

Registered number: 04419980

Charity number: 1100682

Grace House North East

(A company limited by guarantee)

Trustees' Report and Financial Statements

For the year ended 31 March 2018

Grace House North East
(A company limited by guarantee)

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Grace House North East
(A company limited by guarantee)

Reference and administrative details
For the year ended 31 March 2018

Trustees	Mr D M Cook	Chair
	Ms V Milnes	
	Mr N Henry	
	Mr R W Lawson	
	Mr S Briton	
	Mr S J W Berry	
	Mr R Long	
	Mr D Lynch	
	Ms C E Miller	
	Mr A J Pockley	(Resigned in February 2018)
	Ms J L Shepstone	
	Mr H K S Hinshaw	
	Mr P C Empson	(Resigned in September 2017)
Company secretary	Claire Miller	
Chief Executive Officer	Victoria Brown	
Company registered number	04419980	
Charity registered number	1100682	
Registered office	C/o Debere Swallow House Parsons Road Washington NE37 1EZ	
Business address	Bardolph Drive Southwick Sunderland SR5 2DE	
Independent Auditor	Haines Watts Floor 11, Cale Cross House 156 Pilgrim Street Newcastle upon Tyne NE1 6SU	
Bankers	Yorkshire Bank Plc 29 Pilgrim Street Newcastle upon Tyne NE1 6RL	

Grace House North East
(A company limited by guarantee)

Trustees' report
For the year ended 31 March 2018

The trustees present their annual report together with the audited financial statements of Grace House North East (the charity) for the year ended 31 March 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).

OBJECTIVES AND ACTIVITIES

Policies and objectives

The charity is constituted as a charitable company limited by guarantee and is governed by its Memorandum and Articles of Association. The objects of the charity as set out in its Memorandum and Articles of Association include:

Our Values

- All children and young people are valued members of the community and can make a unique contribution;
- Grace House is part of the support system that helps families with disabled children to thrive;
- All children and young people have the ability to make and express choices about their lives;
- All children and young people can be supported to reach their full potential;
- We respond to the needs of children and their families and provide the services that they tell us they want and value.

Our Aims

- Our services will be so good that everyone wants to come to Grace House. It will be seen as a Regional Centre of Excellence;
- Children will come to Grace House and have a wonderful time and their families will get to take a break and recharge their batteries;
- The key to our success will be making full use of our purpose-built facilities, having the best range of specialist equipment, investing in a team of highly committed, well trained staff and volunteers, and having a positive attitude that anything is possible.

The charity fulfils these aims and objectives by providing a range of support services for children and young people with complex disabilities, health needs and possible life limiting conditions. These services will be delivered from the purpose-built facility in Southwick, Sunderland. A Business Plan has been developed, outlining the proposed services and how they will be funded. The main activities that will be undertaken in relation to the charitable purposes are:

- Short break care – both day care and overnight short breaks;
- Family support services;
- Projects which enhance the experience for children receiving short break care at Grace House.

The mission of the charity is to make a truly positive difference to the lives of disabled children and their families by providing high quality services that offer support, opportunity, care, challenge and adventure.

Grace House North East
(A company limited by guarantee)

Trustees' report (Continued)
For the year ended 31 March 2018

Public benefit

The trustees have had regard to the Charity Commission's published guidance on their legal duty on Public Benefit, and due regard is paid to the guidance on public benefit when deciding on what new projects the charity should undertake, under the Charities Act 2011.

Principal activities

The main activities undertaken this year to further the charity's purposes for public benefit include:

- Short break care – both day care and overnight short breaks;
- Family support services;
- Projects which enhance the experience for children receiving short break care at Grace House.

Volunteers

We continue to be indebted to the kind support of our Grace House volunteers and numerous corporate volunteers who come and work with us as part of their company's CSR Strategy. In 2017-18 volunteers contributed **3,118** hours of volunteering, another increase on the previous year.

It is important to acknowledge the support of all of our volunteers, as without this team of wonderful people, Grace House would struggle to operate the way we do. The volunteers provide a warm welcome to all our visitors, they help with our community fundraising activities, they drive the mini bus and many, many additional tasks.

The Community Garden volunteers group continue to do a wonderful job of not only maintaining but developing our gardens. In the Grace House gardens, there were many different and exciting projects carried out to improve and expand what we can offer the children at Grace House.

The new initiatives include:

- In July of this year, we had a fully accessible play area built. This was a team effort between a group of BAE apprentices and Splash, an organisation who specialise in delivering team building and leadership opportunities.
- March 2018, saw the completion of our Sensory Garden, designed, created and funded by Sean Murray, Bespoke Outdoors and Greenfingers.

