



Trustee Induction Pack

Castel Froma Neuro Care Limited

Registered Charity Number: 1100965

Company Number: 04777559

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1. Overview of the charity

Castel Froma Neuro Care run two care centres, Lillington House (57 beds) & Helen Ley (38 beds) for those with neurological conditions and brain injury. We provide 24 hour nursing care as well as therapies. Therapy provided includes physiotherapy, hydrotherapy, occupational therapy, speech and language, psychology and dietetics. It is hoped that through receiving these therapies, many residents will be rehabilitated to a point where they have improved functions and some can potentially be discharged back home. They also help maintain functions for as long as possible for people with degenerative conditions such as Multiple Sclerosis, Parkinson's disease, Huntington's disease and Motor Neurone disease.

Castel Froma Neuro Care is a private company limited by guarantee and a charity. We are what some may refer to as a 'hybrid' charity; we get the majority of our funding from commissioners, primarily the NHS and local authorities. However, the charity provides the buildings and provides much of the income needed to deliver the rehabilitation therapies to residents.

More information about the organisation can be found on our website: <https://www.castelfroma.org.uk/>

2. The history of the charity and the care centres

a. The history of Castel Froma Neuro Care and the Lillington House site

Castel Froma Neuro Care, previously known as the Royal Midlands Counties Care Centre for the Disabled, was founded in 1874.

Royal Midlands Counties Care Centre for the Disabled was originally based at 33 Clemens Street. After a precarious financial start, the Care Centre moved to larger premises in 1884 in the Arboretum with rooms for 44 residents.

By 1900 the charity had 89 beds and was based in Tachbrook Road where it remained until 1948.

With changes to the National Health Service in the same year, the committee purchased “Castel Froma”, a large Victorian House on Lillington Road and the new Care Centre was opened after extensive remodelling in 1957.

Since that time many alterations and improvements have been made, allowing the Care Centre to extend the range of therapy treatments provided.

In 1982, the Youell Trust provided for a substantial extension to the lounge and provided improved access to the gardens. At the time the Youell family were influential builders in Coventry who undertook many philanthropic activities such as “The Youell Care Centres for the aged” in Coventry and Stratford upon Avon.

Major development of the site in 1990 saw the building of the Princess Alice Wing with the addition of 26 bedrooms, Physiotherapy, Hydrotherapy and Occupational Therapy departments. This wing was named after the Royal Patron HRH Princess Alice, Duchess of Gloucester, who personally opened the wing in her capacity as the Patron of the charity.

Residents were moved to Castel Froma from the Royal Midlands Counties Care Centre at Tachbrook Road and a single care facility was developed.

In 2017, Castel Froma was renamed ‘Lillington House’ and the organisation was renamed ‘Castel Froma Neuro Care’. The organisation went through a further re-branding process to reflect the new name.

b. The history of Helen Ley House

Helen Ley was the Founder and Support Officer of the Coventry Branch of the Multiple Sclerosis Society. Whilst in this role in Coventry during the 1960's she saw the need for a 'short stay' specialised nursing home to enable the carers at home to have a short break. The Coventry M.S. Branch undertook fund raising for Helen's vision to become a reality. Helen Ley died in 1973. Her sister, Louise Crossley continued with the work that Helen had initiated & the Helen Ley Charitable Trust was created in 1975.

Funding from the Coventry M.S. Branch together with several local Charitable Trusts enabled the Helen Ley Trust to purchase the site on which the Care Centre is now built. It first opened as a 12 bedded centre in 1979, becoming the first purpose built respite centre in the UK for people with M.S. The need to enlarge the centre soon became apparent so in 1982 it was extended to become a 23 bed unit.

In 1998 the Helen Ley Trust together with Orbit Housing jointly funded the construction on the site of a 10 bed residential unit, to expand the already successful respite care centre. The residents lived in purpose built studio apartments. The Court, as the residential unit was named, was opened officially by H.R.H. Princess Alexandra in November 1997.

In 2003 Helen Ley Charitable Trust launched an appeal for £2.3m to upgrade the facilities within the Centre. Once the money was raised and the work completed H.R.H. Prince Edward visited the new improved centre in September 2006.

Since it opened, the Multiple Sclerosis Society has supported the centre in many ways, including a large annual financial subsidy. In January 2005 Helen Ley Charitable Trust handed the ownership to the centre to the MS Society.

In 2010, the MS Society put the Centre up for sale, and for 2 years, the security of its future hung in the balance. Local charity, Castel Froma, which shared similar goals and services with the Helen Ley Centre purchased it in April 2012 in order to preserve this much needed service for the local community and further afield.

3. About our residents

Our care centres specialise in looking after people with neurological conditions for example, Multiple Sclerosis, Parkinson's disease, Huntington's disease and Motor Neurone disease. We also specialise in caring for those with brain injury which could have been sustained in a number of ways, for example, as a result of a stroke, road traffic accident or even a fall.

