

# **St Michael's Fellowship**

## **Report and Financial Statements**

Year ended 31 March 2023

Company Registration Number 02914273  
(England and Wales)

Charity Number: 1035820

## Contents

### Reports

Reference and administrative information	1
Trustees' report	3
Independent auditor's report	22

### Financial statements

Statement of financial activities	27
Balance sheet	28
Statement of cash flows	29
Principal accounting policies	30
Notes to the financial statements	34

## Reference and administrative details of the company and its advisors

<b>Trustees</b>	Sally Prentice (Chair, appointed 10 November 2022) Oretha Wofford (Deputy Chair from 7 July 2022) William Anderson (Hon Treasurer) Jasmine Kaur Assi (appointed 20 January 2023) Jonathan Bannister (appointed 30 November 2022) Richard Barron (resigned 7 July 2022) Annie Brough Yasmin Garcia-Sterling (appointed 20 January 2023) Loucia Kyprianou (former Chair, resigned 7 July 2022) Philippa Owen (former Deputy Chair and Acting Chair from 7 July 2022 – 10 November 2022, resigned 20 January 2023) Juline Sinclair Valerie Wass OBE
<b>Director</b>	Sue Pettigrew OBE
<b>Registered office</b>	136 Streatham High Road London SW16 1BW
<b>Registered number</b>	02914273 (England and Wales)
<b>Charity number</b>	1035820
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL

## Reference and administrative details of the company and its advisors

**Bankers** National Westminster Bank Plc  
145 Clapham High Street  
Clapham  
London  
S4 7TH

COIF Charity Funds  
80 Cheapside  
London  
EC2V 6DZ

Virgin Money Plc  
Jubilee House, Gosforth  
Newcastle on Tyne  
NE3 4PL

**Solicitors** The Charity Team at Russell-Cooke  
2 Putney Hill  
London  
SW15 6AB

## Trustees' report 31 March 2023

The trustees, who are the directors for the purposes of company law, present their statutory report together with the audited financial statements for the year ended 31 March 2023.

The financial statements have been prepared in accordance with the accounting policies set out on pages 30 to 33. They comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of 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).

### **OBJECTIVES AND ACTIVITIES**

#### **Purposes and aims**

The objects of the charity are: "the relief of poverty, sickness and emotional and physical hardship by the provision of accommodation, assistance and support, counselling, training and rehabilitation for children and their parents, whether in accommodation provided by the charity or in the wider community, who are in need of such relief so that they may become responsible and independent parents and members of society".

The principal activity of the charity is offering support to vulnerable families including very young parents both by the provision of residential family centres and in the community.

St Michael's provides accommodation, help and training in residential centres in the boroughs of Lambeth and Wandsworth, for families where children are at risk or where there is other emotional, mental or physical hardship. Such support includes an assessment of parenting skills. Each of these projects is in a converted Victorian family house, non-institutional in feel and each is staffed by a professional team.

Through partnerships with Children's Centres, the Department for Health and Social Care (England), and further charitable funding, St Michael's offers outreach work providing some of the same services to mums and dads and their children who are living in their own homes, but who, for whatever reason, are in difficulty.

The prime aim of the charity is to give a child the best possible start in life in the circumstances. Allied to this is the aim to help and encourage the members of a family to become fully integrated into the mainstream of society. This is achieved either through the rehabilitation of the family in a residential centre, or through preventive work in the community.

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning future activities and are satisfied that we meet the guidance.

**OBJECTIVES AND ACTIVITIES** (continued)

**Strategic plan and objectives**

The Trustees reviewed and updated the strategic plan in March 2023 for the next year. The strategic priorities are continued focus on:

- ◆ Maintaining the quality of our residential assessments; and
- ◆ Widening and embedding our outreach and community services.

In 2022-2023 our key objectives were:

1. Continued recovery following the Covid-19 pandemic, with a focus on increasing occupancy and service levels to pre-pandemic levels;
2. Investment in staff recruitment and retention across the whole organisation, with development of the leadership team following changes in personnel to include a 'one service' approach;
3. Implementing an effective EDI strategy; and
4. A fundraising and marketing strategy that helps to secure our financial base and ensures we inform others of our achievements and contribute to wider debates concerning parents and children.

Our key objectives for 2023-24 are:

1. Increasing occupancy and service levels and building financial resilience
2. Building on key capabilities of staffing and infrastructure to support ongoing activities
3. Continued focus on staff retention, including staff training and development with an emphasis on "one service approach"
4. Continuing the implementation of an effective EDI strategy

## ACHIEVEMENTS AND PERFORMANCE

Continued recovery following the Covid-19 pandemic, with a focus on increasing occupancy and service levels to pre-pandemic levels.

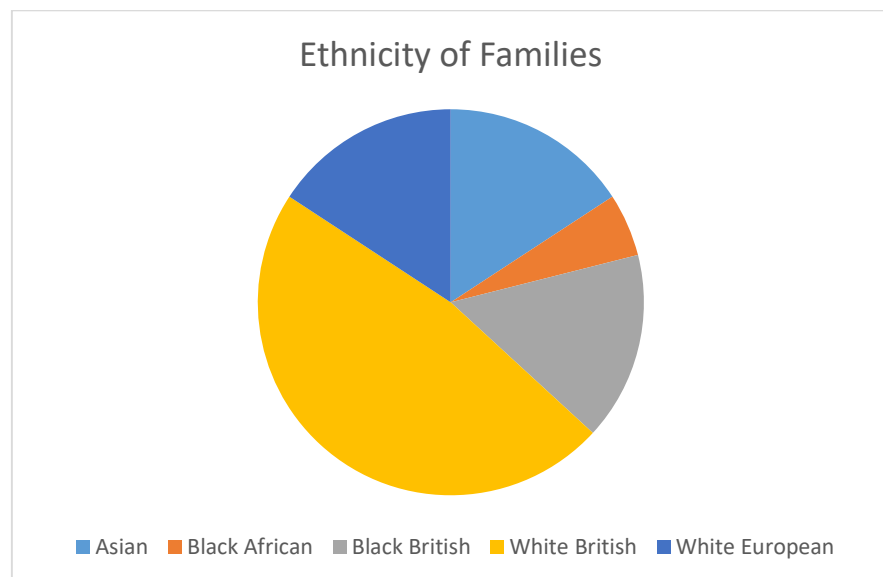
The last year has continued to present a number of challenges following the pandemic as we seek to rebuild our services. This has been largely due to the challenges of recruiting staff, which has been a sector-wide issue within social care.

### Residential Centres

Crawford House was inspected in January 2023 and received a “Good” rating. From the Ofsted report: ‘Families benefit from a transparent and empowering assessment process, which is focused on the best interests of children’. A parent said, ‘I would recommend here for other families who are struggling.’ Another parent thanked staff for ‘helping me through the biggest journey of my life’. ‘Staff demonstrate a strong commitment to equality and diversity, promoting dignity and respecting parents’ rights’.

We worked with 19 families including 21 children (2022: 25 families), residentially from 12 different local authorities. The reduction in number of families was due to the temporary closure of one of the houses for almost 6 months during renovations and the subsequent recruitment of a new staff team. In addition, ongoing building work in a second property restricted the number of families we were able to work with.

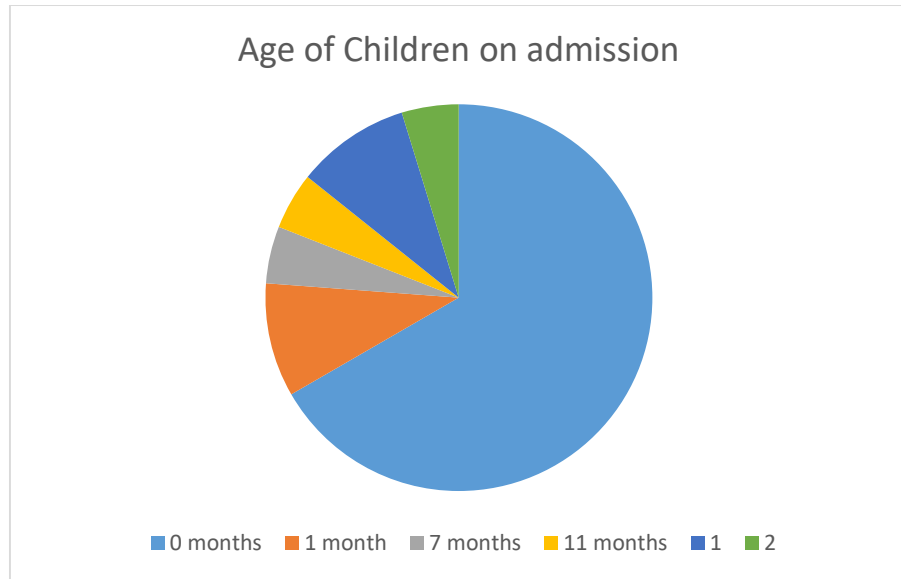
Of the 19 families, 14 were single parents and 5 were couples. The ethnic breakdown of the families is 47% White British, 16% Asian, 16% Black British, 16% White European, 5% Black African.



