

St Michael's Fellowship

Report and Financial Statements

Year ended 31 March 2021

Company Registration Number 02914273

(England and Wales)

Charity Number: 1035820

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Reference and administrative details of the company and its advisors

Trustees	Stephen Hair (Chair to March 2021, resigned 8 July 2021) Loucia Kyprianou (Chair from April 2021) Philippa Owen (Vice Chair) William Anderson (Hon Treasurer) Richard Barron Annie Brough Alison Dixon (resigned 13 May 2021) Corina Forman (resigned 8 July 2021) Mary Gibson Juline Sinclair Oretha Wofford Valerie Wass OBE
Chief Executive	Sue Pettigrew OBE
Registered office	136 Streatham High Road London SW16 1BW
Registered number	02914273 (England and Wales)
Charity number	1035820
Auditor	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 2021

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 2021.

The financial statements have been prepared in accordance with the accounting policies set out on pages 25 to 28. 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 Sure Start Children's Centres, the National Children's Bureau via LEAP (Lambeth Early Action Partnership), Department for Health (England), and further charitable funding, St Michael's offers outreach work providing some of the same services to families 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 from March 2020 for the next three years. The strategic priorities are continued focus on:

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

The strategic priorities are underpinned by the following core drivers:

- ◆ Financial stability;
- ◆ Skilled and motivated staff; and
- ◆ Digitalisation.

In 2020-2021 our key objectives were:

1. Responding to the Covid-19 pandemic;
2. Embedding trauma-informed practice and learning difficulties approach into our residential assessments;
3. To reduce our reliance on statutory funding;
4. To maintain our outreach service with a focus on domestic abuse and working with young fathers;
5. To continue the development of Securing Change, a service for parents who leave assessments with or without their child;
6. To focus on staff recruitment, retention and leadership development;
7. To increase investment in and use of digital technology.

Our key objectives for 2021-2022 are:

1. Recovery following the Covid-19 pandemic; embedding new ways of working, and returning to a financially stable operating position;
2. A continued focus on staff including: recruitment and retention measures; leadership development; and reviewing, updating and implementing an effective EDI strategy; and
3. Further implementation of digital technology.

ACHIEVEMENTS AND PERFORMANCE

Above all else we wish to record our gratitude to our staff for their commitment during this unprecedented year.

Our executive team agreed, that given the charity's mission, it was essential to continue to provide our services and support to our beneficiaries during the pandemic, at a time when their need was likely to be even more acute. We could not have achieved this without the dedication and commitment of all of our staff, who have shown such extraordinary resilience and flexibility. We are proud of all that has been achieved during one of the most challenging times in the 118 year history of the charity.

1. Responding to Covid-19 pandemic;

As expected, the pandemic has had a significant impact on our ability to deliver services, both residentially and in the community. Our highest priority throughout the year has been the continued safeguarding and health & safety of both families and staff, whilst continuing to provide our essential services.

In our residential units we continued to work with the existing families during the initial lockdown. Following government guidance and on completion of risk assessments, we introduced strict cleaning and social distancing measures, reviewed staff rotas and stopped all visitors. We did not introduce any new families during the initial lockdown period.

As lockdown measures were eased during 2020, we introduced testing and quarantine procedures to bring in new families, and continued to operate strict cleaning and social distancing measures in line with the government legislation throughout the rest of the year. This necessitated restricting the number of families within each centre in order to keep both families and staff safe.

Restrictions impacting the Local Authority social work and family court processes resulted in fewer referrals during 2020, and the majority of families that have been referred have been those with the most urgent and complex needs. We anticipate that there is a backlog of built up need and demand for our services following the pandemic.

For our community work, we introduced phone, WhatsApp and Zoom for one-to-one work and group sessions. We tailored our work to be responsive to the individual needs of our clients, and recognised that domestic violence and safeguarding were more likely to be prevalent issues.

We had to suspend the use of our family contact centre, and introduced Zoom in its place. This was typically shorter sessions and worked well for older children, but proved less satisfactory for very young children. During the year, we have partially re-opened the contact centre in line with government legislation, and have been able to offer some face-to-face contact, within a safe environment, with a socially-distanced supervisor.

Trustees' report 31 March 2021

The majority of our back-office staff have worked remotely throughout the year, and we have invested in our IT infrastructure to enable effective working. Our senior management team have continued to meet regularly via Zoom, and have benefitted from additional regular support from trustees.

Fundraising activity has been focused on securing emergency grants and reaching out to both trusts and individual supporters, to mitigate against the drop in income and additional costs incurred during this period.

2. Embedding trauma-informed practice and learning difficulties approach into our residential assessments

Work has continued within the residential centres to further develop practice and learning as part of our ongoing practice development, but this has not been prioritised due to the needs of dealing with the practical impacts of the pandemic.

Staff have continued to access virtual training and share best practice across the centres. Our communications officer has produced a series of podcasts looking at the needs of families with learning difficulties, using our experiences and that of academics to both inform staff and engage interested followers. Our work has confirmed that trauma-informed practice and supporting families with learning difficulties should continue to be priority areas for further development, and this work will continue throughout the coming year.