We provide long term care, so some residents will stay with us for the rest of their lives. We also provide respite care, mainly at the Helen Ley site where we have a few dedicated beds to be used only for respite; these guests will often stay for a week or two but can stay for up to a few weeks. Respite beds are very popular (there are limited places locally that provide respite care, particularly for those with neurological conditions) and beds are often booked up a year in advance. We also provide short term placements and these can often be rehabilitation focused placements. These are often for people who have sustained a brain injury such as a stroke with a view for them to be rehabilitated to a point where they are able to be discharged back home or to another 'step down' community placement. Most of our residents are discharged to us from acute hospitals or Level 1 rehabilitation units such as Central England Rehabilitation Unit (CERU), based in Leamington Spa.

Nearly all of our residents are wheelchair users, and because of their disability, the majority of residents will require specialist wheelchairs made specifically for them which supports them in the right way; for example, a resident might not be able to hold their head up independently so a head support is shaped in a way that will allow them to do that. Most of our residents are therefore would be unable to sit in standard armchairs or on sofas which is why you will see limited 'comfy' seating areas when you walk around our sites. All of our bedrooms have special hospital style beds which can be moved into different positions and 'air' mattresses that inflate and deflate to prevent pressure sores.

A number of our residents are unable to communicate due to their injury or condition. Others are able to use other non-verbal means of communication. Our nursing & therapy teams work closely with residents to identify if there are ways that they are able to communicate and assist the residents in this. In depth, detailed assessments by our team can also sometimes identify ways that residents can communicate where previously it was thought that a resident was unable to communicate (please see case study 1).

Linked with this, is the complicated issue of mental capacity. Some residents are deemed not to have capacity to make decisions as they are unable to communicate. Others are able to communicate but their injury or condition has led to a change in cognitive abilities and means they lack capacity to make all or certain decisions. These residents are either unable to understand information given to them about a particular decision; retain that information long enough to be able to make the decision or weigh up the information available to make the decision. For these residents, capacity is assessed on a decision by decision basis. Making decisions on someone else's behalf is not straight forward. If a resident has a Power of Attorney or deputy appointed by the Court of Protection in place, these people can make decisions on behalf of a resident. Otherwise, decisions are made on a 'best interests' basis and these decisions are made by the professionals involved in the resident's care, along with the family, whilst taking into consideration the opinion of the

resident and what decision they would have made before losing capacity. A number of residents are subject to Deprivation of Liberty Safeguards (DoLS) where the team deprive them of certain liberties in order to ensure their safety. For example, we might prevent a resident from leaving the care centre independently as they would not be able to keep themselves safe. Other interventions such as cot sides up in bed and lap belts on wheelchairs are viewed as restrictive and a deprivation of liberty. A specific department within the local council is responsible for issuing DoLS. Please see case study 2 for more information around capacity.

A number of our residents are unable to eat their food orally and are fed through a percutaneous endoscopic gastrostomy (PEG). A PEG is a tube inserted directly into their stomach. A number of our residents have respiratory issues due to their injury or condition and a few residents have a tracheostomy which is an opening created at the front of the neck so a tube can be inserted into the windpipe (trachea) to help them breathe. If necessary, the tube can be connected to an oxygen supply and a breathing machine called a ventilator.

If you have any further questions regarding the needs of our residents please do not hesitate to ask our clinical team and/or our residents who will be able to give you further insight into their conditions and care needs.

4. Trustees

Trustees are the company's directors and have independent control over, and legal responsibility for, a charity's management and administration.

a. Your role as a trustee of Castel Froma Neuro Care (CFNC)

Ensure CFNC is carrying out its purposes for the public benefit

You and your co-trustees must make sure that the charity is carrying out the purposes for which it is set up, and no other purpose. This means you should:

- ensure you understand the charity's purposes as set out in its governing document
- plan what your charity will do, and what you want it to achieve
- be able to explain how all of the charity's activities are intended to further or support its purposes
- understand how the charity benefits the public by carrying out its purposes

Spending charity funds on the wrong purposes is a very serious matter; in some cases trustees may have to reimburse the charity personally.

Comply with CFNC's governing document and the law

You and your co-trustees must:

- make sure that the charity complies with its governing document
- comply with charity law requirements and other laws that apply to your charity

You should take reasonable steps to find out about legal requirements, for example by reading relevant guidance or taking appropriate advice when you need to.

Act in your CFNC's best interests

You must:

- do what you and your co-trustees (and no one else) decide will best enable the charity to carry out its purposes
- with your co-trustees, make balanced and adequately informed decisions, thinking about the long term as well as the short term
- avoid putting yourself in a position where your duty to your charity conflicts with your personal interests or loyalty to any other person or body
- not receive any benefit from the charity unless it is properly authorised and is clearly in the charity's interests; this also includes anyone who is financially connected to you, such as a partner, dependent child or business partner

Manage your CFNC's resources responsibly

You must act responsibly, reasonably and honestly. This is sometimes called the duty of prudence. Prudence is about exercising sound judgement.