**Trustees' report 31 March 2023**

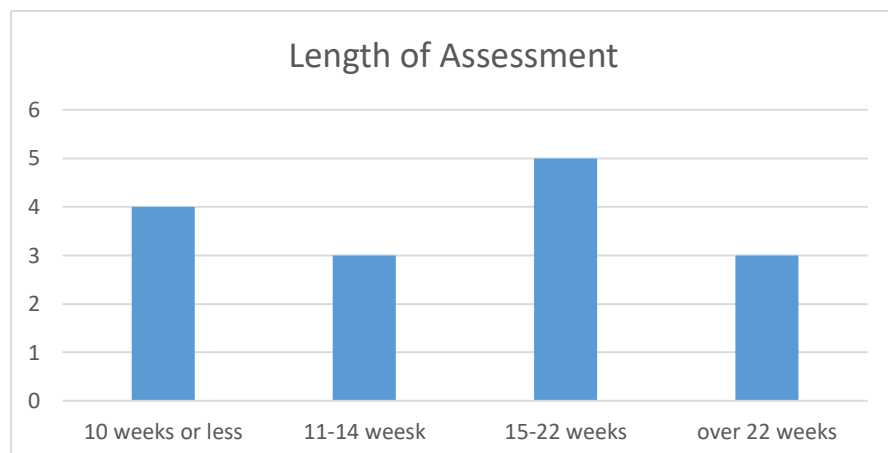
Whilst local authorities continue to be faced with financial constraints, residential assessments are still regarded as effective and assist the family courts in making a decision that secures the best future for the child or children.

Where assessment involves a young baby, the intervention is timely: 18 (81%) of the 21 children worked with were less than one-year-old, and 77% of this group were new born on admission.



In all cases, we focus on the needs of the child. We do not prolong assessments where it is clear that the parent is unable to meet the child's needs and it is therefore not in the child's best interests to continue; for 4 families (21%) length of stay was 10 weeks or less.

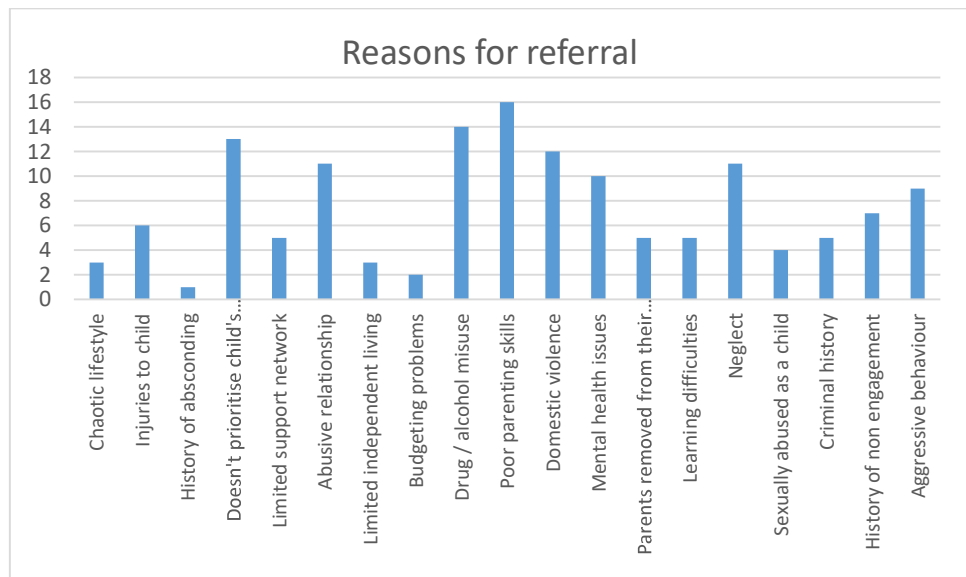
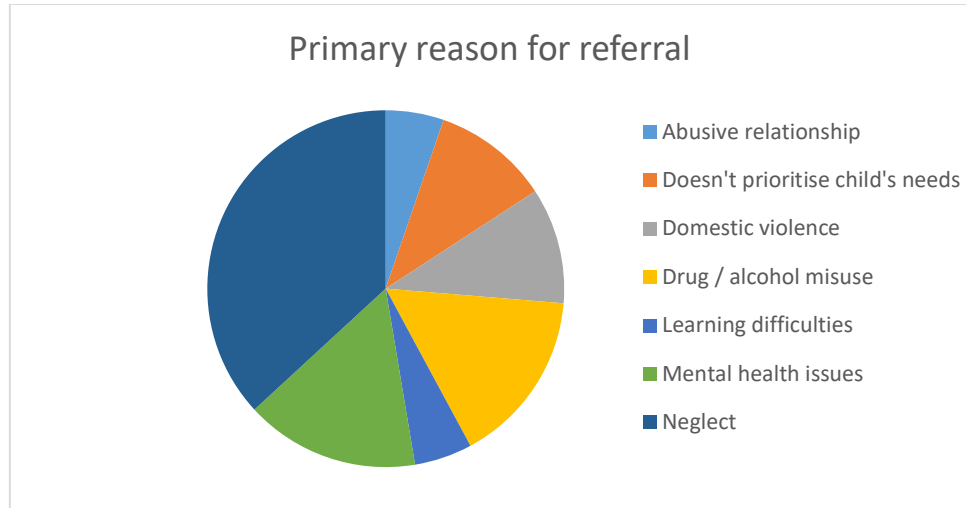
However we also acknowledge a trend from local authorities asking us to extend placements until a court hearing has taken place, even though this may exceed the 26 week rule. This allows the court to make the decision about the child's future or it enables the local authority to find a suitable alternative placement or accommodation for the family. As a result of extended placements, 5 families (26% of the total) stayed between 15 and 22 weeks, with 3 further families staying for over 25 weeks. A further 4 families were continuing their assessment at the year end.





**Trustees' report 31 March 2023**

Primary reasons for referral are neglect, mental ill health, domestic violence and abusive relationships, and drug or alcohol misuse. Typically, families present with 7 or more issues leading to referral.



Quote from Service Manager: 'The work in the residential centres has a 100% success rate from the perspective of the child. Whatever the outcome of the assessment, we always focus on and prioritise the needs of the child'.

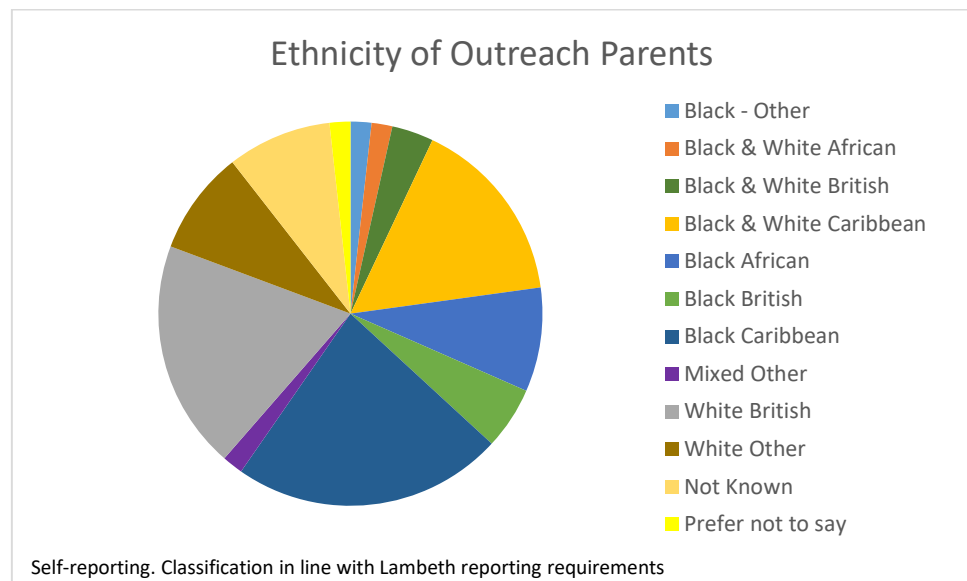
This year 31% of families returned to the community with their children and a further 25% of children were placed within their extended family. For a further 13% of families the final outcome is not known – this reflects the extended period between placements ending and the final court hearing.

This year 9 families (47%) had had a total of 20 children removed from their care prior to being placed with us, and 3 of them returned home with their subsequent child. The lack of support for parents following removal of a child is an issue we are endeavouring to address through our Securing Change programme.

### Outreach

We have continued with our outreach services for pregnant teenagers and young mums and dads up to 25 years. Our work is delivered through a combination of one-to-one bespoke support and group work.

We have supported 36 young mums and 26 young fathers, with 119 children, through our one-to-one work. A further 24 parents have attended our support groups. We often work with parents over extended periods, in response to their ongoing needs.

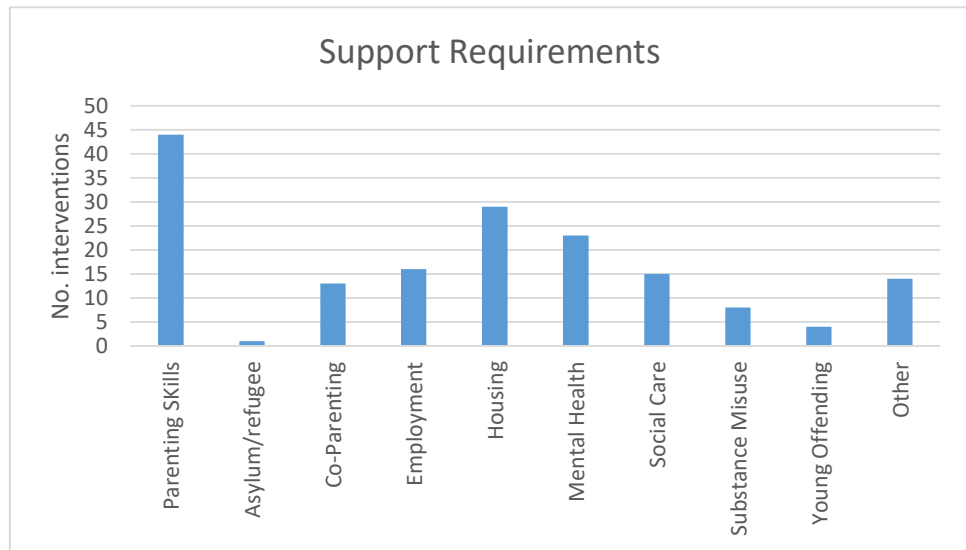


Our work is focussed on both young mothers and fathers to meet their individual needs. Young fathers are a marginalised group and the importance of offering a dedicated service to address their needs cannot be underestimated. A number of services see young fathers as the problem rather than the solution, and we are working with individual fathers, courts and local authorities to try to redress this issue.

