REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

FOR

SOUTHEND-ON-SEA DARBY AND JOAN ORGANISATION LIMITED

(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

Registered Charity number: 1093882

Company number: 4378521

BLAND REYNOLDS
CHARTERED CERTIFIED ACCOUNTANTS
Southend on Sea

AQ99DQNY
A38
COMPANIES HOUSE
0452

SOUTHEND-ON-SEA DARBY AND JOAN ORGANISATION LIMITED

FINANCIAL STATEMENTS

for the year ended 31 March 2003

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SOUTHEND-ON-SEA DARBY AND JOAN ORGANISATION LIMITED

Legal and Administrative Information

Constitution

The Southend – on – Sea Darby and Joan Organisation Limited is a company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association. Company Number: 4378521. Charity Number: 1093882.

Directors/Trustees:

The subscribers/directors of the company are its trustees for the purposes of charitable law and throughout this report are collectively referred to as the trustees.

Subscribers: Mr. G. Wray – Chairman
Mr. P. A. Speight
Mr. G. O. Jones
Mr. D. Burrage
Mr. T. V. Castleton
Mr. D DeGroot
Mrs. P E Everitt

Chief Executive: Mr. C. Cormack

Secretary: Mr. C. Cormack

Registered Office: Cecil Jones House
50 Avenue Road
Westcliff-on-Sea
ESSEX SS0 7PJ

Auditors: Bland Reynolds
Chartered Certified Accountants & Registered Auditor
Cumberland House
24-28 Baxter Avenue
Southend – on Sea
Essex SS2 6HZ

Bankers: Barclays Bank Plc
P O Box 1504
Southend – on Sea
Essex SS2 6HZ

SOUTHEND-ON-SEA DARBY AND JOAN ORGANISATION LIMITED

Trustees Annual Report for the year ending 31st March 2003.

Principal Activities.

The Memorandum and Articles of Association state that the objects of the Organisation are to relieve the need of the Elderly of SOUTHEND-on-SEA and ESSEX particularly but not by way of limitation through the provision of residential homes.

This assistance is provided in the form of three homes: two registered residential homes 'Chaltonholme' with 33 residents, 'Sandringham' with 20 residents, and 'Cecil Jones House' as a supportive sheltered home with 9 residents.

Review of Developments/Achievements.

Care in the Community continues to have a considerable impact on the Organisation in that the dependency and thus needs of new residents are ever increasing.

Despite the continuing restraint on Government funds available via local authorities for the purchase of care in the community our homes have run at an average occupancy rate of 98%.

The Organisation is committed to quality and commenced the development of a quality system – the first level is expected to be achieved in the forthcoming year.

Staff.

The work of the Organisation is dependent on the commitment and hard work of its valued staff who continue to provide a caring, loyal, and hard working service and who have coped very well with the ever increasing dependency and frailty of our residents. This frailty is being demonstrated by the increasing numbers who suffer from either confusion or dementia, or from the need for ever greater physical support.

Training and development of the staff are an important on-going investment.

The Organisation is an 'Investors in People' and remains committed to staff development.

How our funds have been applied.

Staff costs continue to rise as the increasing dependency levels of the residents necessitate more care. We wish to maintain our long-term policy of being in the upper quartile for our area of staff pay scales. Staff costs amount to 68% of all expenditure.

Throughout all the homes constant efforts are made to maintain and improve the facilities available in order that all staff are better able to assist our residents.

We continue to use contractors for the supply of catering and cleaning; this enables us to maintain our focus on the provision of care.

Review of Financial Position and comments on the Balance sheet.

Along with many providers of care, we continue to be affected by the inability of the Local Authorities to recognise and fund the true cost of Care of the Elderly.

The increasing costs of complying with the Care Standards Act 2000 together with the National Minimum Standards continues to require the Organisation to increase spending in areas not directly associated with care of its residents

The fees paid by local authorities are currently regrettably well below the cost of providing care. The margin between the full cost of providing care and the fees which Social services are prepared to pay, increases each year and currently is in the region of £10 per day per resident.

When residents are on basic state benefits this has required a subsidy by the Organisation but regrettably we are not in the position of being able to subsidise as many cases as before.