You and your co-trustees must:

- make sure the charity's assets are only used to support or carry out its purposes
- avoid exposing the charity's assets, beneficiaries or reputation to undue risk
- not over-commit the charity
- take special care when investing or borrowing
- comply with any restrictions on spending funds or selling land

You and your co-trustees should put appropriate procedures and safeguards in place and take reasonable steps to ensure that these are followed. Otherwise you risk making the charity vulnerable to fraud or theft, or other kinds of abuse, and being in breach of your duty.

Act with reasonable care and skill

As someone responsible for governing a charity, you:

- must use reasonable care and skill, making use of your skills and experience and taking appropriate advice when necessary
- should give enough time, thought and energy to your role, for example by preparing for, attending and actively participating in all trustees' meetings

Ensure CFNC is accountable

You and your co-trustees must comply with statutory accounting and reporting requirements.

You should also:

- be able to demonstrate that your charity is complying with the law, well run and effective
- ensure appropriate accountability to members, if your charity has a membership separate from the trustees
- ensure accountability within the charity, particularly where you delegate responsibility for particular tasks or decisions to staff or volunteers

The above is a summary of trustees' main legal responsibilities which has been taken from *'The essential trustee: what you need to know, what you need to do'* by the Charity Commission. This guidance has also been included in the appendix of your induction pack – please read this through carefully.

b. Associate trustees

The associate trustee role has been developed by the board of trustees to enable prospective trustees to see what the trustee role involves at CFNC. It also helps the board to see if the prospective trustee would be a good fit for the board.

Associate trustees are not trustees; they are not directors of the company and have no control or responsibility within the charity. Associate trustees are invited to most trustee meetings and although they are welcome to partake in discussions, associates must not influence discussions or decisions.

c. The current board at CFNC

There are currently five trustees for Castel Froma Neuro Care:

- John Evison (Chair)
- Graham Murrell (Vice-chair)
- Steve Nicklin
- Lesley Holiday
- David Leigh-Hunt

There are currently two associate trustees:

- David Stableforth
- Donald Hunter

5. Key positions

a. Board members

Chairman – John Evison

The chairman of the company is the leader of the board of directors. It is the chairman's responsibility to ensure that the board operates efficiently and effectively, getting the best out of all of its members. The chairman should, for example, promote regular attendance and full involvement in discussions. The chairman decides the scope of each meeting and is responsible for time management of board meetings, ensuring all matters are discussed fully, but without spending limitless time on individual agenda items.

Vice-chair – Graham Murrell

The vice-chair takes on the role of chair in the absence of the chairman.

b. Non-board members

Chief Executive – Marie Bawden

The Chief Executive Officer (CEO) is the leader of the management team and is responsible for the day-to-day management of the organisation.

Company Secretary – Alison Stiles

The company secretary is the chief administrative officer of the company. The secretary provides the agenda and supporting papers for board meetings, and for the management meetings. They take minutes of meetings and provide advice on procedural and governance matters. They are the first point of contact for directors and for members. The secretary ensures the company is compliant with statutory requirements such as the filing of annual returns with Companies House and the Charity Commission. They are responsible for maintaining the company's statutory books. In addition to the above, Alison also supports Marie in operational matters.

6. Directors' meetings

We have quarterly board meetings and our standing committees also occur quarterly.

Standing committees comprise of Care Standards (where clinical reports are presented to the trustees for review and discussion) and a Finance, Audit and Risk committee (FAR).

We have a further remuneration standing committee that meets twice a year to discuss management remuneration.

Strategy days often occur annually.

A quorum of three trustees is required for all director meetings.

a. Board meetings

Board meetings set the strategy for the organisation and evaluate the performance of the company against that strategy. There are a number of matters which are required to be or, in the interests of the company, should only be decided by the board of directors as a whole at board meetings. A formal schedule of matters reserved for the board will be provided.

b. Standing committees

Standing committees can devote more time to discussing the detail of their focus than would be possible for the full board; for example the Care Standards committee focuses only on discussing clinical practice within the organisation. However, it is important to remember that ***while the board makes use of committees to assist in its oversight an area of interest, it retains responsibility for and makes the final decisions in all those areas.*** There are documented terms of reference for each standing committee, these will be provided.

c. Strategy days

As previously noted, the board is responsible for devising the strategy for the organisation. The board at CFNC have often opted to meet for a dedicated 'strategy day' where the strategy for the upcoming year as well as the medium to long term strategy can be deliberated and agreed. The management team devise the business plan from the strategy which is set by the board. At board meetings, the board evaluate the performance of the management team and organisation against the business plan.

7. Members' meetings

Members of the charity have limited powers. In general, they are involved in changing the constitution, appointing or removing the charity trustees, and deciding whether the charity should be wound up. Application for membership must be approved by the directors.

a. Annual General Meeting

The aim of the AGM is to provide the charity trustees and/or officers the opportunity to explain their management of the charity to the members. It also provides the members of the charity with an opportunity to ask questions before voting on business items on the agenda. Our articles state that we should have an AGM although it is not a statutory requirement for private limited companies such as CFNC.