The lives of the young parents we work with remain complex with many issues that need addressing: from support with housing and benefits, basic equipment for their home, debt advice, domestic violence, mental health issues, the child being subject to a child protection plan or a child in need plan, to name but a few.

6 of our parents have benefited from the generosity of Housing the Homeless through our Residents' Grants scheme, which has assisted families purchasing essential items for their new accommodation.

In addition, 27 of the families attended our summer trips programme offering opportunities that would not otherwise be available and helping them to build confidence to explore other activities in their neighbourhood.



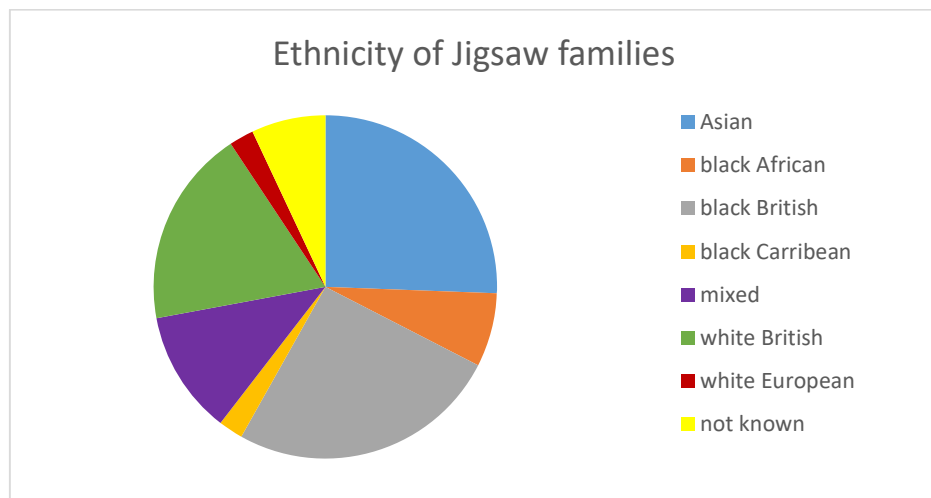
Through our accredited trainer, we have delivered the Caring Dads programme to 51 Dads. We have also delivered training to other professionals wishing to become Caring Dads facilitators across four other boroughs.

Following funding from Lambeth Public Health we continue to prevent unintentional injuries in children 0-5 by supplying home safety equipment such as safety gates, safety locks for cupboards and windows, non-slip bath mats, water thermometers and smoke alarms.

**Jigsaw**

Our NACCC contact centre was reaccredited in October 2022 for another 3 years. The assessor commented 'You truly run an effective and efficient service.'

We provided contact to 48 families including 75 children. About 20% of the contact offered is to families involved in care proceedings where our detailed contact notes contribute to the social workers' assessments.



## Trustees' report 31 March 2023

Whilst face-face contact is the preferred option for families we do recognise that online contact should form part of our service, for example for parents visiting from much further afield, during bad weather and travel disruption, and we have continued to offer this option.

Families using our service are often at a difficult and emotional time in their lives. One father said 'You run a fabulous facility and have made a difficult situation much more pleasant and easy, so you will be forever in my mind for that.' A mother said 'Thanks for the book voucher for him and thanks for everything you do. Your continued support throughout the year is truly valued.'

This year, we have extended our opening hours to include alternate Sundays to meet the demand of parents wanting weekend contact.

### **Securing Change**

This service is offered to all parents who undergo a residential assessment, to offer both practical and emotional support that embeds positive change, and to step in during periods when parents may be struggling.

Our Securing Change practitioner offers a bespoke service to each family she works with, introducing herself to the family whilst they are in residence and then agreeing next steps as they are ready to move on. Moving from a very supportive environment to independence can be daunting and our practitioner helps the family to prioritise their needs to try and smooth the transition. Often basic furniture is required for their home, new claims to be made and new links established with services such as a GP, nursery, playgroup. There are ongoing meetings with social services where the practitioner can advocate on behalf of the family.

One social worker said: "the family have regularly told me about the amazing support that has been provided by Securing Change. The family has spoken about how grateful they are to have someone that can support them both practically and emotionally and I know that your consistent presence over the past year has been hugely beneficial to them. It has been refreshing to hear a family talk so positively about their experience."

Our dedicated practitioner has worked intensively with 11 families in the year. Typically, she will work with a family for between six and twelve months. We endeavour to offer the service in the family's home travelling to many parts of South East England and further afield. Parents are signposted to suitable services and programmes to enable ongoing assistance within their local area. We facilitate access to local groups, general services and community projects. We encourage and enable participants to enrol in open training courses and take up volunteering opportunities. We may also discuss planned pregnancies and personal development plans to sustain parenting.

## Trustees' report 31 March 2023

Investment in staff recruitment and retention across the whole organisation, with development of the leadership team following changes in personnel to include a 'one service' approach:

With the support of the City Bridge Trust, we have been able to work with Hodwells to both support the management team, and bring all staff together to focus on our strategy and 'one service' approach. This has had a positive impact on staff morale and the future development of St Michael's.

We recognise the importance of investing in our staff in order to improve staff retention, to enable us to maintain our capacity and quality of services.

We were pleased to be able to reward staff for their ongoing commitment with a 2½% pay increase in April 2022, and then a further 5% increase in October 2022 towards the increased costs of living.

We held a thank-you celebration in December for all permanent and regular sessional staff. We have also held a social event in the summer of 2023 to encourage team-building across the different services.

Like many other organisations in the sector, we have been faced with staff shortages and difficulties in recruiting. We have reviewed the key worker and support roles within our residential centres to enable us to recruit from a potentially wider pool of applicants, and bring in a wider range of skills. We have seen good progress in the year with most roles now filled.

We have also successfully recruited to leadership roles and the management team has been focused on improving cross-team working.

Our training and development plan has been updated this year. We have introduced a broader induction process to include an introduction to all of St Michael's services. We have also increased the opportunities for whole team training and knowledge sharing. The annual appraisal process has been overhauled and reflects strategic goals, and is supported by individual development plans.

Implementing an effective EDI strategy:

St Michael's is committed to putting Equity, Diversity and Inclusion (EDI) firmly at the heart of all we do. Our commitment to EDI is deeply embedded in our core values and directly informs the compassionate, honest, and expert work we undertake with each family. We recognise that every individual – whether a child, parent, staff member, trustee, volunteer, or partner – brings unique experiences, perspectives, and backgrounds to our organisation.

Our commitment to EDI begins with us creating a culture of inclusion and allyship within the organisation. In 2021, we commissioned an external EDI consultant to assist us in improving our policies, processes and structures in relation to equity, diversity and inclusion, together with improved overall workplace culture. Following this we have shown our commitment to making changes by:

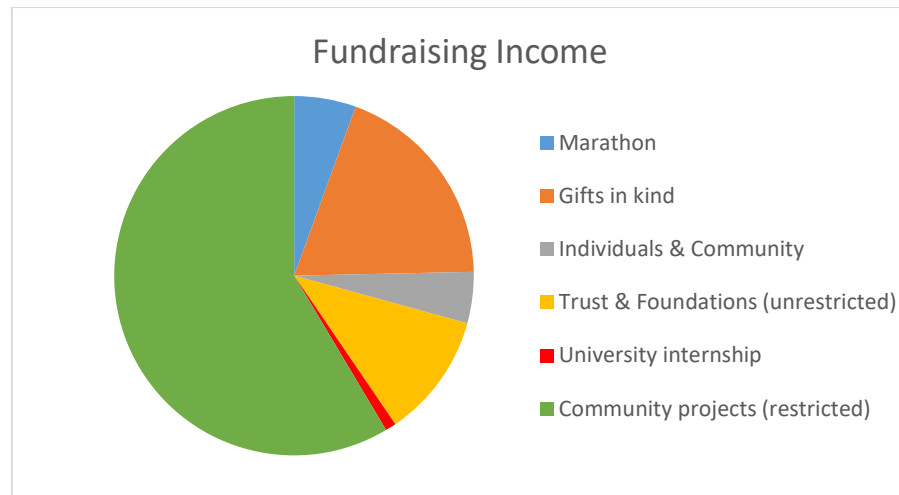
- Appointing an EDI Lead and a monthly EDI working group (made up of staff from across the organisation) to drive EDI initiatives and monitor progress.
- Establishing an EDI sub-committee led by trustees to act as a critical friend to the organisation providing guidance and oversight on EDI matters.
- Making EDI a key priority in our strategy, setting specific goals and actions to advance equity, diversity, and inclusion.
- Making EDI goals part of our probation and performance appraisal process.
- Developing a zero tolerance to racism and micro-aggressions procedure and a clear process for reporting, recording and addressing incidents and concerns.
- Establishing an anonymous reporting mechanism for raising concerns and making suggestions related to EDI.
- Undertaking whole-organisation anti-racism training, with plans to cover other EDI topics throughout the year.
- Diversifying our board of Trustees.