ACHIEVEMENTS AND PERFORMANCE

Review of activities

Short break service

Collaboration between Grace House and Sunderland Care and Support Limited (SCAS) continued, as both teams worked on the transition of Grace House into its fully operational phase. November 2017, saw a reinspection from Ofsted, with a rating of "Good" being received. Both partners were delighted.

Portage

Portage provide early education and support for children with disabilities and special needs. The group has expanded during 2017 and now meets twice a week during term time. They and their parents enjoy games and activities that promote their development. The group is run by Portage workers and Grace House volunteers.

Buddies Group

Each month, the Sunderland Buddies group meet in the sensory room for peer support. This group, run by a nurse from the Neo-Natal Intensive Care Unit (NICU) at Sunderland Royal Hospital, is for babies and toddlers who have had a tricky start in life – through being born prematurely or with health complications. The Buddies Group is a chance for the children to play together, and for the parents to support each other and maintain their links with the nurse and the NICU for reassurance and support. The number attending this group continue to grow.

Once Place, Your Space

Our Big Lottery funded project, which aims to care for the carers. The funding has enabled Grace House to offer parents of children with a complex disability the following:

- Holistic therapies including – Massage, Reiki, Indian Head Massage, Reflexology, etc.
- Counselling
- Support groups
- Information

This project is now demonstrating real signs of growth and expansion, with parents giving us fantastic feedback on this project, as it supports both their physical and mental wellbeing.

FINANCIAL REVIEW

Income generated for the year is £316,429 (2017 - £319,100) with expenditure being £427,970 (2017 - £363,597) resulting in a deficit of £111,541 (2017 - £44,497), this is after charging depreciation of £86,641. Of the results generated for the year a £5,883 surplus relates to general unrestricted funds, £86,641 deficit relates to designated funds and £33,783 deficit relates to restricted funds.

The charity has continued to receive support from individuals, groups, communities and companies and the trustees acknowledge with gratitude the support received. To date the funds have still been raised, in the main, from the community through donations and participation in events, together with grants and corporate donations.

Donations

We are indebted to our friends' groups and the thousands of individual donors who continue to fundraise and donate to the charity in so many ways including coffee mornings, raffles, sponsored events, collections, book sales, regular giving, gifts in kind, lieu of flowers, donations and legacies.

Fundraising events

Community fundraising has played such an important part of the development of Grace House and that continues to be the case. We cannot express our thanks sufficiently enough to all the wonderful people who have given their time and effort to do all types of amazing activities in the name of Grace House. This year we have been very lucky to have been supported by The Holiday Inn, Mercedes Benz, Citroen who again support us with a car, TSB, Gravity Force Sunderland, RTC, Sky and Monsoon. These are just to name a few.

Grants

We are also very grateful to the following grant making trusts and organisations who have very generously supported our requests for funding for equipment and projects to enhance our service offer:

- Big Lottery – Reaching Communities Fund
- Big Lottery- Awards for All Fund
- Greggs Foundation
- Garfield Weston Foundation
- Northstar Foundation
- The Joicy Trust
- County Durham Community Foundation
- Gentoo
- The Joseph Frazer Trust
- Durham Students Union DUCK
- Harrogate Horticultural Society
- Wearmouth Community Development Trust Legacy Fund

Thanks, are also extended to the many companies that support us through Gifts in Kind, including Town Centre Citroen for the lease of a car, and Metro Mail and Encore Envelopes for our mailshots.

Grace House North East
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Trustees' report (Continued)
For the year ended 31 March 2018

Reserves policy

The charitable company has a policy to retain sufficient funds to cover administration costs for the next six months while raising additional funds towards the objective of enhancing the short break service and providing additional services to benefit families with severely disabled children.

At the end of the year, unrestricted free reserves (not tied up in fixed assets) amounted to £92,470 which is within the target set. Services being developed will have regard for ongoing funding streams available to the charity.

Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the company 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.

Investment policy

The charity's policy for the investment of its funds is to keep them in deposit. This policy is based on:

- the need to eliminate risk in relation to funds raised towards the Charity's objectives, and
- the need to have funds readily available when required.

The policy will be kept under review as the operations as Grace House develop.

