversely, as the outbreaks in the homes have led to vacancies, which may be difficult to fill, and extra costs due to the increased needs for testing, staff illness and isolation due to the outbreak and the provision of equipment and new working practices to ensure the safety of residents, their families and staff.

Initially in the pandemic there were shortages of protective personal equipment, but this has been resolved and there has been Governmental support for these extra costs. However, the extra costs of staffing and support of visiting have not been fully met and costs have risen. The Trustees and the management team are committed to maintaining the safety of residents, families and staff and ensuring any risks are minimised, following national guidance from the CQC, Public Health England and working with other NHS and LA bodies.

These issues should lessen over 2021, as the infections due to the pandemic lessen and vaccination becomes more widespread. The income will improve as residents are admitted and the extra costs will diminish, with improvement of the overall situation.

**Notes to the Financial Statements**  
**For the Year Ended 31 October 2020**

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**2. Accounting policies (continued)**

**23 Income**

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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 (FRS102), general volunteer time is not recognised, more information about their contribution is provided in the Trustees' report.

On receipt, donated professional services and facilities are recognised on the basis of the value of the gift to the Charity which is the amount it 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.

**Provision of care services**

Fees from a contract to provide care related services are recognised in the period in which the services are provided on an accruals basis. Any fees invoiced in advance are included within deferred income until the service has been provided. Fees that are invoiced in arrears are included within accrued income, based on the fixed fee rate for each individual resident. The charity's charitable activities are exempt from Value Added Tax. Income from investments and bank interest is included when receivable and the amount can be measured reliably.

**24 Expenditure**

Expenditure is recognised in the period in which a liability is incurred. The charity is not registered for VAT and accordingly expenditure is shown gross of irrecoverable VAT.

Expenditure on raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes costs of all fundraising activities and events.

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 10.

Redundancy and settlement payments are recognised at the leaving date of the member of staff and measured at the best estimate of expenditure required to settle the obligation at the reporting date.

**25 Taxation**

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively in the pursuance of charitable purposes. No tax charge has arisen in the year.

**Notes to the Financial Statements**  
**For the Year Ended 31 October 2020**

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**2. Accounting policies (continued)**

**2.6 Tangible fixed assets and depreciation**

Tangible fixed assets costing £2,500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

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

**2.7 Debtors**

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

**2.8 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.

**2.9 Liabilities and provisions**

Creditors and provisions are recognised where the charity has an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

**2.10 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.

**2.11 Operating leases**

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

**2.12 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.

**The Mortimer Society**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 October 2020**

**2 Accounting policies (continued)**

**213 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.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**3 Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

In the view of the Trustees, there have been no significant assumptions concerning the future, or estimation uncertainties that would affect assets and liabilities at the balance sheet date, that would likely to result in a material adjustment to their carrying amounts in the next financial year.

**4 Income from donations and legacies**

	<b>Unrestricted funds 2020</b>	<b>Restricted funds 2020</b>	<b>Total funds 2020</b>	<i>Total funds 2019</i>
	£	£	£	£
Donations	3,122	-	3,122	3,922
Job retention scheme grant	18,305	-	18,305	-
Government grants	-	53,991	53,991	-
<b>Total 2020</b>	<u>21,427</u>	<u>53,991</u>	<u>75,418</u>	<u>3,922</u>
<i>2019 Total by fund</i>	<u>3,922</u>	<u>-</u>	<u>3,922</u>	

During the pandemic, the central government issued grants to support residential care homes with the significant increase in operating costs particularly around personal protective equipment and in maintaining staffing levels in an attempt to maintain the safety of residents and staff.

Other than the Charity utilising the UK Government's Job Retention Scheme, these are the only grants received from the government. The grant has no unfilled conditions or contingencies.

**The Mortimer Society**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 October 2020**

5 **Income from charitable activities**

	<b>Unrestricted funds 2020</b>	<b>Total funds 2020</b>	<i>Total funds 2019</i>
	£	£	£
Provision of care services	4,008,904	4,008,904	3,701,349
	<u>4,008,904</u>	<u>4,008,904</u>	
<i>Total 2019</i>	<u>3,701,349</u>	<u>3,701,349</u>	

In 2019 the total income from charitable activities was unrestricted.

6 **Income from other trading activities**

**Income from fundraising events**

	<b>Unrestricted funds 2020</b>	<b>Total funds 2020</b>	<i>Total funds 2019</i>
	£	£	£
Fundraising	4,514	4,514	1,404
	<u>4,514</u>	<u>4,514</u>	
<i>Total 2019</i>	<u>1,404</u>	<u>1,404</u>	

In 2019 the total income from fundraising events was unrestricted.