We continuously strive to ensure our policies, practices, and procedures reflect our commitment to EDI, and this will remain firmly at the centre of all we do.

## Trustees' report 31 March 2023

A fundraising and marketing strategy that helps to secure our financial base and ensures we inform others of our achievements and contribute to wider debates concerning parents and children.

Following the recruitment of a new Head of Fundraising in 2022 we have undertaken a review of the fundraising and marketing strategy to ensure it is aligned with the overall aims of the organisation.



We have identified the key areas for fundraising and requirements of funders, and are further developing our data collection and reporting processes to support this.

We have identified key messages and a marketing plan to provide timely and relevant updates to our existing supporter base. We have also developed campaigns to promote our work with the aim of widening our supporter base. We have seen some progress in attracting more interest and engagement which we aim to convert into ongoing support.

We would like to thank all those who have generously supported us during the year whether as individuals or from trusts and foundations.

## **FINANCIAL REVIEW**

### **Results for the year**

The overall deficit for the year was £179,062 (overall deficit for 2021/22: £81,560) following a small reduction in income generated through charitable activities in the year.

The deficit on restricted funds activity is covered by restricted funds brought forward, where activities were continuing from last year, thereby reducing restricted funds carried forward to £45,822. The deficit on unrestricted funds activities, together with the transfer of £4,424 to cover unfunded restricted fund activities, reduce unrestricted reserves carried forward to £604,839.

This is the third year of poor performance following the pandemic, which has impacted on the level of our free reserves. Our strategic priority is to rebuild reserves in order to improve our financial resilience.

Income from our residential services was impacted by the programmes of building works in two of the properties during the year, along with the challenges of recruiting staff, which has been a sector-wide issue within social care.

Income for our outreach work with young parents was unchanged this year. Our community work has been supported by additional funded projects focused on fathers' work, our Securing Change project working with parents after they leave assessments, plus delivery of the Caring Dads programmes and the contact centre service.

Income from donations has grown by 28% through additional grants from trusts and foundations, an improvement in marathon sponsorship and a small growth in amounts received from individual donors.

During the year we have increased charges to Local Authorities to ensure that the impact of inflation on costs is covered. Fees charged by St Michael's are on a fully costed recovery basis and are in line with market.

### **Principal risks and uncertainties**

The principal risks faced by St Michael's and the measures put in place to manage these risks are:

1. The Covid-19 pandemic had a major impact on the level of General Reserves through the losses incurred in the last 3 financial years. Our strategic priority to build on key capabilities of staffing and infrastructure and is integral to securing ongoing financial stability and rebuilding reserves.



## Trustees' report 31 March 2023

2. St Michael's continues to be largely reliant on income from Local Authorities through spot purchasing contracts for our residential assessments. We have seen a steady level of demand for our Residential Assessments, as a result of the charity's continued focus on providing a high quality and effective service, and an acknowledgement of the continuing levels of need. This risk is mitigated by the fact that St Michael's provides services to a broad base of Local Authorities and continues to develop additional services to meet the varied demands of supporting families. In addition, fundraising activities have been expanded to reduce the dependency on single sources of income.
3. The work of St Michael's is focussed on ensuring the safeguarding of children in their parents' care and the safeguarding of the parents, many of whom are 'adults at risk'. St Michael's mitigates this risk through its operational procedures including careful planning, setting clear expectations of families and staff, close monitoring within the centres, risk identification, training and supervision of staff and monthly inspections. Our residential centres are also inspected by Ofsted.
4. Staff recruitment and retention is a risk because without full teams we are unable to meet our occupancy targets. St Michael's seeks to mitigate this risk through investment in its staff. Specific measures include annual salary benchmarking, investment in training and supervision, and career development and succession planning.
5. Cost of living and inflationary increases will give rise to an increase in our cost base, and put added pressure on staff. St Michael's reviews its fees every year to ensure they keep pace with inflation. We also carry out regular benchmarking of staff salaries to ensure they remain competitive in the market.

St Michael's maintains a detailed risk register and reviews the most significant risks at every board meeting. Measures have been put in place, to the extent possible, to manage these risks in order to reduce both their likelihood and impact, whether to St Michael's service users or its reputation and financial position. Significant risks are brought to the attention of the Board as they arise.

### **Investment policy**

The trustees' investment policy is to ensure that all reserves are held in a form in which their capital value is secure and remain readily available. For this reason, all reserves over and above the day-to-day working capital are held primarily in an instant access deposit in the Charities Official Investment Fund, and a smaller amount continues to be invested in an instant access Virgin Charity Account.

## Trustees' report 31 March 2023

### **Reserves policy**

St Michael's reserves stand at £650,661 at 31 March 2023 (2022: £829,723) and are in two forms: restricted and unrestricted.

#### *Restricted reserves*

Restricted funds will be expended in due course in accordance with their restricted purposes. Restricted funds are £45,822 (2022: £175,789).

#### *Unrestricted reserves*

Unrestricted funds are retained to meet a number of needs:

The first need is to cover the working capital requirements of the charity. The trustees aim to maintain sufficient reserves to support the day to day expenditures and cash-flow demands, plus sufficient buffer to cover the ongoing operating expenses of the services at times when demand may slacken.

To meet this need, the trustees aim to maintain a General Fund which is not less than one third of the current year's operating expenses for core services (not met from restricted funds).

The General Fund stands at £603,885 at March 2023 and is just over 4 months operating costs (2022 – £652,980, equivalent to 4.4 months) as described in previous paragraph.

A strategic priority for the coming year is to rebuild reserves in order to improve our financial resilience.

The second need is to fund the development of St Michael's work, via a designated development fund, where this cannot be funded by existing revenue streams. During 2022/23 designated expenditure from the Development Fund was £nil (2022 – £42,326)..

The Development Fund stands at £954 at March 2023 (2022 – £954) comprising:

- ◆ £954 to purchase security equipment for Jigsaw

The reserves policy is reviewed annually by the trustees.

The trustees consider that the current level of reserves will provide sufficient cover to allow the business to continue to operate, including sufficient cover for any changes in the operation of the services, as set out in the earlier sections of this report.

### **GOING CONCERN**

As set out in the Going Concern section of the Principal Accounting Policies on page 30 of the Financial Statements, the trustees have considered the current status of recovery following the pandemic, including rebuilding services and occupancy levels. The trustees have also taken into account the operational actions taken, liquidity and reserves, current levels of activity and operating forecasts.

The Trustees have concluded that although there may be some continuing uncertainty, it is appropriate for the charity to prepare its financial statements on the going concern basis.

### **FUTURE PLANS**

The future plans are defined by the strategic plan and key objectives for the year. The immediate priority is building on key capabilities of staffing and infrastructure to support increasing occupancy and income levels to rebuild general reserves.

### **FUNDRAISING**

St Michael's Fellowship is committed to its charitable aims, and fundraises in order to improve the lives and futures of families and to secure the best possible future for their children.

St Michaels employees an in-house fundraiser. Our fundraising activities aim to raise funds from trusts, foundations and businesses, appeals to supporters and the local community, and from participating in challenge events. We do not carry out door-to-door or street fundraising.

Our fundraising, in all its forms, is legal, open, honest and respectful. We clearly state how donations are used to fulfil our mission. We are respectful of the wishes, preferences, personal information and circumstances of the people we interact with and who choose to donate to us, and we will take all steps necessary to comply with the law and fundraising practice standards.

Our fundraising is compliant with the Fundraising Regulator as well as Charity Commission guidance. Our approach has been informed by the Institute of Fundraising's guidance on treating donors fairly and General Data Protection Regulation (GDPR). We have been assessed as complying with the IASME Governance Standard v5, updated January 2018, which includes an assessment of Cyber Essentials and GDPR Requirements. We do not use third party fundraisers, commercial participators or their representatives to raise funds for us.

Volunteers who fundraise for us as part of challenge events are provided with support and guidance by the Head of Fundraising. Support includes providing fundraising materials, an overview of relevant policies and clear explanations of how their fundraising supports our work.

As an organisation working with vulnerable families, we are acutely aware of our safeguarding responsibilities. All staff and volunteers receive safeguarding training. Should we receive a donation that we suspect was not made in good faith, the Head of Finance and Head of Fundraising will follow up to ensure the donor's wishes are respected.

We have a robust fundraising complaints policy and have not received any complaints in relation to our fundraising activities..

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The organisation is a charitable company limited by guarantee, incorporated on 23 March 1994 and registered as a charity on 31 March 1994. The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in Note 6 to the accounts.

St Michael's board of trustees is also the board of directors under company law. The board meets formally six times a year. The board of trustees delegates to the Chief Executive the responsibility for managing all the day-to-day affairs of the organisation that fall within the scope of an annually agreed budget and operating plan. The Honorary Treasurer maintains contact with the Chief Executive and the Head of Finance to provide oversight of financial management, systems and procedures. He does this under authority delegated by the full board of trustees and in accordance with the board's financial procedures.