PLANS FOR FUTURE PERIODS

The charity's current objectives are:

- To work with Sunderland Care and Support to provide high quality, overnight short breaks on a planned, regular basis for children and young people with complex disabilities, health needs and life limiting conditions;
- To develop an ambitious programme of additional opportunities that support and benefit the whole family;
- To continuously improve the range and quality of services offered by Grace House;
- To promote and embed disabled children's inclusion in life-enriching initiatives such as art, sport and culture locally, regionally and nationally.

Grace House is now registered with Ofsted and will provide regular, planned short break care to children and young people with complex disabilities, health needs and who may have life threatening conditions. We aim to support 80-100 children each year, with children coming to stay for a few days or nights each month on an ongoing basis. The aim is that they will have the time of their lives while their families have a well-deserved rest. A partnership with SCAS to provide short break care under the Breaks for Carers of Disabled Children Regulations 2011 will provide revenue funding for the core short breaks service.

The charity will continue to raise funds to significantly enhance this service and to offer additional services in response to our beneficiaries needs. Enhanced and additional services already include:

- Therapeutic input for the children to promote physical wellbeing and increase independence;
- Independent living skills;
- A therapeutic horticulture 'seed to plate' project;
- Music therapy and arts and craft activities.

In the future we aim to also provide:

- A programme of participatory arts experience;
- Whole family support including counselling, complementary therapies and sibling support groups.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The charity is constituted as a charitable company limited by guarantee, governed by its Memorandum and Articles of Association, and is a registered charity number 1100682.

Overall responsibility for the affairs of the charity rests with the board of trustees which makes all major policy and financial decisions. Implementation of policies and decisions are delegated to the Executive Officer who liaises closely with the Chairman of the trustees.

Method of appointment, induction and training of trustees

New trustees are found from the contacts and personal knowledge of existing trustees. The aim of the trustees in making appointments is to have a range of skills, qualifications and experience suited to achieving the objectives of the charity.

On appointment trustees are provided with copies of the Governance Handbook, Memorandum and Articles of Association, the most recent audited financial statements and copies of minutes of trustees' meetings. The experience of the persons appointed usually means that they have a good understanding of the responsibilities of a charity trustee, but where necessary, guidance is provided by the Secretary. Relevant Charity Commission publications are also available to the trustees.

Remuneration of staff

Salary levels for the Chief Executive are reviewed annually by the board, in line with market rates for similar positions.

Partnerships

Grace House North East currently has no formal contractual relationships with partner organisations other than contractual relationships with service suppliers, but a contract with Sunderland Care and Support (Holding Company) Limited is in development.

Risk management

The trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks. Going forward, the trustees are closely monitoring the occupancy levels of the short break service, to continually assess its financial viability and its place in the market. This is potentially vulnerable to central government social and economic policy, local government spending reviews and changing models of family support services.

STATEMENTS OF TRUSTEE RESPONSIBILITIES

The trustees (who are also directors of Grace House North East 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 (FRS102);
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

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 charity'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 charity's auditor is aware of that information.

Auditor

Haines Watts were appointed as the charitable company's auditors to act during the year 2018.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

This report was approved by the trustees on 2018 and signed on their behalf by:

.....
Mr D M Cook
Trustee

Independent Auditors' Report to the members of Grace House North East
For the year ended 31 March 2018

Opinion

We have audited the financial statements of Grace House North East (the 'charitable company') for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 March 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' 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.

Independent Auditors' Report to the members of Grace House North East (Continued)
For the year ended 31 March 2018

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of 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 directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, 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.

Grace House North East
(A company limited by guarantee)

Independent Auditors' Report to the members of Grace House North East (Continued)
For the year ended 31 March 2018

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.

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Donna Bulmer BA (Hons) ACA (Senior Statutory Auditor)
For and on behalf of Haines Watts

.....

Statutory Auditors

Floor 11, Cale Cross House
156 Pilgrim Street
Newcastle upon Tyne
NE1 6SU

Grace House North East
(A company limited by guarantee)

Statement of Financial Activities (Incorporating the Income and Expenditure Account)
For the year ended 31 March 2018