7 **Investment income**

	<b>Unrestricted funds 2020</b>	<b>Total funds 2020</b>	<i>Total funds 2019</i>
	£	£	£
Bank deposit interest	14,629	14,629	15,035
	<u>14,629</u>	<u>14,629</u>	
<i>Total 2019</i>	<u>15,035</u>	<u>15,035</u>	

In 2019 the total income from investments was unrestricted.

**The Mortimer Society**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 October 2020**

**8 Expenditure on raising funds**

**Fundraising trading expenses**

	<b>Unrestricted funds 2020</b>	<b>Total funds 2020</b>	<i>Total funds 2019</i>
	£	£	£
Costs of fundraising	925	925	2,320
<i>Total 2019</i>	<u>2,320</u>	<u>2,320</u>	

In 2019 the total expenditure on fundraising was unrestricted.

**9 Analysis of expenditure on charitable activities**

**Summary by fund type**

	<b>Unrestricted funds 2020</b>	<b>Restricted funds 2020</b>	<b>Total funds 2020</b>	<i>Total funds 2019</i>
	£	£	£	£
Provision of care services	3,863,533	53,991	3,917,524	3,783,712
<i>Total 2019</i>	<u>3,783,712</u>	<u>-</u>	<u>3,783,712</u>	

In 2019 total expenditure on charitable activities was unrestricted.

**10 Analysis of expenditure by activities**

	<b>Activities undertaken directly 2020</b>	<b>Support costs 2020</b>	<b>Total funds 2020</b>	<i>Total funds 2019</i>
	£	£	£	£
Provision of care services	3,600,644	316,880	3,917,524	3,783,712
<i>Total 2019</i>	<u>3,471,602</u>	<u>312,110</u>	<u>3,783,712</u>	

**The Mortimer Society**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 October 2020**

**10. Analysis of expenditure by activities (continued)**

**Analysis of direct costs**

	<b>Provision of care services 2020</b>	<b>Total funds 2020</b>	<i>Total funds 2019</i>
	£	£	£
Staff costs	2,633,633	2,633,633	2,434,951
Depreciation	176,135	176,135	174,165
Staff recruitment	5,600	5,600	4,995
Travel and other staff costs	71,598	71,598	62,952
Resident costs including food and household expenses	448,898	448,898	385,998
Property costs	119,889	119,889	99,049
Insurance	21,664	21,664	20,513
Agency costs	123,227	123,227	288,979
	<u>3,600,644</u>	<u>3,600,644</u>	<u>3,471,602</u>
<i>Total 2019</i>	<u>3,471,602</u>	<u>3,471,602</u>	

**Analysis of support costs**

	<b>Provision of care services 2020</b>	<b>Total funds 2020</b>	<i>Total funds 2019</i>
	£	£	£
Staff costs	226,055	226,055	220,491
General office costs	63,086	63,086	67,111
Communications	5,297	5,297	4,427
Professional fees	12,163	12,163	10,292
Bank charges	1,170	1,170	1,296
Governance costs	9,109	9,109	8,493
	<u>316,880</u>	<u>316,880</u>	<u>312,110</u>
<i>Total 2019</i>	<u>312,110</u>	<u>312,110</u>	

**The Mortimer Society**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 October 2020**

**11. Auditor's remuneration**

	<b>2020</b>	<i>2019</i>
	<b>£</b>	<i>£</i>
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts (inclusive of VAT)	7,020	<i>7,020</i>
	<u>7,020</u>	<u><i>7,020</i></u>

**12. Net income/ (expenditure)**

This is stated after charging:

	<b>2020</b>	<i>2019</i>
	<b>£</b>	<i>£</i>
Depreciation of tangible fixed assets owned by the charity	174,165	<i>161,808</i>
Operating lease rentals	11,075	<i>8,268</i>
	<u>185,240</u>	<u><i>170,076</i></u>

**13. Staff costs**

	<b>2020</b>	<i>2019</i>
	<b>£</b>	<i>£</i>
Wages and salaries	2,627,301	<i>2,440,446</i>
Social security costs	175,764	<i>156,345</i>
Pension costs	56,623	<i>58,651</i>
	<u>2,859,688</u>	<u><i>2,655,442</i></u>

During the year, total termination payments made by the charity amounted to £Nil (2019 - £10,377) in respect of compensation for loss of office. The accounting policy for redundancy and termination payments can be found at Note 2.4 of the financial statements. The termination payments in the prior year were covered by the Charity's insurance policy.