3. To reduce our reliance on statutory funding;

The challenges of the pandemic, and its immediate impact on our income from services, has led us to pursue all available sources of support funding. We were successful in securing two tranches of emergency Covid support alongside grants from a number of trusts and foundations.

We have also continued to expand our individual donor base through the use of social media channels and specific campaigns which has led to increased financial support during the pandemic.

4. To maintain our outreach service with a focus on domestic abuse and working with young fathers;

Our community work has been delivered virtually throughout the pandemic using phone, WhatsApp and Zoom sessions for both one-to-one work and group sessions.

A number of former clients returned to access support during lockdown and previous group attendees utilised one-to-one support. We have also offered a range of practical support to families including food, reconditioned laptops, mobile data and children's Christmas gifts. Lidl customers generously donated food to us each week such that our meeting room was repurposed as a food bank. The Salvation Army and local parents collected and wrapped wonderful gifts for the children with whom we work, whilst a firm of solicitors created hampers of festive treats for families.

Trustees' report 31 March 2021

We tailored our work to be responsive to the individual needs of our clients, and recognised that domestic violence and safeguarding were more likely to be prevalent issues. Our bespoke domestic violence intervention was reshaped during lockdown into a Relationships Group.

Our work with fathers has been expanded during the year, as we have been successful in securing new funding for 2 new fathers' workers posts from Comic Relief and Department of Health and Social Care. Appointments have been made to the new roles from early 2021 for these 3-year projects.

5. To continue the development of Securing Change, a service for parents who leave assessments with or without their child;

Our work was expanded last year to include all parents leaving residential assessments both with or without their child. This change has made the implementation easier as it no longer requires waiting for the outcome of court proceedings and is less contentious and disruptive for the families, as it does not focus on the painful prospect of child removal. It also provides much needed support for parents moving back into the community with their child who may have limited support networks. A number of families have had previous children removed from their care but following assessment are returning to the community with their child. We recognise their fragility and the need for additional support to build their confidence.

Work with parents has continued throughout the pandemic, and our project worker has continued to both visit clients and provide virtual support where appropriate. Support has been tailored to individual needs and is wide-ranging, from therapeutic support and advocacy through to practical support to families including food, mobile data and children's Christmas gifts

Our project social worker reports that parents were particularly pleased to receive the ongoing support from St Michael's during the pandemic when they were often not able to access other professional support, and were feeling isolated and struggling with their mental health during lockdown.

As the initial project funding is drawing to a close, we are looking at how we can secure income and market the service to Local Authorities to continue this crucial area of work. We welcome the involvement of Middlesex University CATS department who will evaluate the work.

Trustees' report 31 March 2021

6. To focus on staff recruitment, retention and leadership development:

Throughout the pandemic we have prioritised staff welfare and morale.

Staff have continued to travel into work in our residential centres, and their safety in the workplace and whilst travelling has been our prime concern. We have adapted ways of working in the centres to enable social distancing for both staff and resident families. We also introduced strict cleaning protocols and provided appropriate PPE. We adapted staff shift patterns to minimise travel and limit the number of people on site. Throughout this time, we continued to provide staff support and supervision via a blend of face-to-face and virtual sessions. We recognised the particular stresses caused by the pandemic and ensured the services of WeCare were available to staff for counselling and medical support.

The majority of community and head office staff have been home-based, and have also continued to receive support and supervision virtually.

Our senior management team has continued to meet regularly via Zoom. A high level of contingency planning was undertaken at the outset of the lockdown which has enabled services to act responsively to the changing environment.

We have been fortunate to have a very low staff turnover during the year, and have successfully recruited to 2 new posts.

Unfortunately, our difficult financial situation meant that we were not able to make our annual pay review during the year. We were also unable to hold our planned team activities. We hope to rectify both of these areas in 2021.

Work has begun on leadership development and progression, with a formal coaching and leadership programme for managers due to start in 2021-2022.

The murder of George Floyd, the subsequent amplification of the Black Lives Matter movement and the growing awareness of the differential impact on BAME communities of Covid-19 have all combined to prompt us to review our EDI (Equality, Diversity and Inclusion) policies and practice. We want every member of our organisation to feel safe and valued for their uniqueness in the workplace. Having conducted a survey amongst staff we have begun work with staff and trustees with the support of an external consultant.

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7. To increase investment in and use of digital technology.

Our digital journey has been greatly accelerated by necessity with the onset of the pandemic, and the need for the majority of staff to work from home.

Thanks to the support of emergency Covid funding, we have invested in new laptops for our community based staff, together with enhanced mobile data to enable their virtual work to continue with clients. We also increased the supply of laptops in the residential centres and improved Wi-Fi connectivity, recognising the importance for families to be able to connect with their wider networks for support when visitors were not allowed.

We have made extensive use of Zoom for client contact and work with other professional bodies, as well as for the majority of internal meetings and regular supervision.

In April 2021 we completed the first phase of moving part of our IT systems to the cloud.

FINANCIAL REVIEW

Results for the year

The overall deficit for the year was £228,917 (overall surplus for 2019/20: £16,617) following a significant reduction in income generated through charitable activities during the pandemic. This deficit is covered by brought forward reserves, which continue to be strong at 31 March 2021.