CFNC's AGM is held once a year and members of the charity can attend and vote. Further information regarding the AGM for CFNC can be found in the company's articles of association.

8. Articles of association

Company law is silent on a number of elements and processes involved in running a company, allowing companies to create their own internal rules to determine how the company is run. The articles of association are the principal constitutional document of a company which set out these internal rules. These articles can be amended at any time in order to respond to the needs of the company, however, any amendments must be approved by the members of the company. For CFNC, this means that any amendments often have to be voted on at the AGM. A copy of the articles of association are included in your induction pack.

9. Our regulators

a. Companies House

The main duties of Companies House include inspecting and maintaining all information on LLPs and limited companies (such as CFNC). The information displayed on the register of companies can be accessed online by the general public as well as all businesses. We are required to complete an annual return to Companies House each year and upload our annual reports and accounts.

b. Charity Commission

The charity commission register and regulate charities in England and Wales, to ensure that the public can support charities with confidence. We are required to complete an annual return to the Charity Commission each year and upload our annual reports and accounts. The board of trustees are required to report any serious incidents to the Charity Commission.

c. Care Quality Commission (CQC)

CQC are the independent regulator of health and social care in England. They carry out unannounced inspections on both of our care homes ensuring they are safe, effective, caring, responsive and well-led. The registered managers of each site are required to submit reports to them following specific notifiable events, for example following a serious incident. The latest CQC reports for each site are included in your induction pack.

Appendix



CODE OF CONDUCT FOR TRUSTEES (existing code, currently under review)

Organisational Values

As a trustee of Castel Froma Neuro Care, I promise to abide by the fundamental values that underpin all the activity of this organisation. These are:

Accountability: Everything Castel Froma Neuro Care does will be able to stand the test of scrutiny by the public, the media, charity regulators, members, stakeholders, funders and the courts.

Integrity and honesty: These will be the hallmarks of all conduct when dealing with colleagues within Castel Froma Neuro Care and equally when dealing with individuals and institutions outside it.

Transparency: Castel Froma Neuro Care strives to maintain an atmosphere of openness throughout the organisation to promote confidence of the public, stakeholders, staff, charity regulators and Parliament.

Additionally, I agree to the following points:

Law, mission, policies:

I will not break the law or go against charity regulations in any aspect of my role of trustee.

I will support the mission and consider myself its guardian.

I will abide by organisational policies.

Conflicts of interest:

I will always strive to act in the best interests of the organisation.

I will declare any conflict of interest, or any circumstance that might be viewed by others as a conflict of interest, as soon as it arises.

I will submit to the judgment of the board and do as it requires regarding potential conflicts of interest.

Person to Person:

I will not break the law, go against charity regulations or act in disregard of organisational policies in my relationships with fellow trustees, staff, volunteers, members, service recipients, contractors or anyone I come into contact with in my role as trustee.

I will strive to establish respectful, collegial and courteous relationships with all I come into contact with in my role as trustee.

Protecting the organisation's reputation:

I will not speak as a trustee of this organisation to the media or in a public forum without the prior knowledge and approval of the CEO or Chair.

When prior consent has not been obtained, I will inform the Chair or CEO at once when I have spoken as a trustee of this organisation to the media or in a public forum.

When I am speaking as a trustee of this organisation, my comments will reflect current organisational policy even when these do not agree with my personal views.

When speaking as a private citizen, I will strive to uphold the reputation of the organisation and those who work in it.

I will respect organisational, board and individual confidentiality.

I will take an active interest in the organisation's public image, noting news articles, books, television programmes and the like about the organisation, about similar organisations or about important issues for the organisation.

Personal gain:

I will not personally gain materially or financially from my role as trustee, nor will I permit others to do so as a result of my actions or negligence.

I will document expenses and seek reimbursement according to procedure.

I will not accept substantial gifts or hospitality without prior consent of the Chair.

I will use organisational resources responsibly, when authorised, in accordance with procedure.

In the boardroom:

I will strive to embody the principles of leadership in all my actions and live up to the trust placed in me by Castel Froma Neuro Care.

I will abide by board governance procedures and practices.

I will strive to attend all board meetings, giving apologies ahead of time to the Chair if unable to attend.

I will study the agenda and other information sent me in good time prior to the meeting and be prepared to debate and vote on agenda items during the meeting.

I will honour the authority of the Chair and respect his or her role as meeting leader.

I will engage in debate and voting in meetings according to procedure, maintaining a respectful attitude toward the opinions of others while making my voice heard.

I will accept a majority board vote on an issue as decisive and final.

I will maintain confidentiality about what goes on in the boardroom unless authorised by the chair or board to speak of it.

Enhancing governance

I will participate in induction, training and development activities for trustees.

I will continually seek ways to improve board governance practice.

I will strive to identify good candidates for trusteeship and appoint new trustees on the basis of merit.