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

	<b>2020</b>	<i>2019</i>
	<b>No.</b>	<i>No.</i>
Provision of care services	133	<i>129</i>
Administration and support	11	<i>6</i>
Senior management	1	<i>1</i>
	<u>145</u>	<u><i>136</i></u>

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**The Mortimer Society**  
**(A Company Limited by Guarantee)**

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**Notes to the Financial Statements**  
**For the Year Ended 31 October 2020**

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**13. Staff costs (continued)**

The average headcount expressed as full-time equivalents was:

	<b>2020</b>	<i>2019</i>
	<b>No.</b>	<i>No.</i>
Provision of care services	107	<i>116</i>
Administration and support	10	<i>4</i>
Senior management	1	<i>1</i>
	<u>118</u>	<u><i>121</i></u>

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

The key management personnel of the charity comprise the Trustees, the Chief Executive Officer and the Senior Management Team. The total aggregate amount of employee benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the charity was £208,519 (2019: £211,708).

**14. Trustees' remuneration and expenses**

During the year, no Trustees received any remuneration or other benefits (2019 - £NIL).

During the year ended 31 October 2020, no reimbursement of expenses were paid to trustees (2019 - £NIL).

**The Mortimer Society**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 October 2020**

**15. Tangible fixed assets**

	<b>Freehold property</b>	<b>Motor vehicles</b>	<b>Fixtures and fittings</b>	<b>Total</b>
	£	£	£	£
<b>Cost or valuation</b>				
At 1 November 2019	4,991,868	86,617	737,134	5,815,619
Additions	19,068	-	118,413	137,481
At 31 October 2020	<u>5,010,936</u>	<u>86,617</u>	<u>855,547</u>	<u>5,953,100</u>
<b>Depreciation</b>				
At 1 November 2019	1,140,703	76,094	587,403	1,804,200
Charge for the year	102,504	5,694	67,937	176,135
At 31 October 2020	<u>1,243,207</u>	<u>81,788</u>	<u>655,340</u>	<u>1,980,335</u>
<b>Net book value</b>				
At 31 October 2020	<u>3,767,729</u>	<u>4,829</u>	<u>200,207</u>	<u>3,972,765</u>
At 31 October 2019	<u>3,851,165</u>	<u>10,523</u>	<u>149,731</u>	<u>4,011,419</u>

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

**16. Debtors**

	<b>2020</b>	<b>2019</b>
	£	£
<b>Due within one year</b>		
Trade debtors	71,169	136,228
Other debtors	9,467	729
Prepayments and accrued income	36,241	33,143
	<u>116,877</u>	<u>170,100</u>

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**For the Year Ended 31 October 2020**

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**17. Creditors: Amounts falling due within one year**

	<b>2020</b>	<i>2019</i>
	<b>£</b>	<b>£</b>
Trade creditors	67,268	43,093
Other taxation and social security	45,649	37,398
Other creditors	30,268	16,195
Accruals and deferred income	87,293	75,750
	<u>230,478</u>	<u>172,436</u>
	<u><u>230,478</u></u>	<u><u>172,436</u></u>
	<b>2020</b>	<i>2019</i>
	<b>£</b>	<b>£</b>
Deferred income at 1 November	-	6,247
Amounts released from previous periods	-	(6,247)
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

Deferred income is in respect of fees received in advance.

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**18. Statement of funds**

**Statement of funds - current year**

	<b>Balance at 1 November 2019 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Transfers in/out £</b>	<b>Balance at 31 October 2020 £</b>
<b>Unrestricted funds</b>					
<b>Designated funds</b>					
Birling House Donations	9,045	3,122	-	-	12,167
Frindsbury House Donations	13,757	-	-	-	13,757
Fixed Assets Fund	4,011,419	-	(176,135)	137,481	3,972,765
	<u>4,034,221</u>	<u>3,122</u>	<u>(176,135)</u>	<u>137,481</u>	<u>3,998,689</u>
<b>General funds</b>					
Unrestricted general fund	1,599,680	4,046,352	(3,688,323)	(137,481)	1,820,228
<b>Total Unrestricted funds</b>	<u>5,633,901</u>	<u>4,049,474</u>	<u>(3,864,458)</u>	<u>-</u>	<u>5,818,917</u>
<b>Restricted funds</b>					
Infection control	-	53,991	(53,991)	-	-
<b>Total of funds</b>	<u><u>5,633,901</u></u>	<u><u>4,103,465</u></u>	<u><u>(3,918,449)</u></u>	<u><u>-</u></u>	<u><u>5,818,917</u></u>

**Description, nature and purpose of funds:**

**Designated funds**

The Birling and Frindsbury House designated funds hold donations received at each house during the year. These individual funds will be used to fund purchases of items outside of the general operating budget of the charity and the managers and staff at each of the homes will be able to suggest ideas on how they believe this should be spent.