The substantial decrease in residential assessment income reflects the restrictions and challenges imposed by the pandemic this year. We continued to operate out of 3 residential centres during the year, and the 4th centre that had previously been mothballed was repurposed as a quarantine centre.

Income for our outreach work with young parents was unchanged this year. Our community work has been supported by additional funded projects plus the supervised contact service. The Securing Change project has continued this year; working with parents after they leave assessments, and further funding has been received for new fathers' work.

Income from donations has shown a significant increase since last year as we have continued to seek other sources of funding, especially emergency funding to support our ongoing services. Donations include grants from a number of trusts and foundations plus our individual donor base.

We made a 6% increase in fees charged to Local Authorities to cover the additional costs and new ways of working as a result of the pandemic. We have also continued with tight financial controls over all areas of expenditure.

Due to financial constraints, we did not make a salary increase during the year.

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 has had a major impact on the ways we work and the services we offer. This is expected to continue for much of 2021-2022. Specific risk and the mitigation steps are:
 - ◆ Loss of income due to reduced number of families in residential centres: This is mitigated by changes in staff rotas and a reduction in the use of sessional staff whilst maintaining appropriate staff levels for safeguarding and assessments.
 - ◆ Additional costs for health and safety and personal protection for both families and staff: We have made a small increase to fees for new admissions to cover the additional costs incurred.
 - ◆ Impact on staff morale and well-being: All staff continue to receive regular supervision and support from their line manager. We have also introduced a new support package "WeCare" and a facility for regular virtual catch ups. We are encouraging staff to take a break using annual leave.
 - ◆ Changes in policies and compliance: We are closely monitoring advice given by Government and Ofsted and adapting our ways of working accordingly. We are seeking to utilise support schemes and training wherever possible.

Trustees' report 31 March 2021

2. St Michael's continues to be largely reliant on income from Local Authorities which continue to face funding constraints. Notwithstanding this, we have seen a steady level of interest in 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. Whilst it is not possible to mitigate this risk entirely, St Michael's provides services to a greater number 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, pre-empting risks, 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 staff capacity. Specific measures include annual salary benchmarking, investment in training and supervision, and career development and succession planning.

St Michael's maintains a detailed risk register and reviews the top 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 instant access deposit in the Charities Official Investment Fund, and a smaller amount continues to be invested in an instant access Virgin Charity Account.

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Reserves policy

St Michael's reserves stand at £911,283 at 31 March 2021 (2020: £1,140,200) 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 £253,937 (2020: £135,594).

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 at a minimum level equivalent to one third of the current year's operating expenses for core services (not met from restricted funds).

The General Fund stands at £614,066 at March 2021 and is equivalent to 4.4 months operating costs (2020 – £259,642 plus £672,174 Operational Contingency fund, equivalent to 5.5 months) as described in previous paragraph.

The second need is to fund initiatives to develop the work of St Michael's or specific initiatives which cannot be funded by existing revenue streams, via a designated Development Fund. During 2020/21 designated expenditure from the Development Fund totalled £29,510 (2020 – £73,606) comprising £22,082 staff investment, £390 for subsidised contact work, £70 for security equipment in Jigsaw, and £6,968 depreciation charges in respect of assets purchased through this Fund.

The Development Fund stands at £43,280 at March 2021 (2020 – £72,790) comprising:

- ◆ £338 for ongoing support of Vardens Road
- ◆ £1,930 to purchase security equipment for Jigsaw
- ◆ £991 to support supervised contact work
- ◆ £5,225 for expenditure on IT equipment, being charged over 3 years
- ◆ £34,796 for staff development and investment

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 during the coronavirus pandemic, including sufficient cover for any changes in the operation of the services during this period, 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 25 of the Financial Statements, the trustees have considered the impact of the pandemic on the charity and have concluded that although there have been and may continue to be some negative consequences, it is appropriate for the charity to continue 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 continuing to respond to the Covid-19 pandemic and establish new ways of working, with the aim of continuing to provide an effective service for our beneficiaries whilst managing the financial impact on the organisation.

In June 2021, we made the difficult decision to close one of our residential centres that had previously been mothballed (during renovation work and then the pandemic). We recognised that this would be a very difficult time to re-open the centre. A provision has been made for the closure costs. This decision will enable us to focus on rebuilding our core services in the remaining 3 houses, together with our ongoing community work as we move through the pandemic.

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.

At St Michael's, our fundraising promise to the general public and all our supporters is that our fundraising, in all its forms, is legal, open, honest and respectful. We will be honest about how donations are used to fulfil our mission, open about the methods we use to raise funds and who we work with, respectful to the wishes, preferences, personal information and circumstances of the people we interact with and we will take all steps necessary to comply with the law and fundraising practice standards.

We have a robust complaints policy and have not received any complaints in relation to our fundraising activities. We do not use third party fundraisers, commercial participators or their representatives to raise funds for us.

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 v4 published April 2016, which includes an assessment of Cyber Essentials and GDPR Requirements.

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.