The decision has been taken by the Trustees to set fees at full cost recovery levels and ask residents funded by the local authority for top-ups to their fees. Where the financial circumstances of a resident do not permit them to pay the full fee, consideration is still given to a lower fee.

In 2001 the Trustees, as part of a strategic review and in conjunction with a recommendation from our accountants, produced a strategy which included transferring the operation of the Charity to a new Charitable Company Limited by Guarantee. The transfer took place on 1st April 2002.

The review also concluded that the homes used by the Organisation to provide its services are to remain the property of the original Charity. A lease allowing the use of the properties, initially at a peppercorn rent, will be agreed.

The investment portfolio has continued to suffer as markets around the world have deteriorated; the shares remain the property of the original charity.

All other assets, fixtures and fittings and working capital have been transferred to the new company and appear in the accounts as an inter-company loan.

Maintenance of, and repairs to, the homes are charged to the new Charitable Company.

As a result of these changes the balance sheet shows a negative position in this the first year of the Organisation operating in this form.

However, the trustees are addressing this situation by reviewing the structure of income to ensure a positive position.

Investment Powers.

Under the Memorandum and Articles of Association the Charity has the power to make any investments which Trustees see fit.

Related Parties.

The charitable company was formed to undertake the work previously carried out by The Southend – on – Sea Darby and Joan Organisation. A summary of the transactions with that body is set out in note 11 to the financial statements.

Future developments.

In 2002 the board carried out a review of the activities of the charity and produced a comprehensive business plan for the next three years.

The plan focussed the trustees need to develop Chaltonholme further, along similar lines to the redevelopment of Sandringham three years ago, to ensure the home meets the both needs of the residents in the 21st century and the National Minimum Standards.

These improvements may include more lounge and amenity space, and additional bedrooms, with all bedrooms made en-suite and of an adequate size.

The Trustees remain alert to the ever-increasing needs of the elderly of the Borough and constantly monitor the opportunities which arise to meet these needs. The development of resources for the provision of Dementia care and rehabilitation for those who wish to leave hospital but do not have the immediate support at home, feature among these needs.

We increasingly receive requests for short-term accommodation, mostly for respite care to help both individuals and their carers.

We recognise that developments, such as the National Care Standards will continue to have an effect on the physical standards within our care homes and have maintained the important process of investing in the development and refurbishment of all the homes for the benefit of both present and future residents; however we recognise that there is still some way to go before we are able to provide the very highest standards to which we feel the Elderly who live with us are entitled to.

Reserves Policy.

As a result of the review of the activities of the Organisation the Trustees have forecast a level of free reserves (those funds not tied up in fixed assets, and designated and restricted funds) whilst plans are being finalised to achieve the development of Chaltonholme.

The Trustees consider the most appropriate level of free reserves to be the equivalent to 3 months turnover, £250,000, and hope to achieve this level within the next three years.

The Trustees appreciate that the Organisation has some way to go. The change in charging strategy is expected to contribute towards this policy also, because of the difficulty potential residents experience in obtaining adequate financial help, it is becoming increasingly important to boost our ability to help fund those who cannot access additional funding from any other source.

Risk policy

The trustees have examined and considered the major strategic and operational risks that the Charity faces. Steps are taken to ensure that the organisation meets its regulatory and safety obligations. The risks are reviewed regularly by the Trustees in order that any steps necessary are taken in adequate time.

The Trustees' Responsibilities in relation to the Financial Statements

Company law requires the board to prepare accounts that give a true and fair view of the state of affairs of the Organisation for the financial year.

In doing so the Trustees Executive Committee are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the company will continue in operation;

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Organisation and enables it to ensure that the accounts comply with the requirements of the Companies Act 1985.

The trustees are also responsible for safeguarding the assets of the Organisation and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

None of the Executive Committee had any beneficial interest in any contract to which the Organisation was party during the year.

Auditors

A resolution will be proposed at the Annual General Meeting that Bland Reynolds be re-appointed as auditors to the Organisation for the forthcoming year.

By order of the trustees

G. Wray.

Chairman.

Date: 22 July 2003

SOUTHEND-ON-SEA DARBY AND JOAN ORGANISATION LIMITED

AUDITOR'S REPORT

Auditor's report to the Executive Committee of the

Southend on Sea Darby & Joan Organisation Limited

We have audited the financial statements of Southend – on - Sea Darby & Joan Organisation Limited for the period ended 31st March 2003 on pages eight to fourteen. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Executive Committee, as a body, in accordance with Section 235 of the Companies Act 1985 and section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the Executive Committee those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the Executive Committee as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page five the directors and trustees are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' and trustees' remuneration and transactions with the charity is not disclosed.