To support the work of the Board there are three sub-committees chaired by trustees and reporting to the Board:

- ◆ The Honorary Treasurer chairs the Finance Committee and oversees budgetary control with the Chief Executive. This committee considers financial matters, proposals and issues of risk before presentation to the Board.
- ◆ The Fundraising Committee advises on fundraising strategy and meets as necessary to review strategy and to support the organisation of events.
- ◆ The EDI Committee provides guidance and oversight on all EDI matters.

In addition, 2 trustees are assigned to the residential centres, a role they share, with responsibility for bi-monthly inspection visits. Reports from inspection visits are provided to the board.

The organisation's occupancy of the houses in which it provides its residential assessment services is governed by management agreements with London and Quadrant Housing Trust and Southern Housing.

The board of trustees has worked to apply the recommended practice of the Charity Governance Code. It has produced and adopted a Governance Manual to provide guidance to trustees and staff involved in the governance and management of the organisation.

The trustees believe that the diversity of the service users and staff should be reflected in the makeup of the Board. It recognises that diversity in all its forms leads to a more effective Board. The Board regularly reviews skills, experience and diversity of its members to inform trustee recruitment, and shall consider plans to recruit to vacant positions to further enhance this diversity.

The Board annually reviews and assesses its own performance and the performance of its sub-committees. The appraisal of the Chair is carried out by the Deputy Chair having gathered the views of other trustees.

## Trustees' report 31 March 2023

The Board ensures conflicts of interest and duties are properly addressed and has drawn up a conflicts of interest policy and maintains a register of interests. At the start of each Board meeting all trustees are asked to confirm that they have no conflicts of interest in respect of St Michael's business.

Under company law we are required to identify the people with significant control (PSC) over the company and confirm their information, maintain a record and provide this information to Companies House annually. We, as a Board, have considered this requirement and do not believe that any Board member or member of staff has significant control over the organisation. Our PSC register reflects this position.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2022 was 9 (2022 – 8). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

### **Appointment and departure of trustees**

The trustees give their time voluntarily. Trustees have been recruited by advertisement as and when new appointments need to be made in accordance with a matrix of skills and experience that the board has agreed to be required. New trustees are inducted by way of personal briefings, an induction pack and the support of a more experienced trustee. All trustees are required to complete 'an introduction to safeguarding' and are given further opportunities for trustee training by attending relevant conferences and seminars. Trustees are appointed to the board by the existing trustees. The trustees are the members of the charitable company.

During the year we said goodbye to our former Chair Loucia Kyprianou, who joined the Board in September 2018, was appointed Chair in April 2021, and resigned through personal circumstances in July 2022. Loucia brought a wealth of skills having a legal background and significant management experience. Richard Barron served two terms of office which completed in July 2022. Richard's fundraising knowledge and skills helped to shape and support our fundraising strategy. Philippa Owen resigned in January 2023 having served just over two terms. Philippa stayed on the Board as Acting Chair following the departure of Loucia Kyprianou in order to pass the baton to our new Chair.

All three of these trustees gave their time generously and we are indebted to them for their invaluable support.

Through advertising we have recruited new trustees. Sally Prentice was appointed in November 2022 as our new Chair. She has served as a CEO of two charities so brings a wealth of knowledge and experience. Jonathan Bannister was also appointed in November 2022; he is the founder of a marketing and innovation consultancy and brings creativity and management knowledge. Jasmine Kaur Assi, appointed January 2023, brings experience of working collaboratively to achieve strategic priorities within a large organisation. Yasmin Garcia-Sterling, also appointed January 2023, is an Assistant Professor at University College London. She is the first Trustee to be appointed with 'lived experience' and we are delighted to welcome her as she brings a unique perspective to our work.

### **Remuneration policy for key management personnel**

To deliver its charitable aims, St Michael's employs sufficient staff with the necessary skills and qualifications. We are committed to ensuring that we pay our staff a fair and appropriate salary that is within our means. This is so we can attract and retain people with the right skills and therefore have the greatest impact in delivering our objectives. We recognise that our rates of pay are generally less than in the private or public sector, but we believe that this is balanced by the training and development we offer, along with a shared commitment to our charitable purpose. We monitor against the National Joint Council pay scales for all staff and any overall changes to the rates of pay or to the salaries of senior staff are approved by the Board. The pension provisions for all staff regardless of seniority are the same. The remuneration ratio (highest paid versus the median salary) is 1.98 (2022 – 1.95:1). We do not pay less than the London Living wage.

### **Trustees' responsibilities statement**

The trustees (who are also directors of St Michael's Fellowship 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 charity and of the income and expenditure of the charity 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 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);
- ◆ Make judgements and estimates that are reasonable and prudent;
- ◆ State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

## Trustees' report 31 March 2023

Each of the trustees confirms that:

- ◆ So far as the trustee is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- ◆ The trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

The trustees' report has been approved by the trustees on 15 September 2023 and signed on their behalf by:

A handwritten signature in black ink that reads "Sally Prentice". The signature is written in a cursive, flowing style.

Chair

## **Independent auditor's report Year to 31 March 2023**

### **Independent auditor's report to the members of St Michael's Fellowship**

#### **Opinion**

We have audited the financial statements of St Michael's Fellowship (the 'charitable company') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies, and the notes to the financial statements. 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 2023 and of 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**

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

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

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

#### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements 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 auditor's report Year to 31 March 2023**

### **Other information** (continued)

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, which is the directors' report for the purposes of company law, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is the directors' report for the purposes of company law, including the strategic report, has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees 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

## Independent auditor's report Year to 31 March 2023

company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

#### *How the audit was considered capable of detecting irregularities including fraud*

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company through discussions with management, and from our knowledge and experience of the sector;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Charities Act 2011, Companies Act 2006, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

## Independent auditor's report Year to 31 March 2023

### **Auditor's responsibilities for the audit of the financial statements** (continued)

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of trustee meetings;
- ◆ enquiring of management as to actual and potential litigation and claims; and
- ◆ reviewing any available correspondence with HMRC and the company's legal advisors (although none was noted as being received by the charitable company).

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 auditor's report.

## Independent auditor's report Year to 31 March 2023

### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Buzzacott LLP*

05 October 2023

Hugh Swainson (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

**Statement of financial activities** Year to 31 March 2023  
(including income and expenditure account)

	Notes	Restricted fund £	Unrestricted funds £	Total funds 2023 £	Restricted fund £	Unrestricted funds £	Total funds 2022 £
<b>Income from:</b>							
Donations	1	6,064	138,088	144,152	6,100	106,074	112,174
Interest receivable		--	7,018	7,018	—	264	264
Charitable activities:							
. Residential and community assessment	2a	--	1,394,402	1,394,402	—	1,486,139	1,486,139
. Community projects	2b	374,728	51,852	426,580	416,749	67,903	484,652
. Residents grants fund	13	1,700	--	1,700	1,918	—	1,918
<b>Total income</b>		<b>382,492</b>	<b>1,591,360</b>	<b>1,973,852</b>	<b>424,767</b>	<b>1,660,380</b>	<b>2,085,147</b>
<b>Expenditure on:</b>							
Raising funds		5,425	101,254	106,679	6,795	87,316	94,111
Charitable activities							
. Residential and community assessment		2,981	1,527,725	1,530,706	732	1,541,115	1,541,847
. Community projects		507,075	7,052	514,127	494,026	35,361	529,387
. Residents grants fund	13	1,402	--	1,402	1,362	—	1,362
<b>Total expenditure</b>	3	<b>516,883</b>	<b>1,636,031</b>	<b>2,152,914</b>	<b>502,915</b>	<b>1,663,792</b>	<b>2,166,707</b>
<b>Net (expenditure) before transfer</b>	5	<b>(134,391)</b>	<b>(44,671)</b>	<b>(179,062)</b>	<b>(78,148)</b>	<b>(3,412)</b>	<b>(81,560)</b>
Transfers between funds	13	4,424	(4,424)	--	—	—	—
<b>Net (expenditure) and net movement in funds</b>		<b>(129,967)</b>	<b>(49,095)</b>	<b>(179,062)</b>	<b>(78,148)</b>	<b>(3,412)</b>	<b>(81,560)</b>
<b>Reconciliation of funds</b>							
Fund balances brought forward at 1 April 2022		175,789	653,934	829,723	253,937	657,346	911,283
<b>Fund balances carried forward at 31 March 2023</b>	13	<b>45,822</b>	<b>604,839</b>	<b>650,661</b>	<b>175,789</b>	<b>653,934</b>	<b>829,723</b>

All of the above results are derived from material continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 13 to the financial statements.