Trustees' report 31 March 2021

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in Note 7 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. An additional six meetings have been held this year in response to the pandemic. 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 Accountant to review the development and improvement of financial systems and procedures. He does this under authority delegated by the full board of trustees and in accordance with the board's financial procedures manual.

To support the work of the Board there are four 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 regularly to review strategy and to support the organisation of events.
- ◆ A Trustee is assigned to each of the residential family assessment centres and the outreach services and these trustees meet as a Services sub-committee twice a year with the Deputy Director to discuss housing issues, monthly inspections and practice matters.
- ◆ A new EDI Committee was formed in 2020 to oversee our review of EDI policies and practice.

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

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. In July 2021 minor changes were made to the Governance Manual in respect of the Integrity principle and similar work will follow in respect of the EDI principle.

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 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 2021

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 2021 was 12 (2020 – 12). 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 of trustees

The trustees give their time voluntarily. Trustees have been recruited by advertisement in the main and occasionally by word of mouth, 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 as required, 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.

Remuneration policy for key management personnel

To deliver our 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 the training and development we offer compensates along with a shared commitment to our charitable purpose. We utilise the National Joint Council pay scales for all staff and any overall change to the rates of pay or to the salaries of senior staff is made 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 2.13:1 (2020 – 2.16:1). 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.

Trustees' report 31 March 2021

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.

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 9 September 2021 and signed on their behalf by:



Loucia Kyprianou

Chair

Independent auditor's report Year to 31 March 2021

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 2021 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 2021 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 2021

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.

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 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.

Independent auditor's report Year to 31 March 2021

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 2021

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. This description forms part of our auditor's report.

Independent auditor's report Year to 31 March 2021

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.



28.9.2021

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 2021
(including income and expenditure account)

	Notes	Restricted fund £	Unrestricted funds £	Total funds 2021 £	Restricted fund £	Unrestricted funds £	Total funds 2020 £
Income from:							
Donations	1	18,980	248,818	267,798	8,198	117,762	125,960
Interest receivable		—	1,032	1,032	—	3,093	3,093
Charitable activities:							
. Residential and community assessment	2a	2,000	1,253,193	1,255,193	4,805	1,909,110	1,913,915
. Community projects	2b	506,883	21,456	528,339	368,886	43,096	411,982
. Residents grants fund	13	4,000	—	4,000	2,160	—	2,160
Total income		531,863	1,524,499	2,056,362	384,049	2,073,061	2,457,110
Expenditure on:							
Raising funds		7,000	109,474	116,474	3,400	86,915	90,315
Charitable activities							
. Residential and community assessment		14,164	1,703,462	1,717,626	8,208	1,872,131	1,880,339
. Community projects		388,680	58,364	447,044	406,266	61,559	467,825
. Residents grants fund	13	4,135	—	4,135	2,014	—	2,014
Total expenditure	3	413,979	1,871,300	2,285,279	419,888	2,020,605	2,440,493
Net income (expenditure)	5	117,884	(346,801)	(228,917)	(35,839)	52,456	16,617
Transfers between funds	13	459	(459)	—	22,957	(22,957)	—
Net movement in funds		118,343	(347,260)	(228,917)	(12,882)	29,499	16,617
Reconciliation of funds							
Fund balances brought forward at 1 April 2020		135,594	1,004,606	1,140,200	148,476	975,107	1,123,583
Fund balances carried forward at 31 March 2021	13	253,937	657,346	911,283	135,594	1,004,606	1,140,200

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 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	9		22,225		18,393
Current assets					
Debtors	10	185,859		308,529	
Cash at bank and in hand		925,805		976,344	
		1,111,664		1,284,873	
Creditors: amounts falling due within one year	11	222,606		163,066	
Net current assets			889,058		1,121,807
Total net assets	12		911,283		1,140,200
Funds					
Restricted funds			253,937		135,594
Unrestricted funds					
. Designated funds			43,280		744,964
. General funds			614,066		259,642
Total funds	13		911,283		1,140,200

Approved by the trustees of St Michael's Fellowship, Company Registration Number 02914273 (England and Wales), 9 September 2021, and signed on their behalf by:


 Loucia Kyprianou
 Chair

Statement of cash flows 31 March 2021

	2021 £	2020 £
Cash flows from operating activities:		
Net (expenditure)/income for the year (as per the financial statements)	(228,917)	16,617
Depreciation charges	8,542	9,714
Interest receivable	(1,032)	(3,093)
Decrease in debtors	122,670	3,734
Increase in creditors	59,540	46,486
Net cash (used in) provided by operating activities	(39,197)	73,458
Cash flows from investing activities:		
Interest received	1,032	3,093
Purchase of fixed assets	(12,374)	(19,509)
Net cash used in investing activities	(11,342)	(16,416)
Change in cash and cash equivalents in the year	(50,539)	57,042
Cash and cash equivalents at the beginning of the year	A 976,344	919,302
Cash and cash equivalents at the end of the year	A 925,805	976,344

A Analysis of cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	501,758	553,136
Notice deposits (less than three months)	424,047	423,208
Total cash and cash equivalents	925,805	976,344

Principal accounting policies 31 March 2021

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 2021 with comparative information presented in respect of the year to 31 March 2020.