	Notes	Unrestricted funds £	Restricted funds £	Capital fund £	Total 2018 £	Total 2017 £
Income from:						
Donations and legacies	3	187,856	106,299	-	294,155	260,089
Charitable activities		4,115	-	-	4,115	5,835
Other trading activities	4	18,019	-	-	18,019	53,018
Investments	5	140	-	-	140	158
Total income		<u>210,130</u>	<u>106,299</u>	<u>-</u>	<u>316,429</u>	<u>319,100</u>
Expenditure on:						
Costs of raising funds	6	39,340	-	-	39,340	47,146
Charitable activities	7	161,907	140,082	86,641	388,630	316,451
Total expenditure		<u>201,247</u>	<u>140,082</u>	<u>86,641</u>	<u>427,970</u>	<u>363,597</u>
Net movement before transfers		8,883	(33,783)	(86,641)	(111,541)	(44,497)
Transfers between funds	17	(3,000)	(8,198)	11,198	-	-
Net movement in funds		<u>5,883</u>	<u>(41,981)</u>	<u>(75,443)</u>	<u>(111,541)</u>	<u>(44,497)</u>
Reconciliation of funds						
Total funds brought forward		86,587	66,176	3,338,371	3,491,134	3,535,631
Total Funds carried forward		<u>92,470</u>	<u>24,195</u>	<u>3,262,928</u>	<u>3,379,593</u>	<u>3,491,134</u>

All activities relate to continuing operations.

Grace House North East
(A company limited by guarantee)

Balance Sheet
As at 31 March 2018

	Notes	2018	2017
		£	£
Fixed assets			
Tangible assets	13	3,262,928	3,338,371
Current assets			
Debtors	14	14,256	6,466
Cash at bank and in hand		122,157	167,573
		<u>136,413</u>	<u>174,039</u>
Creditors: amounts falling due within one year	15	(19,748)	(21,276)
		<u>116,665</u>	<u>152,763</u>
Net current assets			
		<u>3,379,593</u>	<u>3,491,134</u>
Net assets			
		<u>92,470</u>	<u>86,587</u>
Fund analysis			
Unrestricted funds		92,470	86,587
Unrestricted capital fund		3,262,928	3,338,371
Restricted funds		24,195	66,176
		<u>3,379,593</u>	<u>3,491,134</u>
Total funds	17		

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved by the trustees on 11 September 2018 and signed on their behalf by:

.....
 Ms C E Miller
 Trustee

Company Number: 04419980

The notes on pages 15 to 24 form part of these financial statements.

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) issued on 16 July 2014 (as updated through Update Bulletin and published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applies from 1 January 2016.

Grace House North East meets the definition of a public benefit under FRS 102. The financial statements are prepared under the historical cost convention or transaction value unless otherwise stated in the relevant accounting policy note(s). The financial statements are prepared in Sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

1.2 Going concern

The trustees believe that it is appropriate to adopt the going concern basis in preparing the financial statements. However, should sufficient continuing finance not be available, the going concern basis would be invalid and adjustments would have to be made to provide for any further liabilities which might arise to reclassify fixed assets and long term liabilities as current assets and liabilities.

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 company 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 which have been raised by the company for particular purposes. The cost 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.

1.4 Income

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

For legacies, entitlement is taken as the earlier of the date on which either: the company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the company, or the company is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Notes to the financial statements (Continued)
for the year ended 31 March 2018

1.4 Income (continued)

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the company where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Donated services or facilities, which comprise donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised where there is no financial cost borne by a third party.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company, this is normally upon notification of the interest paid or payable by the bank.

Other income is recognised in the year in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.5 Expenditure

Expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity, including those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements.

Costs of raising funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

All resources expended are inclusive of irrecoverable VAT.

1.6 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

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:

Long term leasehold property	-	2% straight line
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	15% reducing balance
Computer equipment	-	15% reducing balance
Other fixed assets	-	15% reducing balance

Notes to the financial statements (Continued)
for the year ended 31 March 2018

1.7 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.

1.8 Cash at bank and in hand

Cash at bank and cash 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.

1.9 Liabilities and provisions

Liabilities are recognised when there is 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. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.10 Pensions

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

1.11 Financial instruments

The charitable company 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 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.

The only significant area of judgement is the useful economic lives of fixed assets, details of which are given above.

2. Company status

The company is a company limited by guarantee. The members of the company are the trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

Grace House North East
(A company limited by guarantee)

Notes to the financial statements (Continued)
for the year ended 31 March 2018

3. Donations and legacies

	Unrestricted funds	Restricted fund	Total 2018	Total 2017
	£	£	£	£
Donations	122,088	1,935	124,023	153,715
Gifts in kind	15,750	-	15,750	16,394
Grants	31,232	104,364	135,596	83,409
Corporate sponsorship	15,417	-	15,417	6,571
Legacies	3,369	-	3,369	-
	<u>187,856</u>	<u>106,299</u>	<u>294,155</u>	<u>260,089</u>

In 2017, of the total income from donations and legacies, £176,680 related to unrestricted funds and £83,409 related to restricted funds.