**Balance sheet** 31 March 2023

	Notes	2023 £	2023 £	2022 £	2022 £
<b>Fixed assets</b>					
Tangible assets	9		<u>4,239</u>		<u>10,568</u>
<b>Current assets</b>					
Debtors	10	318,841		257,717	
Cash at bank and in hand		<u>553,356</u>		<u>798,865</u>	
		<b>872,197</b>		<b>1,056,582</b>	
<b>Creditors: amounts falling due within one year</b>	11	<u>225,775</u>		<u>237,427</u>	
<b>Net current assets</b>			<u>646,422</u>		<u>819,155</u>
<b>Total net assets</b>	12		<u>650,661</u>		<u>829,723</u>
<b>Funds</b>					
Restricted funds			45,822		175,789
Unrestricted funds					
. Designated funds			954		954
. General funds			<u>603,885</u>		<u>652,980</u>
<b>Total funds</b>	13		<u>650,661</u>		<u>829,723</u>

Approved by the trustees of St Michael's Fellowship, Company Registration Number 02914273 (England and Wales), 15 September 2023, and signed on their behalf by:

*Sally Prentice*

Chair

## Statement of cash flows 31 March 2023

	Notes	2023 £	2022 £
<b>Cash flows from operating activities:</b>			
<b>Net (expenditure) for the year (as per the financial statements)</b>		<b>(179,062)</b>	(81,560)
Depreciation charges		6,479	7,303
Interest receivable		(7,018)	(264)
(Increase) in debtors		(61,124)	(71,858)
(Decrease) increase in creditors		(11,652)	14,821
<b>Net cash (used in) operating activities</b>		<b>(252,377)</b>	(131,558)
<b>Cash flows from investing activities:</b>			
Interest received		7,018	264
Purchase of fixed assets		(150)	—
Disposal of fixed assets		--	4,354
<b>Net cash provided by investing activities</b>		<b>6,868</b>	4,618
<b>Change in cash and cash equivalents in the year</b>		<b>(245,509)</b>	(126,940)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>A</b>	<b>798,865</b>	925,805
<b>Cash and cash equivalents at the end of the year</b>	<b>A</b>	<b>553,356</b>	798,865

### A Analysis of cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	122,896	374,556
Notice deposits (less than three months)	430,460	424,309
<b>Total cash and cash equivalents</b>	<b>553,356</b>	798,865

## **Principal accounting policies 31 March 2023**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

### **Basis of preparation**

These financial statements have been prepared for the year to 31 March 2023 with comparative information presented in respect of the year to 31 March 2022.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these 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 financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

The financial statements are presented in sterling and are rounded to the nearest pound.

### **Public benefit entity**

The charitable company meets the definition of a public benefit entity under FRS 102.

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

Preparation of the financial statements requires the trustees to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include the estimation of the useful economic life of tangible fixed assets and the basis on which the support costs are allocated across the various categories of charitable expenditure.

### **Going concern**

The trustees have considered the current status of recovery following the coronavirus pandemic, including rebuilding service and occupancy levels. The trustees have also taken into account the operational actions taken, liquidity and reserves, current levels of activity and operating forecasts.

The trustees have concluded that although there may be some continuing uncertainty, it is appropriate for the charity to prepare its accounts on the going concern basis.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.



### **Income**

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Donations are received by way of donations and gifts and is usually included in full in the statement of financial activities when received. Donations received in respect of the London Marathon event are deferred until the Marathon has taken place.

Revenue grants are credited to the statement of financial activities when received or receivable whichever is earlier. Grants received that relate to a specific time period are deferred if it is outside the accounting period.

Coronavirus Job Retention Scheme grants were credited to the statement of financial activities when the charity had entitlement to the income and when the amount receivable had been quantified.

Fee and contract income is credited to the statement of financial activities in the period in which it is receivable and where any performance conditions attached to the income have been met. Any fee income received in advance of the financial period to which it relates is deferred and recognised in line with the period over which the related activity will be undertaken.

### **Donations of gifts, services and facilities**

Donated professional services and donated facilities are recognised as income when the charity has received the service, any conditions associated with the donation have been met, and the economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised. Trustees give their time voluntarily.

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

### **Interest receivable**

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

### **Expenditure and irrecoverable VAT**

Expenditure is recognised in the period in which it is incurred. Expenditure includes attributable VAT which cannot be recovered.

Expenditure on raising funds relates to the costs incurred by the charitable company in raising funds for the charitable work, as well as the cost of any activities with a fundraising purpose. Specifically, this includes the Bonds payable for the runners in the London Marathon.

**Expenditure and irrecoverable VAT** (continued)

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of the area of literature occupied by each activity.

Expenditure is allocated to a particular activity where the cost relates directly to that activity.

Support costs for the overall direction and administration of each activity, comprising the salary and overhead cost of the central function, are apportioned on the following basis:

- ◆ Support costs are allocated to community projects on the basis of the funding agreement which is based on a full cost recovery model.
- ◆ Remaining support costs are apportioned to the residential assessment centres based on the number of rooms available for residents in each house, which is an estimate of the amount attributable to each activity.

Note 4 shows how support costs have been re-allocated to the residential assessment centres and community projects.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities. Governance costs have been apportioned across residential assessment centres and community projects based on the income ratios of each activity.

**Tangible fixed assets**

Items of equipment are capitalised where the purchase price exceeds £2,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

House fixtures and fittings	10 years	(10%)
House equipment	4 years	(25%)
Head office leasehold	10 years	(10%)
Head office equipment – telephone system	10 years	(10%)
Head office equipment – equipment	4 years	(25%)

**Debtors**

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

**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.

**Creditors and provisions**

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

**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.

**Fund accounting**

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are maintenance fees, grants, charges, donations and other incoming resources receivable or generated for the objects of the charity.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

The charity transfers funds from unrestricted funds to restricted funds where there has been higher expenditure in running a project than the funds provided. Transfers of funds also are made from general funds to designated funds in order to reach the specified target balances of the designated funds. No transfers are made out of restricted funds without written authority from the original funder.

**Operating leases**

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of financial activities in the year in which they fall due.

**Pensions**

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charitable company to the fund. The charitable company has no liability under the scheme other than for the payment of those contributions.

Notes to the financial statements Year to 31 March 2023

1 Income from donations

	Restricted funds £	Unrestricted funds £	2023 Total funds £
London Marathon	--	19,341	19,341
Baring Foundation	--	3,500	3,500
BNP Paribas	--	1,000	1,000
Comic Relief	--	15,000	15,000
Denton Charitable Trust	--	1,000	1,000
Dyers Company	--	2,000	2,000
Elizabeth & Prince Zaiger Trust	--	5,000	5,000
Howberry Trust	--	1,000	1,000
Jet Charitable Trust	--	500	500
Rathbone Redfern	--	1,000	1,000
Rest Harrow Trust	--	100	100
Sir Walter St John's Educational Charity	1,476	--	1,476
Small trust appeal	--	4,350	4,350
University of Sussex Graduate Internship	3,400	--	3,400
Uxbridge Foundation	--	1,000	1,000
William Allen Young Trust	--	2,000	2,000
Gift in kind	1,188	65,226	66,414
Other donations	--	16,071	16,071
	<b>6,064</b>	<b>138,088</b>	<b>144,152</b>

	Restricted funds £	Unrestricted funds £	2022 Total funds £
London Marathon	—	8,529	8,529
Uxbridge Foundation	—	1,000	1,000
Dyers Company	—	1,000	1,000
Small Trust Appeal	—	3,100	3,100
Elizabeth & Prince Zaiger Trust	—	5,000	5,000
University of Sussex Graduate Internship	6,100	—	6,100
Invesco Cares Foundation	—	3,000	3,000
Shanley Foundation	—	2,000	2,000
Rest Harrow Trust	—	200	200
Jet Charitable Trust	—	500	500
Sir Jules Thorn Trust	—	1,500	1,500
Gift in kind	—	53,434	53,434
Other – CJRS furlough grants	—	10,950	10,950
Other donations	—	15,861	15,861
	<b>6,100</b>	<b>106,074</b>	<b>112,174</b>

Notes to the financial statements Year to 31 March 2023

**2 Income from charitable activities**

**a. Residential and community assessment**

	Restricted funds £	Unrestricted funds £	2023 Total funds £
General fees	--	1,315,553	1,315,553
Parental support	--	59,060	59,060
Supporting people	--	13,036	13,096
Charges	--	5,176	5,176
Other	--	1,577	1,577
	<b>—</b>	<b>1,394,402</b>	<b>1,394,402</b>

	Restricted funds £	Unrestricted funds £	2022 Total funds £
General fees	—	1,416,849	1,416,849
Parental support	—	34,058	34,058
Supporting people	—	12,946	12,946
Charges	—	4,102	4,102
Other – rates relief	—	4,557	4,557
Other – CJRS furlough grants	—	13,627	13,627
	<b>—</b>	<b>1,486,139</b>	<b>1,486,139</b>

**b. Community projects**

	Restricted funds £	Unrestricted funds £	2023 Total funds £
Lambeth Outreach Young Parents	150,000	--	150,000
Lambeth other	31,668	--	34,668
National Children's Bureau	100	--	100
City Bridge Trust	39,525	--	39,525
Segelman Trust	37,000	--	37,000
Caring Dads Programmes	--	39,499	39,499
Garfield Weston	30,000	--	30,000
L&Q Placemakers Fund	18,750	--	18,750
Comic Relief	59,099	--	59,099
Dep't of Health and Social Care	3,586	--	3,586
1485 Hardship fund	2,000	--	2,000
Other	3,000	12,353	15,353
	<b>374,728</b>	<b>51,852</b>	<b>426,580</b>

## Notes to the financial statements Year to 31 March 2023

### 2 Income from charitable activities (continued)

#### b. Community projects (continued)

	Restricted funds £	Unrestricted funds £	2022 Total funds £
Lambeth Outreach Young Parents	150,000	—	150,000
Lambeth other	838	—	838
National Children's Bureau	800	—	800
City Bridge Trust	47,650	—	47,650
Segelman Trust	30,000	—	30,000
Caring Dads Programmes	—	66,385	66,385
National Lottery Community Fund	36,972	—	36,972
Pilgrim Trust	15,000	—	15,000
Comic Relief	57,200	—	57,200
Dep't of Health and Social Care	75,539	—	75,539
Other – CJRS furlough grants	—	1,233	1,233
Other	2,750	285	3,035
	<b>416,749</b>	<b>67,903</b>	<b>484,652</b>