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.

In addition, the full impact of the current global coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the charity's activities.

Going concern

The trustees have considered the impact of the coronavirus pandemic on the charity taking into account: operational actions taken, strength of liquidity and reserves, current levels of activity and operating forecasts.

The trustees have concluded that although there have been and may continue to be some negative consequences and continuing uncertainty, it is appropriate for the charity to continue 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 are credited to the statement of financial activities when the charity has entitlement to the income and when the amount receivable has 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 they are incurred. Expenditure includes attributable VAT which cannot be recovered.

Expenditure on raising funds relate 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 and reported to community projects on the basis of the funding agreement but internally are budgeted and attributed on a full cost recovery basis.
- ◆ 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 2021

1 Income from donations

	Restricted funds £	Unrestricted funds £	2021 Total funds £
London Marathon	—	5,753	5,753
Uxbridge Foundation	—	1,000	1,000
Dyers Company	—	1,000	1,000
Small Trust Appeal	—	1,550	1,550
Rathbone Redfern	—	1,000	1,000
University of Sussex Graduate Internship	7,000	—	7,000
City of London – Emergency Grants	—	80,927	80,927
Invesco Cares Foundation	—	3,000	3,000
London & Quadrant Housing Trust	9,980	—	9,980
Fishmongers	—	4,000	4,000
Julia and Hans Rausing Trust	—	50,157	50,157
Jet Charitable Trust	—	1,000	1,000
KPMG Foundation	—	9,500	9,500
Tudor Trust - Wellbeing	2,000	—	2,000
Sir Jules Thorn Trust	—	1,250	1,250
Gift in kind	—	58,232	58,232
Other – CJRS furlough grants	—	8,223	8,223
Other donations	—	22,226	22,226
	18,980	248,818	267,798

	Restricted funds £	Unrestricted funds £	2020 Total funds £
<i>London Marathon</i>	—	20,172	20,172
<i>Ride London</i>	—	6,914	6,914
<i>Channel Swim</i>	—	4,794	4,794
<i>Uxbridge Foundation</i>	—	1,000	1,000
<i>Dyers Company</i>	—	1,000	1,000
<i>Small Trust Appeal</i>	—	15,193	15,193
<i>Elizabeth & Prince Zaiger Trust</i>	—	5,000	5,000
<i>University of Sussex Graduate Internship</i>	3,400	—	3,400
<i>Gibbs Charitable Trust</i>	500	—	500
<i>Sir Walter St John's Educational Charity</i>	1,298	—	1,298
<i>Jet Charitable Trust</i>	—	500	500
<i>29th May Trust</i>	—	5,000	5,000
<i>Sir Jules Thorn Trust</i>	—	750	750
<i>S G Rabagliati Charity</i>	3,000	—	3,000
<i>Baring Foundation</i>	—	10,000	10,000
<i>Tessa Baring – in memoriam donation</i>	—	8,500	8,500
<i>Gift in kind</i>	—	22,534	22,534
<i>Other donations</i>	—	16,405	16,405
	8,198	117,762	125,960

Notes to the financial statements Year to 31 March 2021

2 Income from charitable activities

a. Residential and community assessment

	Restricted funds £	Unrestricted funds £	2021 Total funds £
General fees	—	1,215,358	1,215,358
Parental support	—	8,050	8,050
Supporting people	—	12,832	12,832
Charges	—	5,016	5,016
ASYE Department for Education	2,000	—	2,000
Other – CJRS furlough grants	—	11,937	11,937
	2,000	1,253,193	1,255,193

	Restricted funds £	Unrestricted funds £	2020 Total funds £
<i>General fees</i>	—	1,855,100	1,855,100
<i>Parental support</i>	2,805	35,566	38,371
<i>Supporting people</i>	—	12,718	12,718
<i>Charges</i>	—	5,726	5,726
<i>ASYE Department for Education</i>	2,000	—	2,000
	4,805	1,909,110	1,913,915

b. Community projects

	Restricted funds £	Unrestricted funds £	2021 Total funds £
Lambeth Outreach Young Parents	150,000	—	150,000
National Children's Bureau	1,000	—	1,000
City Bridge Trust	46,675	—	46,675
Segelman Trust	30,000	—	30,000
St James' Place Foundation	64,588	—	64,588
Caring Dads Programmes	—	12,529	12,529
National Lottery Community Fund	75,614	—	75,614
KPMG Foundation	15,500	—	15,500
Tudor Trust	10,000	—	10,000
Comic Relief	28,783	—	28,783
Dep't of Health and Social Care	82,053	—	82,053
Other – CJRS furlough grants	—	8,927	8,927
Other	2,670	—	2,670
	506,883	21,456	528,339

Notes to the financial statements Year to 31 March 2021

2 Income from charitable activities (continued)

b. Community projects (continued)

	Restricted funds £	Unrestricted funds £	2020 Total funds £
Lambeth Outreach Young Parents	150,000	—	150,000
Lambeth CLIPS	4,537	—	4,537
National Children's Bureau	24,055	—	24,055
City Bridge Trust	34,500	—	34,500
Segelman Trust	30,000	—	30,000
St James' Place Foundation	63,322	—	63,322
Caring Dads Programmes	500	42,833	43,333
Big Lottery Fund	36,972	—	36,972
Tudor Trust	10,000	—	10,000
Pilgrim Trust	15,000	—	15,000
Other	—	263	263
	368,886	43,096	411,982