Grants received in the year:

	2018
	£
Big Lottery fund	85,970
Garfield Weston	25,000
Northstar Foundation	14,931
The Joicey Trust	3,000
Greggs Foundation	1,980
Durham Students Union – DUCK	1,232
County Durham Community Foundation	1,000
The Joseph Frazer Trust	1,000
Gentoo	500
N of E Horticultural NEHS	175
Wearmouth Community Development Trust	808
Total	<u>135,596</u>

Grace House North East
(A company limited by guarantee)

Notes to the financial statements (Continued)
for the year ended 31 March 2018

4. Other trading activities

	Unrestricted funds	Restricted fund	Total 2018	Total 2017
	£	£	£	£
Events	9,932	-	9,932	53,018
Room hire	6,357	-	6,357	-
Shop sales	1,730	-	1,730	-
	<u>18,019</u>	<u>-</u>	<u>18,019</u>	<u>53,018</u>

In 2017, all of the income from other trading activities related to unrestricted funds.

5. Investment income

All of the charitable company's investment income arises from money held in interest bearing deposit accounts.

6. Costs of raising funds

	Unrestricted fund	Restricted fund	Total 2018	Total 2017
	£	£	£	£
Wages and salaries	33,255	-	33,255	30,306
Events	5,936	-	5,936	16,840
Materials	44	-	44	-
Postage	105	-	105	-
	<u>39,340</u>	<u>-</u>	<u>39,340</u>	<u>47,146</u>

In 2017, all of the costs of raising related to unrestricted funds.

Grace House North East
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Notes to the financial statements (Continued)
for the year ended 31 March 2018

7. Expenditure on charitable activities

	Activities undertaken directly	Support costs	Total 2018	Total 2017
	£	£	£	£
Wages and salaries	81,614	19,662	101,276	94,517
Direct costs	39,692	-	39,692	2,256
Premises costs	48,892	-	48,892	24,067
Insurances	6,378	-	6,378	6,089
Motor and travel expenses	20,386	-	20,386	18,718
Office expenses	4,098	-	4,098	4,885
Repairs	34,287	-	34,287	31,277
Advertising and marketing	8,464	-	8,464	731
Legal and professional fees	18,915	3,540	22,455	44,106
Training costs	9,432	-	9,432	986
Depreciation	86,641	-	86,641	78,910
Other costs	6,629	-	6,629	9,909
	<u>365,428</u>	<u>23,202</u>	<u>388,630</u>	<u>316,451</u>

Of the total expenditure on charitable activities, £248,548 (2017 - £229,630) related to unrestricted funds and £140,082 (2017 - £86,821) related to restricted funds.

8. Support costs

	2018	2017
	£	£
Wages and salaries	19,662	17,427
Governance costs	3,540	4,320
	<u>23,202</u>	<u>21,747</u>

9. Governance costs

	2018	2017
	£	£
Audit fee	3,540	4,320

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Notes to the financial statements (Continued)
for the year ended 31 March 2018

10. Net incoming resources/(resources expended)

	2018	2017
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	86,641	78,910
	<u> </u>	<u> </u>

11. Auditor's remuneration

	2018	2017
	£	£
Auditor's remuneration from previous advisors	-	4,320
Non-audit remuneration from previous advisors	-	900
Auditor's remuneration from current advisors	3,540	-
	<u> </u>	<u> </u>

12. Staff costs

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	125,399	117,173
Social security costs	8,360	7,550
Other pension costs	772	100
	<u> </u>	<u> </u>
	134,531	124,823
	<u> </u>	<u> </u>

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

	2018	2017
	£	£
Administrative	3	5
Fundraising	2	1
	<u> </u>	<u> </u>
	5	6
	<u> </u>	<u> </u>

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

During the year, trustees received no remuneration or any reimbursement of expenses.

The trustees consider the Chief Executive and the Office & Facilities Manager to be the key management personnel for the charity. The aggregate remuneration (including all benefits) paid to them during the year amounted to £65,738 (2017 - £56,833).