The designated fixed assets fund represents the net book value of tangible and intangible assets. An amount is transferred to or from the fund each year representing the movement in the net book value of tangible fixed assets at the year end.

**Unrestricted funds**

These are 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.

**Restricted funds**

This was funding received from the government in relation to Covid-19 support. The funding is to be spent on such items that will aid the prevention of the spread of Covid, i.e. PPE. The fund was fully spent during the year.

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**18. Statement of funds(continued)**

**Statement of funds - prioryear**

	<i>Balance at 1 November 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Balance at 31 October 2019 £</i>
<b>Unrestricted funds</b>					
<b>Designated funds</b>					
Birling House Donations	11,078	1,671	(3,704)	-	9,045
Frindsbury House Donations	12,357	2,251	(851)	-	13,757
Fixed Assets Fund	4,079,052	-	(174,165)	106,532	4,011,419
	<u>4,102,487</u>	<u>3,922</u>	<u>(178,720)</u>	<u>106,532</u>	<u>4,034,221</u>
<b>General funds</b>					
Unrestricted general fund	1,595,736	3,717,788	(3,607,312)	(106,532)	1,599,680
<b>Total Unrestricted funds</b>	<u>5,698,223</u>	<u>3,721,710</u>	<u>(3,786,032)</u>	<u>-</u>	<u>5,633,901</u>

**19. Analysis of net assets between funds**

**Analysis of net assets between funds - current period**

	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>
Tangible fixed assets	3,972,765	3,972,765
Current assets	2,076,630	2,076,630
Creditors due within one year	(230,478)	(230,478)
<b>Total</b>	<u><u>5,818,917</u></u>	<u><u>5,818,917</u></u>

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**19. Analysis of net assets between funds (continued)**

**Analysis of net assets between funds - prior period**

	<i>Unrestricted funds 2019</i>	<i>Total funds 2019</i>
	£	£
Tangible fixed assets	4,011,419	4,011,419
Current assets	1,794,918	1,794,918
Creditors due within one year	(172,436)	(172,436)
<b>Total</b>	<u>5,633,901</u>	<u>5,633,901</u>

**20. Reconciliation of net movement in funds to net cash flow from operating activities**

	<b>2020</b>	<i>2019</i>
	£	£
Net income/expenditure for the period (as per Statement of Financial Activities)	185,016	(64,322)
<b>Adjustments for:</b>		
Depreciation charges	176,135	174,165
Dividends, interests and rents from investments	(14,629)	(15,035)
Loss on the sale of fixed assets	-	700
Decrease in debtors	53,223	178,029
Increase/(decrease) in creditors	94,222	(17,264)
<b>Net cash provided by operating activities</b>	<u>493,967</u>	<u>256,273</u>

**21. Analysis of cash and cash equivalents**

	<b>2020</b>	<i>2019</i>
	£	£
Cash in hand	1,959,753	1,624,818
<b>Total cash and cash equivalents</b>	<u>1,959,753</u>	<u>1,624,818</u>

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**22. Analysis of changes in net debt**

	At 1 November 2019	Cash flows	At 31 October 2020
	£	£	£
Cash at bank and in hand	1,624,818	334,935	1,959,753
	<u>1,624,818</u>	<u>334,935</u>	<u>1,959,753</u>

**23. Capital commitments**

	2020 £	2019 £
<b>Contracted for but not provided in these financial statements</b>		
Acquisition of tangible fixed assets	-	9,995
	<u>-</u>	<u>9,995</u>

**24. Pension commitments**

The Charity operates a defined contribution pension scheme open to all permanent employees. During the year the Charity contributed £56,623 (2019: £58,651) on behalf of employees who have opted into the scheme. Of these contributions £11,553 (2019: £11,168) remained outstanding at the balance sheet date and is included within current liabilities.

**25. Operating lease commitments**

At 31 October 2020 the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	10,007	11,075
Later than 1 year and not later than 5 years	5,487	15,524
	<u>15,494</u>	<u>26,599</u>

**26. Members' liability**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

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**Notes to the Financial Statements**  
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**27. Related party transactions**

There were no related party transactions identified during the year.

A close family member of one of the Trustees resided at Frindsbury House in the prior year to which fees were received from the local authorities at an arms length. This was no longer a related party during the current year.