We read the Trustees Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Executive Committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

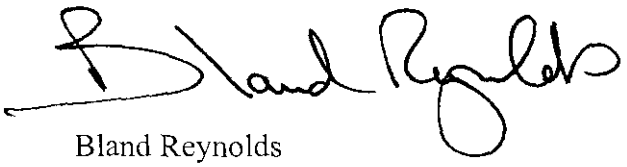
SOUTHEND-ON-SEA DARBY AND JOAN ORGANISATION LIMITED
AUDITOR'S REPORT

Auditor's report to the Executive Committee of the

Southend on Sea Darby & Joan Organisation Limited

Opinion

In our opinion the financial statements give a true and fair view of the state of the charity's affairs as at 31st March 2003 and of its net outgoing resources for the period then ended and have been properly prepared in accordance with the Companies Act 1985 and the Charities Act 1993.



Bland Reynolds
Cumberland House
24-28 Baxter Avenue
Southend on Sea
Essex
SS2 6HZ

Dated: 27-10-03

SOUTHEND-ON-SEA DARBY AND JOAN ORGANISATION LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2003

	Unrestricted Funds Designated £	Unrestricted Funds Undesignated £	Restricted Funds £	31/3/03 Total Funds £
Income and Expenditure				
Incoming Resources				
Residents fee income	-	906,472	-	906,472
Donations	183	13,449	-	13,632
Other operating income	-	271	-	271
Gross interest	-	246	-	246
Sundry income	2,005	-	-	2,005
Total incoming resources	2,188	920,438	-	922,626
Resources Used				
Direct Charitable Expenditure (note 12)				
Staff expenses	-	598,656	-	598,656
Catering expenses	-	140,632	-	140,632
General expenses	2,414	25,287	-	27,701
Utility expenses	-	32,397	-	32,397
House expenses	-	86,016	-	86,016
Depreciation	-	21,473	525	21,998
	2,414	904,461	525	907,400
Other expenditure				
Administration (note 12)				
Staff expenses	-	18,819	-	18,819
Financial expenses	-	10,928	-	10,928
Depreciation	-	1,692	-	1,692
	-	31,439	-	31,439
Total Resources Expended	2,414	935,900	525	938,839
Net outgoing resources for the year	(226)	(15,462)	(525)	(16,213)
Balance transferred on incorporation at 1 April 2002	789	-	2,450	3,239
Balance carried forward at 31 March 2003	563	(15,462)	1,925	(12,974)

The above activities were taken over from The Southend – on – Sea Darby and Joan Organisation. There were no recognised gains and losses in the year other than the outgoing resources for the year.

SOUTHEND-ON-SEA DARBY AND JOAN ORGANISATION LIMITED
BALANCE SHEET

as at 31 March 2003

	Note	£	2003 £
Fixed assets			
Tangible assets	3		57,123
Current assets			
Debtors	4	26,228	
Cash at bank and in hand		42,878	
		69,106	
Creditors: amounts falling due within one year	5	(71,240)	
Net current liabilities			(2,134)
Total assets less current liabilities			54,989
Creditors: amounts falling due After more than one year	6		(67,963)
			(12,974)
Funds			
Restricted funds	9		1,925
Unrestricted funds	7		(15,462)
Unrestricted designated funds	9		563
Total funds			(12,974)

The financial statements on pages 8 to 14 were approved by the Executive Committee 2003 and signed on its behalf by:

G Wray
Chairman

Date 22 July 2003

SOUTHEND-ON-SEA DARBY AND JOAN ORGANISATION LIMITED

NOTES ON THE FINANCIAL STATEMENTS
for the year ended 31 March 2003

1. **Accounting policies**

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting by Charities.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:-

Equipment and machinery	15% (straight line)
Fixture and fittings	25% (straight line)

Status and objects

Southend on Sea Darby and Joan Organisation Limited is a registered charity governed by trustees who comprise the Executive Committee in accordance with the terms and provisions of the Organisation's Constitution which has been lodged with the Charity Commission.