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Notes to the financial statements (Continued)
for the year ended 31 March 2018

13. Tangible fixed assets

	Long term Leasehold property £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Other specialist equipment £	Total £
Cost						
At 1 April 2017	3,247,029	28,781	67,603	36,949	113,272	3,493,634
Additions	-	-	6,783	2,492	1,923	11,198
At 31 March 2018	3,247,029	28,781	74,386	39,441	115,195	3,504,832
Depreciation						
At 1 April 2017	60,357	5,996	36,117	36,949	15,844	155,263
Charge for the year	59,941	5,696	5,563	696	14,745	86,641
At 31 March 2018	120,298	11,692	41,680	37,645	30,589	241,904
Net book value						
At 31 March 2018	3,126,731	17,089	32,706	1,796	84,606	3,262,928
At 31 March 2017	3,186,672	22,785	31,486	-	97,428	3,338,371

Included in long term leasehold property is land at a cost of £250,000 which is not depreciated.

14. Debtors

	2018 £	2017 £
Trade debtors	2,815	208
Prepayments and accrued income	11,441	6,258
	14,256	6,466

Grace House North East
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Notes to the financial statements (Continued)
for the year ended 31 March 2018

15. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade debtors	10,601	3,137
Other taxation and social security	3,081	2,651
Other creditors	148	94
Accruals	5,918	15,394
	<hr/>	<hr/>
	19,748	21,276
	<hr/> <hr/>	<hr/> <hr/>

16. Leases

The future minimum lease payments under non-cancellable operating leases are as follows;

	2018	2017
	£	£
Not later than one year	788	788
Later than one and not later than five years	1,791	2,579
More than five years	-	72
	<hr/>	<hr/>
	2,579	3,439
	<hr/> <hr/>	<hr/> <hr/>

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Notes to the financial statements (Continued)
for the year ended 31 March 2018

17. Statement of funds

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Carried forward £
Unrestricted funds					
General fund	86,587	210,310	(201,247)	(3,000)	92,470
Capital fund	3,338,371	-	(86,641)	11,198	3,262,928
	<u>3,424,958</u>	<u>210,310</u>	<u>(287,888)</u>	<u>8,198</u>	<u>3,355,398</u>
Restricted funds					
Northstar Foundation	14,544	14,931	(23,912)	(5,563)	-
Big Lottery – OPYS	11,658	60,992	(63,965)	-	8,685
Big Lottery – ORS	-	14,983	(13,562)	(1,421)	-
Big Lottery – Awards for All	-	9,995	(599)	-	9,396
Sports England	7,384	-	(7,384)	-	-
Tom Cowie	11,210	-	(9,996)	(1,214)	-
Other funds	21,380	5,398	(20,664)	-	6,114
	<u>66,176</u>	<u>106,299</u>	<u>(140,082)</u>	<u>(8,198)</u>	<u>24,195</u>
Total of funds	<u>3,491,134</u>	<u>316,429</u>	<u>(427,970)</u>	<u>-</u>	<u>3,379,593</u>

Capital fund – this fund is designated by the trustees to represent the amount tied up in fixed assets.

Northstar foundation - This grant enabled Grace House to update its meeting room facilities; to a standard which means we can hire out the rooms. To bring revenue into the Charity increasing our sustainability.

Big Lottery OPYS - This fund delivers free Holistic Therapies and Counselling to parents who have children with a diagnosis of a disability.

Big Lottery ORS - This was an additional grant from the Big Lottery which went towards strengthening the organisation, staff were able to access training, we updated the website and bought some equipment to assist in our fundraising activities.

Big Lottery Awards for All - This award means the Charity is able to provide 400 hours of free day care to families with a child with a complex disability.

Sports England - To pay for sporting activities for the children, providing opportunities they wouldn't otherwise be able to access.

Tom Cowie - This supports the delivery of OT hours to the children and additional training to care staff.

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Notes to the financial statements (Continued)
for the year ended 31 March 2018

18. Net analysis of funds

	Unrestricted fund	Restricted fund	Capital fund	Total fund
	£	£	£	£
Fixed assets	-	-	3,262,928	3,262,928
Current assets	112,218	24,195	-	136,413
Current liabilities	(19,748)	-	-	(19,748)
	<u>92,470</u>	<u>24,195</u>	<u>3,262,928</u>	<u>3,379,593</u>

19. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £772 (2017 - £100). Contributions totalling £148 (2017 - £94) were payable to the fund at the balance sheet date and are included in creditors.

20. Related party transactions

During the year the charity have the following purchases with connected companies:

- Equipment servicing and repairs totalling £1,876 (2017 - £3,397) from Lynch Healthcare Limited of which Mr D Lynch is a director.
- Accountancy services totalling £nil (2017 - £600) from Debere Limited of which Ms C E Miller is a director.
- Services totalling £3,064 (2017 - £nil) from HLA Services of which Neil Henry is a director.