I will support the Chair in his/her efforts to improve his/her leadership skills.

I will support the CEO in his/her executive role and, with my fellow board members, seek development opportunities for him/her.

Leaving the board

I understand that substantial breach of any part of this code may result in my removal from the trustee board.



Should I resign from the board I will inform the Chair in advance in writing, stating my reasons for resigning. Additionally, I will participate in an exit interview.

Date..... Trustee:

Date: Chairman:





Proposed Code of Conduct, to be adapted by
Alison Stiles (Company Secretary) for use by
CFNC board of trustees

Summer 2019

Guidance note

Specimen code of conduct for charity trustees (England & Wales)

Contents:

Introduction

Overall purpose

Specimen code of conduct



Specimen code of conduct for charity trustees (England & Wales)

Introduction

This ICSA guidance note is aimed at trustees in England and Wales¹ and can be adapted for any size of charity to reflect good practice for each organisation's needs. This document, and others in the series, should provide sufficient detail for trustees, and others interested in governance, to think about the governance arrangements within their own charity, and apply those aspects of good practice that are most appropriate and proportionate.

It is good practice for each charity to undertake a periodic review of their governance arrangements as the charity evolves and, where appropriate, amend policies, procedures, and the governing document² to ensure that they remain fit for purpose and are structured in the most effective way to meet the charity's objects and environment in which it operates.

The information in this document consolidates and expands upon the principles highlighted in the Charity Governance Code.³ The Code recommends that trustees 'adopt and adhere to a suitable code of conduct that sets out expected standards of probity and behaviour'.⁴

For the purpose of this guidance note, it is assumed that the charity employs staff including a charity secretary, or other governance and compliance professional, who is not the chief executive officer.⁵

1 While principles of good governance transcend national borders, it is important to bear in mind the specific differences in charity legislation for those charities operating in Scotland, Northern Ireland, and elsewhere.

2 There are specific actions that must be taken in order to change a charity's governing document depending on the corporate structure of the organisation; in all cases changes to the charitable objects will require approval from the Charity Commission. See the ICSA guidance note *Amending charity governing documents (England & Wales)*.

3 This can be downloaded from www.charitygovernancecode.org.

4 Charity Governance Code, Recommended Practice 3.4.1.

5 Further details on the role of the charity secretary can be found in an ICSA guidance note of the same title.

If you have any feedback on the content of these resources, or additional questions that you'd like to discuss, please contact the ICSA information centre: **020 7612 7035** | informationcentre@icsa.org.uk

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The information given in this guidance note is provided in good faith with the intention of furthering the understanding of the subject matter. While we believe the information to be accurate at the time of publication, ICSA and its staff cannot, however, accept any liability for any loss or damage occasioned by any person or organisation acting or refraining from action as a result of any views expressed therein. If the reader has any specific doubts or concerns about the subject matter they are advised to seek legal advice based on the circumstances of their own situation.

Specimen code of conduct for charity trustees (England & Wales)

Overall purpose

The purpose of the specimen code of conduct below is to provide trustees with clear guidelines as to their standard of behaviour, responsibilities, and good practice in fulfilling their obligations to the charity they represent. Trustees should also be aware that their conduct can impact the way in which the charity sector as a whole is viewed. The Charities (Protection and Social Investment) Act 2016 gives the Charity Commission the power to take action against trustees in order to protect the public perception of the sector and need not relate to actions as a trustee. These powers include disqualifying trustees where 'any other past or continuing conduct by the person, whether or not in relation to a charity, is damaging or likely to be damaging to public trust and confidence in charities generally or in the charities or classes of charity specified or described in the [disqualification] order'.⁶

Further information on appropriate trustee conduct can be found in the ICSA guidance note *Improving charity boardroom behaviours*.

Benefits of being a trustee

Although the role of trustee is a serious duty, there are many positive aspects to the role that can help an individual on a personal and professional basis:

- the knowledge that you are contributing to a worthwhile cause;
- building self-confidence;
- experience of committee work;
- acquiring new skills – personal and professional – through training and information sharing; and
- the enjoyment to be had from working with a group of individuals from different backgrounds who share a similar passion for a particular cause.

⁶ Charities Act 2011 s. 181A (6)(a)–(c) and (7) F (as amended by the 2016 Act). See also Charities Act 2011 s. 76A (3)(a)–(b).

Specimen code of conduct for charity trustees (England & Wales)

The role of charity trustee is one that can offer considerable satisfaction, challenges and experiences, but it should not be forgotten that the position can be quite onerous and require a significant time commitment.

This guidance note should be read in conjunction with the specimen trustee role description and the model conflicts of interest policy.⁷ For further information on the legal responsibilities of a charity trustee, please refer to CC3 – *The essential trustee: what you need to know, what you need to do*, published by the Charity Commission.⁸ Trustees should also be familiar with the Charity Governance Code.