3 Total expenditure

	Costs of raising funds £	Residential and community assessment £	Community projects £	Residents grants fund £	Governance costs £	Support costs £	2021 Total £
Staff costs (note 6)	26,922	1,188,116	377,528	—	15	242,802	1,835,383
Premises costs	—	58,047	—	—	—	52,319	110,366
Maintenance	290	27,149	380	—	—	5,535	33,354
Insurance	—	—	—	—	—	16,465	16,465
Professional fees	—	9,403	—	—	660	3,187	13,250
Housing association charges	—	88,846	—	—	—	—	88,846
Communications and stationery	2,825	45,568	4,580	—	65	2,512	55,550
Publicity	4,965	—	—	4,135	—	25,545	34,645
Residents' welfare	—	3,585	10,966	—	—	620	15,171
Depreciation	—	3,833	—	—	—	644	4,477
Audit and accountancy	—	—	—	—	11,100	—	11,100
Travel	—	2,230	5,653	—	—	4,127	12,010
Sundry expenses	54,662	—	—	—	—	—	54,662
Total expenditure	89,664	1,426,777	399,107	4,135	11,840	353,756	2,285,279
Reallocation of support costs (note 4)	23,607	267,716	38,684	—	23,749	(353,756)	—
Reallocation of governance costs	3,203	23,133	9,253	—	(35,589)	—	—
Total expenditure	116,474	1,717,626	447,044	4,135	—	—	2,285,279

Notes to the financial statements Year to 31 March 2021

3 Total expenditure (continued)

	Costs of raising funds £	Residential and community assessment £	Community projects £	Residents grants fund £	Governance costs £	Support costs £	2020 Total £
Staff costs (note 6)	22,119	1,378,241	382,818	—	15	250,330	2,033,523
Premises costs	—	22,930	—	—	—	51,979	74,909
Maintenance	—	31,111	422	—	—	2,115	33,648
Insurance	—	—	—	—	—	15,625	15,625
Professional fees	900	9,538	1,000	—	13	1,000	12,451
Housing association charges	—	91,928	—	—	—	—	91,928
Communications and stationery	3,977	45,723	2,598	—	21	26,019	78,338
Publicity	13,364	—	244	—	—	—	13,608
Residents' welfare	—	2,861	26,991	2,014	—	173	32,039
Depreciation	—	3,833	—	—	—	5,881	9,714
Audit and accountancy	—	—	—	—	11,760	—	11,760
Travel	—	3,372	2,161	—	89	140	5,762
Sundry expenses	22,534	3,366	595	—	—	693	27,188
Total expenditure	62,894	1,592,903	416,829	2,014	11,898	353,955	2,440,493
Reallocation of support costs (note 4)	24,859	262,169	46,461	—	20,466	(353,955)	—
Reallocation of governance costs	2,562	25,267	4,535	—	(32,364)	—	—
Total expenditure	90,315	1,880,339	467,825	2,014	—	—	2,440,493

4 Support costs

	Costs of raising funds £	Residential and community assessment £	Community projects £	Governance £	2021 Total £
Head office staff	11,908	207,681	1,242	21,971	242,802
Premises costs	6,457	24,214	20,666	982	52,319
Maintenance	101	5,095	324	15	5,535
Insurance	2,032	7,620	6,504	309	16,465
Professional fees	—	3,187	—	—	3,187
Communications and stationery	2,512	—	—	—	2,512
Publicity	15	17,107	8,041	382	25,545
Residents' welfare	—	571	47	2	620
Depreciation	582	62	—	—	644
Travel	—	2,179	1,860	88	4,127
	23,607	267,716	38,684	23,749	353,756

Notes to the financial statements Year to 31 March 2021

4 Support costs (continued)

	Costs of raising funds £	Residential and community assessment £	Community projects £	Governance £	2020 Total £
Head office staff	12,471	216,559	2,401	18,899	250,330
Premises costs	6,415	21,864	22,871	829	51,979
Maintenance	253	927	902	33	2,115
Insurance	1,928	6,573	6,875	249	15,625
Professional fees	—	1,000	—	—	1,000
Communications and stationery	2,978	12,037	10,619	385	26,019
Residents' welfare	—	173	—	—	173
Depreciation	756	2,474	2,587	64	5,881
Travel	—	140	—	—	140
Sundry expenses	58	422	206	7	693
	24,859	262,169	46,461	20,466	353,955

5 Net (expenditure) income for the year

	2021 £	2020 £
Depreciation	8,542	9,714
Auditor's remuneration		
. Audit	9,750	9,800
Operating lease rentals		
. Equipment	35,366	27,330
. Property	136,539	124,418

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

Staff costs were as follows:

	2021 £	2020 £
Salaries and wages	1,257,281	1,308,589
Social security costs	151,127	164,490
Employer's contribution to defined contribution pension schemes	89,292	76,071
Sessional staff	292,342	435,365
Agency staff	20,601	15,066
Other staff costs	24,740	33,942
	1,835,383	2,033,523

1 employee earned between £70,000-£80,000 (2020: 1 employee between £60,000-£70,000)

The total employee benefits including employer's pension contributions and national insurance of the key management personnel were £184,628 (2020: £182,886).