### 3 Total expenditure

	Costs of raising funds £	Residential and community assessment £	Community projects £	Residents grants fund £	Governance costs £	Support costs £	2023 Total £
Staff costs (note 6)	13,349	1,080,865	419,546	--	29	202,614	1,716,403
Premises costs	--	31,625	--	--	--	60,783	92,408
Maintenance	--	23,369	534	--	--	6,160	30,063
Insurance	--	—	--	--	--	16,285	16,285
Professional fees	216	6,689	19,902	--	12,888	5,632	42,327
Housing association charges	--	80,890	--	--	--	--	80,890
Communications and stationery	585	42,220	5,565	--	16	19,619	68,005
Publicity	6,852	—	--	--	--	--	6,852
Residents' welfare	--	3,579	10,431	1,402	--	--	15,412
Depreciation	--	1,771	--	--	--	4,709	6,480
Audit and accountancy	--	—	--	--	14,370	--	14,370
Travel	--	2,642	2,623	--	87	194	5,546
In-kind and sundry expenses	52,456	138	1,348	--	542	389	54,873
<b>Total expenditure</b>	<b>73,456</b>	<b>1,273,788</b>	<b>459,949</b>	<b>1,402</b>	<b>27,932</b>	<b>316,385</b>	<b>2,152,914</b>
Reallocation of support costs (note 4)	29,541	220,124	42,088	--	24,632	(316,385)	--
Reallocation of governance costs	3,680	36,794	12,090	--	(52,564)	--	--
<b>Total expenditure</b>	<b>106,679</b>	<b>1,530,706</b>	<b>514,127</b>	<b>1,402</b>	<b>--</b>	<b>--</b>	<b>2,152,914</b>

## Notes to the financial statements Year to 31 March 2023

### 3 Total expenditure (continued)

	Costs of raising funds £	Residential and community assessment £	Community projects £	Residents grants fund £	Governance costs £	Support costs £	2022 Total £
Staff costs (note 6)	10,619	1,071,960	407,442	—	15	246,729	1,736,765
Premises costs	—	26,998	—	—	—	62,296	89,294
Maintenance	—	25,596	188	—	—	3,138	28,922
Insurance	—	—	—	—	—	15,718	15,718
Professional fees	36	5,739	43,200	—	26	9,252	58,253
Housing association charges	—	78,487	—	—	—	—	78,487
Communications and stationery	2,175	34,856	6,387	—	—	19,423	62,841
Publicity	4,956	—	201	—	—	177	5,334
Residents' welfare	—	1,636	9,817	1,362	—	—	12,815
Depreciation	—	2,595	—	—	—	4,708	7,303
Audit and accountancy	—	—	—	—	14,520	—	14,520
Travel	829	2,734	2,243	—	—	195	6,001
In-kind and sundry expenses	50,454	—	—	—	—	—	50,454
<b>Total expenditure</b>	<b>69,069</b>	<b>1,250,601</b>	<b>469,477</b>	<b>1,362</b>	<b>14,561</b>	<b>361,637</b>	<b>2,166,707</b>
Reallocation of support costs (note 4)	23,177	265,129	50,583	—	22,748	(361,637)	—
Reallocation of governance costs	1,865	26,117	9,327	—	(37,309)	—	—
<b>Total expenditure</b>	<b>94,111</b>	<b>1,541,847</b>	<b>529,387</b>	<b>1,362</b>	<b>—</b>	<b>—</b>	<b>2,166,707</b>

### 4 Support costs

	Costs of raising funds £	Residential and community assessment £	Community projects £	Governance £	2023 Total £
Head office staff	16,168	161,421	2,307	22,718	202,614
Premises costs	7,662	29,230	22,794	1,097	60,783
Maintenance	701	3,274	2,085	100	6,160
Insurance	2,053	7,831	6,107	294	16,285
Professional fees	—	5,632	—	—	5,632
Communications and stationery	2,363	9,889	7,029	338	19,619
Depreciation	594	2,264	1,766	85	4,709
Travel and sundry	—	583	—	—	583
	<b>29,541</b>	<b>220,124</b>	<b>42,088</b>	<b>24,632</b>	<b>316,385</b>

## Notes to the financial statements Year to 31 March 2023

### 4 Support costs (continued)

	Costs of raising funds £	Residential and community assessment £	Community projects £	Governance £	2022 Total £
Head office staff	10,208	213,773	1,863	20,885	246,729
Premises costs	7,585	24,031	29,591	1,089	62,296
Maintenance	382	1,211	1,491	55	3,139
Insurance	1,914	6,063	7,466	275	15,718
Professional fees	—	9,252	—	—	9,252
Communications and stationery	2,515	8,611	7,936	361	19,423
Publicity	—	177	—	—	177
Depreciation	573	1,816	2,236	83	4,708
Travel	—	195	—	—	195
	<b>23,177</b>	<b>265,129</b>	<b>50,583</b>	<b>22,748</b>	<b>361,637</b>

### 5 Net income(expenditure) for the year

	2023 £	2022 £
Depreciation	6,479	7,303
Auditor's remuneration . Audit	11,975	10,250
Operating lease rentals . Equipment . Property	15,803 120,178	15,761 131,726

### 6 Analysis of staff costs, cost of key management personnel, and trustee remuneration and expenses

Staff costs were as follows:	2023 £	2022 £
Salaries and wages	1,082,668	1,119,435
Social security costs	151,353	145,664
Employer's contribution to defined contribution pension schemes	71,304	84,464
Sessional staff	361,453	336,007
Agency staff	15,669	21,121
Other staff costs	33,956	30,074
	<b>1,716,403</b>	<b>1,736,765</b>

1 employee earned between £70,000-£80,000 (2022: 1 employee between £70,000-£80,000)

The total employee benefits including employer's pension contributions and national insurance of the key management personnel were £200,307 (2022: £186,146).



## Notes to the financial statements Year to 31 March 2023

### 6 Analysis of staff costs, cost of key management personnel, and trustee remuneration and expenses (continued)

The charity trustees were not paid nor received any other benefits from employment with the charity in the year (2022: £nil). No charity trustee received payment for professional or other services supplied to the charity (2022: £nil).

No trustees' expenses (2022: none) were incurred by members relating to attendance at meetings of the trustees.

The average number of employees, including sessional staff, employed during the year was as follows:

	Headcount (number of staff employed)		Full-time equivalent	
	2023 No.	2022 No.	2023 No.	2022 No.
Social and care workers	48.82	52.30	31.47	38.38
Management	7.88	10.00	6.53	6.50
	<b>56.70</b>	<b>62.30</b>	<b>38.00</b>	<b>41.88</b>

### 7 Related party transactions

There are no related party transactions to disclose for 2023 (2022: none).

Aggregate donations from related parties were £1,575 (2022: £912), all of which arise in the normal course of business.

### 8 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

### 9 Tangible fixed assets

	Leasehold improvements £	Head office equipment £	House fixtures and fittings £	House equipment £	Total £
<b>Cost</b>					
At the start of the year	94,687	62,623	11,292	33,911	<b>202,513</b>
Additions during the year	--	--	--	150	<b>150</b>
At the end of the year	94,687	62,623	11,292	34,061	<b>202,663</b>
<b>Depreciation</b>					
At the start of the year	94,687	54,820	10,053	32,385	<b>191,945</b>
Charge for the year	--	4,709	206	1,564	<b>6,479</b>
At the end of the year	94,087	59,529	10,259	33,949	<b>198,424</b>
<b>Net book value</b>					
At the end of the year	--	<b>3,094</b>	<b>1,033</b>	<b>112</b>	<b>4,239</b>
At the start of the year	--	7,803	1,239	1,526	10,568

All of the above assets are used for charitable purposes.

## Notes to the financial statements Year to 31 March 2023

### 10 Debtors

	2023 £	2022 £
Trade debtors receivable	284,203	195,717
Other debtors	3,796	276
Prepayments and accrued income	30,842	61,724
	<b>318,841</b>	<b>257,717</b>

### 11 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	46,530	34,096
Taxation and social security	46,048	35,535
Deferred income	32,193	36,850
Accruals	59,948	72,501
Other creditors	41,056	58,445
	<b>225,775</b>	<b>237,427</b>

Deferred income relates to a grant received in advance and the 2023 marathon (2022: deferred grant and marathon income).

### 12 Analysis of net assets between funds

	General unrestricted £	Designated funds £	Restricted funds £	2023 Total funds £
Tangible fixed assets	3,467	--	772	4,239
Net current assets	600,418	954	45,050	646,422
Net assets at 31 March 2022	<b>603,885</b>	<b>954</b>	<b>45,822</b>	<b>650,661</b>

	General unrestricted £	Designated funds £	Restricted funds £	2022 Total funds £
Tangible fixed assets	9,588	—	980	10,568
Net current assets	643,392	954	174,809	819,155
Net assets at 31 March 2022	<b>652,980</b>	<b>954</b>	<b>175,789</b>	<b>829,723</b>

Restricted Funds: Fixed assets with a net book value of £772 have been purchased with restricted funds (2022: £980). This comprises the balance of the Capital Appeal for replacement carpet at one of the residential units which is being depreciated over 10 years.