When considering introducing a code of conduct for charity trustees, due regard should be given to the charity's governing document to ensure that the code reflects the powers of the trustees. Ultimately, the governing document's provisions and relevant legislation must take precedence over any code of conduct.

For charitable companies, trustees and directors have additional statutory duties to fulfil. Further information on these can be found in the ICSA guidance note *The role and duties of charity trustees (England & Wales)*.

⁷ Available from the ICSA website.

⁸ This can be downloaded from the Charity Commission website.

Specimen code of conduct for charity trustees (England & Wales)

Specimen code of conduct for charity trustees

Delete/insert contents of square brackets [] as appropriate

This code of conduct provides trustees with guidelines as to the standards and behaviours that *[name of charity]* expects from the board of trustees (individually and collectively) when acting on behalf of, or representing, the charity.

This code of conduct should be read in conjunction with:

- the duties and responsibilities of trustees;⁹
- any role descriptions for trustees;
- any statement of expectations issued by the charity;¹⁰
- the charity's governing document;
- the charity's meeting etiquette protocol;¹¹
- the charity's policy and procedures covering conflicts of interest, anti-money laundering and anti-bribery, the declaration, acceptance and refusal of gifts and hospitality;
- the charity's mission, vision and values; and
- the Charity Governance Code.

Why we have a code of conduct

The board of *[name of charity]* has ultimate responsibility for all actions carried out by staff and committees *[and volunteers]* throughout the charity's activities. This responsibility includes the stewardship of charitable resources *[and the provision of services and/or activities to the community]*.

The board of trustees is therefore determined to ensure the organisation inspires confidence and trust amongst its *[beneficiaries, members, staff, partners, supporters, funders and suppliers]* by demonstrating integrity and avoiding any potential or real situations of undue bias or influence in the decision making of the charity and in dealings with staff and volunteers.

The governing document of *[name of charity]* makes provision for the *[appointment/ election]* of trustees, practice and procedure of trustee decision making, tenure of office and ultimately the removal of trustees. This code of conduct complements the charity's governing document.

⁹ See the guidance note *The role and duties of charity trustees (England & Wales)* which can be found on the ICSA website.

¹⁰ A specimen document covering NHS foundation trusts can be found on the ICSA website.

¹¹ See the guidance note *Specimen board meeting etiquette (not-for-profit organisations)* which can be found on the ICSA website.

Specimen code of conduct for charity trustees (England & Wales)

Appointment and tenure

The board of trustees comprises [*appointed/elected/co-opted/nominated*] individuals. The term of office for individual trustees is [*three years*], after which period the trustee may be able to stand for re-election [*to a limit of nine years/with a break of one year between the second and third terms of office*]. A trustee must not be disqualified from acting as such [*and must be a member of the charity*] in order to stand for election or appointment.

The board of trustees should represent the interests of all the charity's [*beneficiaries/members/stakeholders*]. The trustee owes his/her duty to the charity and not to any individual, organisation or constituency that appointed/elected them.

Induction and training

In order for trustees to be effective in performing their legal duties and responsibilities, it is essential that individual trustees, and the board as a whole, are aware of the nature of the work of the charity and its operating environment [*including the roles of staff and volunteers*]. In order to prepare and support trustees, [*name of charity*] will provide a comprehensive induction and ongoing development opportunities, in line with the statement of expectations.¹² Individual trustees are invited to speak to the [*chair and/or charity secretary/governance professional*] about any further information or training needs.

Trustees are expected to attend induction and training programmes, given reasonable notice, in line with any individual or collective requirements identified [*by the trustee or the periodic board performance appraisal or the chair*].

[*Name of charity*] operates a buddying/mentoring system whereby existing trustees are paired with newly [*appointed/elected*] trustees to develop a swift understanding of the more informal aspects of the work of the board. Further information on the buddying/mentoring system will be provided by the charity secretary upon induction.

The board of trustees, [*collectively*] [*and/or individually*] is expected to undertake a performance appraisal exercise to assess the skills set and competencies available to the charity and to identify areas for future development and training. This process will be led by the chair.

¹² See, for example, the ICSA guidance note *Specimen statement of expectations from an NHS foundation trust to its governors*.

Specimen code of conduct for charity trustees (England & Wales)

Role and function of trustees

Trustees must act in accordance with the law and regulations affecting their charity, and must have regard to their legal duties, namely:¹³

- ensure they are eligible to serve as a trustee;
- ensure that the charity is carrying out its purposes for the public benefit;
- comply with the charity's governing document and the law;
- act in the charity's best interests;
- manage the charity's resources responsibly; and
- act with reasonable care and skill.

The charity will provide trustees with guidance outlining their specific role and responsibilities.¹⁴ In fulfilling their general roles and responsibilities individual trustees must:

- adhere to the charity's rules and policies, including the governing document, any standing orders and bye-laws, and support its charitable objects;
- act in the best interests of the charity at all times, taking professional advice where necessary;
- contribute to the work of the board of trustees in order for it to fulfil its role and functions as defined in the governing document and legislation;
- recognise that their role is a collective one and that any task or function delegated to an individual trustee or trustee committee does not relieve the other trustees of the responsibility for that task or function;¹⁵ and
- support and assist the chief executive, where applicable.