Notes to the financial statements Year to 31 March 2021

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 (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil).

No trustees' expenses (2020: 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	
	2021 No.	2020 No.	2021 No.	2020 No.
Social and care workers	56.60	83.38	35.85	42.62
Management	9.80	7.70	6.48	5.99
	66.40	91.08	42.33	48.61

7 Related party transactions

There are no related party transactions to disclose for 2021 (2020: none).

Aggregate donations from related parties were £563 from donations and £nil for marathon/ride donations (2020: £315 donations and £800 marathon donations), 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 £
Cost					
At the start of the year	94,687	50,249	23,226	38,282	206,444
Additions during the year	—	12,374	—	—	12,374
At the end of the year	94,687	62,623	23,226	38,282	218,818
Depreciation					
At the start of the year	94,687	45,403	16,337	31,624	188,051
Charge for the year	—	4,709	788	3,045	8,542
At the end of the year	94,687	50,112	17,125	34,669	196,593
Net book value					
At the end of the year	—	12,511	6,101	3,613	22,225
At the start of the year	—	4,846	6,889	6,658	18,393

All of the above assets are used for charitable purposes.

Notes to the financial statements Year to 31 March 2021

10 Debtors

	2021 £	2020 £
Trade debtors receivable	152,927	270,491
Other debtors	30	1,812
Prepayments	32,902	36,226
	185,859	308,529

11 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	22,606	24,260
Taxation and social security	44,018	46,116
Deferred income	—	3,245
Accruals	95,236	43,342
Other creditors	60,746	46,103
	222,606	163,066

Deferred income related to the 2020 marathon and the full amount brought forward was released into income in 2021. There is no such equivalent in 2021.

12 Analysis of net assets between funds

	General unrestricted £	Designated funds £	Restricted funds £	2021 Total funds £
Tangible fixed assets	21,040	—	1,185	22,225
Net current assets	593,026	43,280	252,752	889,058
Net assets at 31 March 2021	614,066	43,280	253,937	911,283

	General unrestricted £	Designated funds £	Restricted funds £	2020 Total funds £
Tangible fixed assets	16,742	—	1,651	18,393
Net current assets	242,900	744,964	133,943	1,121,807
Net assets at 31 March 2020	259,642	744,964	135,594	1,140,200

Restricted Funds: Fixed assets with a net book value of £1,185 have been purchased with restricted funds (2020: £1,651). 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 2021

13 Movement in funds

	At 1 April 2020 £	Income and gains £	Expenditure and losses £	Transfers £	At 31 March 2021 £
Restricted funds:					
Lambeth Outreach Young Parents	—	150,000	(150,459)	459	—
Lambeth Public Health	14,317	—	(1,256)	—	13,061
DWP Caring Dads	1,500	—	—	—	1,500
City of London, City Bridge Trust	—	46,675	(46,675)	—	—
National Children's Bureau	—	1,000	(525)	—	475
CWDC	14,554	—	(2,163)	—	12,391
ASYE Dept. for Education	298	2,000	(1,815)	—	483
Foyle Foundation	9,051	—	(19)	—	9,032
Residents grants fund	2,747	4,000	(4,135)	—	2,612
Elizabeth & Prince Zaiger Trust – Capital	1,273	—	(206)	—	1,067
Summer Trips Appeal	853	—	—	—	853
University of Sussex Grad. Internship	—	7,000	(7,000)	—	—
Capital Appeal	118	—	—	—	118
The Fence Club – 5-a-day	47	—	(47)	—	—
Tudor Trust – Wellbeing	—	2,000	—	—	2,000
London & Quadrant Housing Trust	—	9,980	(9,980)	—	—
National Lottery Community Fund	2,704	75,614	(50,207)	—	28,111
Securing Change Appeal	633	—	(209)	—	424
Elizabeth & Prince Zaiger Trust	3,521	—	(1,164)	—	2,357
Philip King Charitable Trust	14,233	—	(4,701)	—	9,532
Segelman Trust	—	30,000	(30,000)	—	—
St James' Place Foundation	47,492	64,588	(63,639)	—	48,441
KPMG Foundation	341	15,500	(10,292)	—	5,549
Tudor Trust – Securing Change	10,364	10,000	(6,640)	—	13,724
Pilgrim Trust	11,548	—	(3,814)	—	7,734
Comic Relief	—	28,783	(10,809)	—	17,974
Dep't of Health & Social Care	—	82,053	(5,554)	—	76,499
CAFCASS	—	2,670	(2,670)	—	—
Total restricted funds	135,594	531,863	(413,979)	459	253,937
Unrestricted funds:					
Designated funds:					
. Operational contingency fund	672,174	—	—	(672,174)	—
. Development fund	72,790	—	(29,510)	—	43,280
Total designated funds	744,964	—	(29,510)	(672,174)	43,280
General funds	259,642	1,524,499	(1,841,790)	671,715	614,066
Total unrestricted funds	1,004,606	1,524,499	(1,871,300)	(459)	657,346
Total funds including pension fund	1,140,200	2,056,362	(2,285,279)	—	911,283

A transfer has been made from the General fund to the Restricted Lambeth outreach fund, to cover the expenditure incurred in excess of the funding received, during the year.