The objects of the Organisation are the promotion, maintenance and assistance of elderly persons who are in 'necessitous' circumstances and to otherwise relieve poverty of such persons.

Donations and grants

Donations and grants, including grants in respect of major items of refurbishment, improvements or the purchase of fixed assets are recognised in full in the Statement of Financial Activities in the year in which they are receivable.

Investments

The primary objective is to produce capital growth in the medium to long term using recognised brokers on an advisory basis. This advice is to be within the requirements imposed upon the charity by the Charity Commission and the Trustees Investment Act 1961. Fixed asset investments are stated at market value in accordance with SORP.

2. **Employees**

The average number of employees, by function were:

	2003
Nursing and care services	54
Maintenance	1
Administration	3
	58

No employee received remuneration of in excess of £40,000.

3. **Tangible fixed assets**

	Equipment and Machinery	Fixtures and Fittings	Total
Cost			
Additions	67,334	13,478	80,812
31 March 2003	67,334	13,478	80,812
Depreciation			
Charge for the year	17,674	6,015	23,689
31 March 2003	17,674	6,015	23,689
Net book amount			
31 March 2003	49,660	7,463	57,123

4. ***Debtors***

	2003 £
Amounts falling due within one year	
Trade debtors	21,203
Other Debtors	900
Prepayments	4,125
	26,228

5. **Creditors:** amounts falling due within one year

Trade creditors	45,094
Accruals	26,146
	71,240

6. **Creditors:** amounts falling due after more than one year

Inter company loan account	67,963

7. **Analysis of Net Assets between Funds**

	Tangible Fixed Assets £	Other Net Assets £	Total £
Restricted funds	1,925	-	1,925
Unrestricted funds	55,198	(70,660)	(15,462)
Unrestricted designated funds	-	563	563
Balance carried forward at 31 March 2003	57,123	(70,097)	(12,974)

8. **Guarantees and other financial commitments**

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 March 2004:

	2003 £
Expiring within one year	4,030

9. **Restricted Funds**

	Transferred 01.04.02 £	Movement in Resources Incoming £	Movement in Resources Outgoing £	Balance 31.03.03 £
Rosca Trust	2,450	-	525	1,925

The Rosca Trust donation was made for the purpose of meeting the costs of the installation of the fire alarm system at the Sandringham Home.

Designated Funds

Transferred 01.04.02 £	Movement in Resources Incoming £	Movement in Resources Outgoing £	Balance 31.03.03 £
789	2,188	2,414	563

All designated funds are for the welfare of the residents.

10. **Total Resources used**

Staff expenses includes the following employee costs

	Total 2003 £
Wages & Salaries	558,938
Social Security Costs	36,863
	595,801
Nursing and care services	529,982
Maintenance	9,362
Administration	37,639
Direct Charitable expenditure	576,982
Administration	18,819
	595,801

No members of the Executive Committee received any remuneration during the financial year.
No members of the Executive Committee have been reimbursed for any expenses incurred.

Depreciation

Direct Charitable expenditure	22,073
Administration	1,616
	23,689

11. **Related parties**

The charitable company was formed to undertake the work previously carried out by The Southend – on – Sea Darby and Joan Organisation. The trustees of both entities are one in the same. The assets were transferred to the new Limited company with the creation of an inter company loan account.

12. **Schedule to the statement of financial activities**

Staff expenses - Direct and Administration

Salaries and wages	595,801
Agency costs	16,252
Staff training and uniforms	5,422
	617,475

	2003 £
Catering expenses	
Consumables	70,804
Non-foodstuff	14,776
Catering contract staff	55,052
	140,632
General expenses	
Advertising, subscriptions & publications	3,974
Insurance	5,839
Registration fees	2,668
Social fund expenses	2,414
Printing postage and stationery	3,952
Sundry expenses	8,854
	27,701
Utility expenses	
Heating and lighting	19,125
Telephone	3,736
Rates	9,536
	32,397
House expenses	
Garden	3,969
Cleaning costs	55,729
Maintenance	26,318
	86,016
Financial expenses	
Bank charges	1,270
Professional fees	5,500
Auditor's remuneration	4,158
	10,928
Depreciation - Direct and Administration	
Depreciation plant and equipment	17,674
Depreciation fixtures and fittings	6,015
	23,689