Further details on the role of a charity trustee, and recommended practice for effective governance, can be found in the Charity Governance Code, which is essential reading for all those with responsibility for leading a charity and should be read alongside CC3 – *The essential trustee: what you need to know, what you need to do*.

¹³ These are detailed in CC3 – *The essential trustee: what you need to know, what you need to do*.

¹⁴ See guidance notes *The role and duties of charity trustees (England & Wales)* and *Specimen role description for charity trustees (England & Wales)* which can be found on the ICSA website.

¹⁵ Further information on delegations can be found in the ICSA guidance note *Charity trustee liability*.

Specimen code of conduct for charity trustees (England & Wales)

Conflicts of interest

The board of trustees has a legal obligation to act in the best interests of [*name of the charity*], and in accordance with the charity's governing document, and to avoid situations where there may be a potential, real or perceived conflict of interest.

Trustees should not exert any influence to garner any preferential treatment for themselves or their family, or other connected persons or organisations.¹⁶ Trustees should be aware of, and act in accordance with, the charity's policy and procedures on identifying and managing conflicts of interest.¹⁷

Upon appointment, and at least annually, trustees are required to complete a declaration of interest form. This document must be updated when a material change occurs. A register of interests will be maintained by the [*charity secretary/governance professional*], and will be made available to the public, in line with the charity's conflicts of interest policy.

Failure by a trustee to declare an interest, real or perceived, could result in the complaints process being instigated by the charity. Depending on the circumstances and severity of the conflict, this may result in the trustee being removed from office [*in accordance with the charity's governing document*].

¹⁶ Refer to CC29 *Conflicts of interest: a guide for charity trustees* by the Charity Commission for further information, along with ICSA guidance notes on managing conflicts of interest.

¹⁷ For further information see the ICSA guidance notes *Managing conflicts of interest in a charity (England & Wales)* and *Specimen conflict of interest policy, declaration form and register of interests for charity trustees*.

Specimen code of conduct for charity trustees (England & Wales)

Standards of conduct

Trustees are required to adhere to the highest standards of conduct in the performance of their duties. This code of conduct respects and endorses the seven principles of public life promulgated by the Nolan Committee¹⁸ and all trustees are expected to perform their duties in accordance with them. The seven principles are:

- selflessness;
- integrity;
- objectivity;
- accountability;
- openness;
- honesty; and
- leadership.

In addition, the charity requires trustees to perform their duties in accordance with the vision, mission and values of the organisation. Trustees are encouraged to:

- value fellow trustees, even when there are differences in opinion;
- adhere to the charity's meeting etiquette;¹⁹
- trustees should treat the charity's [*directors, other employees, volunteers and fellow trustees*] with respect and in accordance with the charity's policies;
- be mindful of conduct which could be deemed to be unfair or discriminatory; and
- conduct themselves in a manner which reflects positively on the charity when attending external meetings or any other events.

All trustees are expected to understand, agree and promote the charity's equal opportunities policy in every area of their work. The board's activities should not prejudice any part of the community on the grounds of age, disability, gender, gender reassignment, pregnancy and maternity, race, nationality, religion or belief, or sexual orientation.²⁰ Any actual or perceived prejudicial action, views or comments shall be investigated and dealt with in line with the complaints procedure and could result in the trustee being removed from office.

¹⁸ Further details can be found at www.public-standards.org.uk.

¹⁹ The guidance note *Specimen board meeting etiquette (not-for-profit organisations)* can be found on the ICSA website.

²⁰ Section 149 of the Equality Act 2010.

Specimen code of conduct for charity trustees (England & Wales)

Stakeholder engagement²¹

Trustees are accountable to a range of interested parties for their actions and as such, decision making and governance issues should be as transparent as possible, except for when confidentiality is required or there is likely to be a breach of the charity's data protection policy.²²

[Trustees are accountable to the membership]. In order to demonstrate their accountability to the charity's wider community and the Charity Commission, trustees are encouraged to attend events and provide opportunities to meet, talk and listen to *[the members/partner organisations they represent/and the public]*, in order to best understand their views and concerns.

Trustees should be fully aware of their representative functions and should not become personally involved in those operational matters that should rightly be handled by the appropriate member of staff *[or other designated person as detailed in the charity's policy]*. Trustees are advised to act as a conduit for forwarding public comments and concerns to the appropriate staff member when presented with a complaint from *[a member/worker/volunteer, user, beneficiary or the general public]*.

²¹ Further useful information on this issue can be found in the ICSA guidance *The stakeholder voice in board decision making*.

²² Trustees are legally accountable to the Charity Commission, and other regulatory and statutory bodies, and their membership, where they have them. In addition, the evolution of good governance is leading to a wider call and acceptance by some charities to be seen to improve their transparency and accountability to the wider public, informal and potential funders. Principle 7 of the Charity Governance Code recommends that 'The board leads the organisation in being transparent and accountable. The charity is open in its work, unless there is good reason for it not to be'.