## Notes to the financial statements Year to 31 March 2023

### 13 Movement in funds

	At 1 April 2022 £	Income and gains £	Expenditure and losses £	Transfers £	At 31 March 2023 £
<b>Restricted funds:</b>					
Lambeth Outreach Young Parents	—	150,000	(150,760)	760	--
Lambeth Public Health	12,601	--	(706)	--	11,895
Lambeth Caring Dads	—	31,668	(31,868)	--	--
City of London, City Bridge Trust	—	39,525	(39,525)	--	--
National Children's Bureau	645	100	(745)	--	--
CWDC	11,866	--	(2,292)	--	9,574
ASYE Dept. for Education	483	--	(483)	--	--
Foyle Foundation	8,990	--	(8)	--	8,982
Residents grants fund	3,168	1,700	(1,402)	--	3,466
Elizabeth & Prince Zaiger Trust – Capital	861	--	(88)	--	773
Summer Trips Appeal	736	1,476	(1,785)	--	427
University of Sussex Grad. Internship	--	3,400	(3,400)	--	--
L&Q Placemakers Fund	--	18,750	(9,783)	--	8,967
Garfield Weston Foundation	--	30,000	(27,428)	--	572
Capital Appeal	118	--	(118)	--	--
Tudor Trust – Wellbeing	1,305	--	(837)	--	468
Tesco community fund	-	500	(500)	--	--
National Lottery Community Fund	25,786	--	(25,786)	--	--
Securing Change Appeal	424	--	(424)	--	--
Elizabeth & Prince Zaiger Trust	934	--	(934)	--	--
Philip King Charitable Trust	3,777	--	(3,777)	--	--
Segelman Trust	783	37,000	(37,783)	--	--
1485 Hardship Fund	—	2,000	(1,302)	--	698
KPMG Foundation	2,199	--	(2,199)	--	--
Tudor Trust – Securing Change	5,438	--	(5,438)	--	--
Pilgrim Trust	9,007	--	(9,007)	--	--
Comic Relief	13,921	59,099	(73,020)	--	--
Dep't of Health & Social Care	72,747	3,586	(79,997)	3,664	--
CAFCASS	--	2,500	(2,500)	--	--
Other – gift in kind	--	1,188	(1,188)	--	--
<b>Total restricted funds</b>	<b>175,789</b>	<b>382,492</b>	<b>(516,883)</b>	<b>4,424</b>	<b>45,822</b>
<b>Unrestricted funds:</b>					
Designated funds:					
. Development fund	954	--	--	—	954
Total designated funds	954	--	--	—	
General funds	652,980	1,591,360	(1,636,031)	(4,424)	603,885
<b>Total unrestricted funds</b>	<b>653,934</b>	<b>1,591,360</b>	<b>(1,636,031)</b>	<b>(4,424)</b>	<b>604,839</b>
<b>Total funds</b>	<b>829,723</b>	<b>1,973,852</b>	<b>(2,152,914)</b>	<b>—</b>	<b>650,661</b>

The narrative to explain the purpose of each fund is given below.

Notes to the financial statements Year to 31 March 2023

13 Movement in funds (continued)

	At 1 April 2021 £	Income and gains £	Expenditure and losses £	Transfers £	At 31 March 2022 £
<b>Restricted funds:</b>					
Lambeth Outreach Young Parents	—	150,000	(150,000)	—	—
Lambeth Public Health	13,061	—	(460)	—	12,601
DWP Caring Dads	1,500	—	(1,500)	—	—
City of London, City Bridge Trust	—	47,650	(47,650)	—	—
National Children's Bureau	475	800	(630)	—	645
CWDC	12,391	—	(525)	—	11,866
ASYE Dept. for Education	483	—	—	—	483
Foyle Foundation	9,032	—	(42)	—	8,990
Residents grants fund	2,612	1,918	(1,362)	—	3,168
Elizabeth & Prince Zaiger Trust – Capital	1,067	—	(206)	—	861
Summer Trips Appeal	853	908	(1,025)	—	736
University of Sussex Grad. Internship	—	6,100	(6,100)	—	—
Capital Appeal	118	—	—	—	118
Tudor Trust – Wellbeing	2,000	—	(695)	—	1,305
National Lottery Community Fund	28,111	36,972	(39,297)	—	25,786
Securing Change Appeal	424	180	(180)	—	424
Elizabeth & Prince Zaiger Trust	2,357	—	(1,423)	—	934
Philip King Charitable Trust	9,532	—	(5,755)	—	3,777
Segelman Trust	—	30,000	(29,217)	—	783
St James' Place Foundation	48,441	—	(48,441)	—	—
KPMG Foundation	5,549	—	(3,350)	—	2,199
Tudor Trust – Securing Change	13,724	—	(8,286)	—	5,438
Pilgrim Trust	7,734	15,000	(13,727)	—	9,007
Comic Relief	17,974	57,200	(61,253)	—	13,921
Dep't of Health & Social Care	76,499	75,539	(79,291)	—	72,747
CAFCASS	—	2,500	(2,500)	—	—
<b>Total restricted funds</b>	<b>253,937</b>	<b>424,767</b>	<b>(502,915)</b>	<b>—</b>	<b>175,789</b>
<b>Unrestricted funds:</b>					
Designated funds:					
. Development fund	43,280	—	(42,326)	—	954
Total designated funds	43,280	—	(42,326)	—	954
General funds	614,066	1,660,380	(1,621,466)	—	652,980
<b>Total unrestricted funds</b>	<b>657,346</b>	<b>1,660,380</b>	<b>(1,663,792)</b>	<b>—</b>	<b>653,934</b>
<b>Total funds</b>	<b>911,283</b>	<b>2,085,147</b>	<b>(2,166,707)</b>	<b>—</b>	<b>829,723</b>

**13 Movement in funds** (continued)

**Purposes of restricted funds**

*Lambeth Outreach Young Parents*

The fund supports delivery of services in the community to young mothers and fathers, up to age of 24 years.

*Lambeth Public Health*

To enable St Michael's to support the prevention of unintentional injuries in children aged 0 - 5 by funding the supply of home safety equipment and education.

*Lambeth Caring Dads*

This fund supports the delivery of the Caring Dads programme to young fathers living in Lambeth.

*City of London, City Bridge Trust*

This fund is to support the delivery of services in the community to young mothers and fathers.

*National Children's Bureau (LEAP)*

This fund is to support parents' groups in the LEAP (Lambeth Early Action Partnership) areas, through the REAL programme (Raising Early Achievement in Literacy).

*The Children's Workforce Development Council (CWDC)*

Funds to enable St Michael's to support the development of newly qualified social workers within the organisation.

*Assessed and Supported Year in Employment (ASYE) Dept. for Education*

To support newly qualified social workers in their first year of employment.

*Foyle Foundation*

A grant to support and teach literacy and numeracy across all our services.

*Residents grants fund*

This fund includes amounts received from various organisations including Housing the Homeless, for specific equipment and other purchases for some of the families as they move to new accommodation. The carried forward funds will be spent in the following year. These funds continue to be segregated in a separate bank account.

*Elizabeth & Prince Zaiger Trust - Capital*

To support the Capital Appeal to replace furniture, carpets, equipment and toys in St Michael's.

*Summer trips Appeal*

To fund summer activities for the families with whom we work.

**13 Movement in funds** (continued)

**Purposes of restricted funds** (continued)

*University of Sussex Graduate Internship*

Scheme to pay for the employment of a University of Sussex graduate and an undergraduate, to support the fundraising function for 10 weeks.

*London & Quadrant Placemakers Fund*

This fund is to support the continuation of the Securing Change programme.

*Garfield Weston Foundation*

This fund is also to support the continuation of the Securing Change programme

*Capital Appeal*

To support the replacement of furniture, carpets, equipment in the Residential Schemes and at Head Office.

*Tudor Trust – Wellbeing*

To support the wellbeing of St Michael's staff.

*Tesco – young Parents*

To support work with young parents in the community

*National Lottery Community Fund*

This funding supports the Securing Change project to develop an intensive service of support for parents who leave St Michael's with or without their child.

*Securing Change Appeal*

To contribute to the costs of providing an intensive service of one to one and group support for parents who leave St Michael's with or without their child.

*Elizabeth & Prince Zaiger Trust*

To support the Securing Change project (as above).

*Philip King Charitable Trust*

This funding also supports the Securing Change project (as above).

*Segelman Trust*

This fund is to support the delivery of community and outreach services for expectant and young parents.

*Pilgrim Trust*

To support the Securing Change project (as above).

*KPMG Foundation*

Funding to support the evaluation of the Securing Change project (as above).

*Tudor Trust*

To support the Securing Change project (as above).

## Notes to the financial statements Year to 31 March 2023

### 13 Movement in funds (continued)

#### Purposes of restricted funds (continued)

##### *Comic Relief*

Funding for a Young Fathers' practitioner, working with young fathers across Lambeth.

##### *Department of Health & Social Care*

Funding for work with young fathers in the community, including partnership with other Lambeth agencies, through the Starting Well project.

##### *CAFCASS*

Funding to assist with the provision of supported contact services to children and families.

#### Purposes of designated funds

##### *Development fund*

The development fund was set up to hold monies designated for expenditure on existing and new work subject to the case-by-case approval of the trustees, as set out in the trustees' report.

### 14 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Equipment		Property	
	2023 £	2022 £	2023 £	2022 £
Less than one year	7,880	15,761	87,599	85,579
One to five years	--	7,880	56,250	101,250
	<b>7,880</b>	<b>23,641</b>	<b>143,849</b>	<b>186,829</b>

### 15 Contingent assets or liabilities

At the balance sheet date, the charity has no contingent assets or liabilities (2022: £nil).

### 16 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.