A transfer has been made from the Operational Contingency Fund to the General Reserve to repurpose funds no longer required to be separately designated, in accordance with the Reserves Policy.

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

Notes to the financial statements Year to 31 March 2021

13 Movement in funds (continued)

	At 1 April 2019 £	Income and gains £	Expenditure and losses £	Transfers £	At 31 March 2020 £
<i>Restricted funds:</i>					
Lambeth Outreach Young Parents	—	150,000	(172,957)	22,957	—
Lambeth CLIPS	—	4,537	(4,537)	—	—
Lambeth Public Health	15,414	—	(1,097)	—	14,317
DWP Caring Dads	1,500	—	—	—	1,500
Caring Dads - other	—	500	(500)	—	—
City of London, City Bridge Trust	—	34,500	(34,500)	—	—
National Children's Bureau	1,217	24,055	(25,272)	—	—
CWDC	19,586	—	(5,032)	—	14,554
ASYE Dept. for Education	157	2,000	(1,859)	—	298
Trusthouse Charitable F'n – Jigsaw	1,112	—	(1,112)	—	—
Foyle Foundation	9,057	—	(6)	—	9,051
Residents grants fund	2,601	2,160	(2,014)	—	2,747
Buttle UK – Chances for Children	1,514	—	(1,514)	—	—
Elizabeth & Prince Zaiger Trust – Capital	1,273	—	—	—	1,273
Santander Foundation	592	—	(592)	—	—
Summer Trips Appeal	1,048	—	(195)	—	853
University of Sussex Grad. Internship	—	3,400	(3,400)	—	—
Capital Appeal	324	—	(206)	—	118
The Fence Club – 5-a-day	170	—	(123)	—	47
Sir Walter St John's Educational Charity	—	1,298	(1,298)	—	—
Gibbs Charitable Trust	—	500	(500)	—	—
Big Lottery Fund	10,553	36,972	(44,821)	—	2,704
Securing Change Appeal	633	—	—	—	633
Elizabeth & Prince Zaiger Trust	4,171	—	(650)	—	3,521
Philip King Charitable Trust	19,105	—	(4,872)	—	14,233
Esmee Fairbairn Foundation	22	—	(22)	—	—
Segelman Trust	—	30,000	(30,000)	—	—
S G Rabagliati Charity	—	3,000	(3,000)	—	—
St James' Place Foundation	46,560	63,322	(62,390)	—	47,492
KPMG Foundation	341	—	—	—	341
Tudor Trust	6,210	10,000	(5,846)	—	10,364
Pilgrim Trust	5,316	15,000	(8,768)	—	11,548
CAFCASS	—	2,805	(2,805)	—	—
Total restricted funds	148,476	384,049	(419,888)	22,957	135,594
<i>Unrestricted funds:</i>					
<i>Designated funds:</i>					
. Operational contingency fund	674,526	—	(2,352)	—	672,174
. Development fund	146,396	—	(73,606)	—	72,790
Total designated funds	820,922	—	(75,958)	—	744,964
General funds	154,185	2,073,061	(1,944,647)	(22,957)	259,642
Total unrestricted funds	975,107	2,073,061	(2,020,605)	(22,957)	1,004,606
Total funds including pension fund	1,123,583	2,457,110	(2,440,493)	—	1,140,200

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.

DWP Caring Dads Programme

This fund supports the continued delivery of Caring Dads to young fathers and the development of a film encouraging co-parenting.

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 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.

Capital Appeal

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

The Fence Club - 5-a-day

Funding to purchase the tools and materials to support this programme of parent-child engagement.

Tudor Trust – Wellbeing

To support the wellbeing of St Michael's staff.

London & Quadrant Housing Trust

This fund is to support the changes in operations and increase in digitisation during the Covid-19 pandemic.

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.

St James Place Foundation

Funding for the post of Outreach Manager, with responsibility for leading a team of skilled practitioners across all areas of Outreach work with young parents.

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 2021

13 Movement in funds (continued)

Purposes of restricted funds (continued)

Pilgrim Trust

To support the Securing Change project (as above).

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

Operational contingency fund

This fund was previously designated to reflect the risk to which St Michael's is exposed through spot-purchased services. The reserves policy was reviewed in 2021, with the trustees' assessment that this designated fund is no longer required. Funds have been transferred to the General Fund. The reserves policy is set out in the trustees' report accompanying these accounts.

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	
	2021 £	2020 £	2021 £	2020 £
Less than one year	15,761	27,330	93,744	55,517
One to five years	23,641	29,345	146,250	—
	39,402	56,675	239,994	55,517

15 Contingent assets or liabilities

At the balance sheet date, the charity has no contingent assets or liabilities (2020: £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.