Specimen code of conduct for charity trustees (England & Wales)

Visiting the charity

In fulfilling their core duties and responsibilities, trustees will be expected to visit charity property. For activities other than attending board or committee meetings or *[member events organised by the charity]*, trustees are requested to follow the procedure below:

- For group visits, arrangements will be discussed and agreed between the chair and charity secretary/governance professional, in liaison with appropriate staff.
- For individual visits, the trustee should speak directly to the charity secretary/governance professional *[or follow the charity's established procedure]*.

The charity will make every effort to accommodate the request of the trustee, but may not always be able to agree to specific dates, times or site visits.

Personal visits to the charity, or volunteer activity or participation in fundraising events that is not related to the trustee role is not covered by this procedure but trustees must abide by the rules of the event.

Expenses

The position of trustee is unremunerated, though reasonable out-of-pocket expenses are paid. Please refer to *[name of charity's]* policy on trustee expenses and how to claim for reimbursement for costs incurred on behalf of the charity.

Further information about expenses can be gained by speaking directly to *[the charity secretary/governance professional]* *[finance director]*.

Trustees must not receive any financial or non-financial benefit that is not explicitly authorised by the governing document or the Charity Commission.²³

²³ Unless authorised to do so by the governing document, statute, or by the Charity Commission, trustees should not benefit from the position they occupy. The Charities Act 2006 amended the position regarding the payment of trustees for undertaking activities outside those of being a trustee, or the provision of services. Charities Act 2011 s.185 provides for trustees to be remunerated for services to the charity if certain conditions are met.

Specimen code of conduct for charity trustees (England & Wales)

Meetings

Trustees have a responsibility to attend meetings of the board.²⁴ When this is not possible they should submit an apology to the *[chair] [and/or] [charity secretary/governance professional]* in advance of the meeting. Trustees are expected to attend for the duration of each meeting.

Repeated absence from the board of trustee meetings without good reason established to the satisfaction of the board could result in the individual trustee being removed from office, in accordance with the governing document.

Non-attendance of *[three] [four] [six]* consecutive board meetings will result in the trustee being deemed to have resigned their position, unless the grounds for absence are regarded as satisfactory by the board of trustees. An appeals process is available for those trustees wishing to argue against their removal.

If a trustee wants to submit an item for inclusion in the board's agenda, they should forward their request to the charity secretary/governance professional *[at least 14 working days]* before the meeting. Late items of an urgent nature may be added to the list of any other business, at the discretion of the chair, in discussion with the charity secretary/governance professional.

Meetings of the board shall be held in private, and in accordance with *[name of the charity's]* meeting etiquette. The board of trustees may decide to invite named staff and other individuals to all or part of a meeting to discuss a particular item. All due consideration will be given to ensure that any confidential or sensitive items remain as such. Such invitations will be agreed by the chair and facilitated by the charity secretary/governance professional.

²⁴ See the Charity Commission's publication *CC48 Charities and Meetings* and the ICSA guidance note *Specimen board meeting etiquette*, for further information on meetings.

Specimen code of conduct for charity trustees (England & Wales)

Mediation

A mediation process is available to the board, and individual trustees, for use when there has been a breakdown of communication or trust between the trustees and charity management. Further information should be requested from the chair or charity secretary/governance professional.

Before the mediation process is instigated, the [*chair*] [*vice-chair*] and [*complainant*] should have met in an attempt to resolve the matter.

Confidentiality

All trustees are required to respect the confidentiality of the information to which they are exposed as a result of their membership of the board of trustees. All trustees, when dealing with difficult and confidential issues, are required to act with discretion and care in the performance of their role.

Trustees should only speak to the media with the express permission of the [*chair*] [*chief executive*] [*charity secretary/governance professional*]. In situations concerning potential whistleblowing matters, trustees are encouraged to adhere to the charity's whistleblowing policy to resolve the matter, in the first instance.

Any allegations of breaches of confidentiality will be investigated under the complaints policy and could result in the removal of any trustee involved in such a breach, in accordance with the governing document.

Specimen code of conduct for charity trustees (England & Wales)

Ceasing to be a trustee

Trustees must continue to comply with the qualifications required to hold a trustee position throughout their period of tenure, as defined in the willingness to serve declaration.²⁵ Any changes that would render the trustee ineligible to serve must be forwarded to the charity secretary/governance professional.

As previously mentioned, failure to attend [*three*] [*four*] [*six*] consecutive meetings will result in the trustee being deemed to have resigned their position unless the grounds for absence are deemed to be satisfactory by the board of trustees. An appeals process is available for trustees wishing to challenge such decisions.

Trustees may resign their office ahead of their three-year tenure by writing to the [*chair*] [*charity secretary/governance professional*]. Depending on the reasons and circumstances of the resignation, the chair may decide to formally record those particulars in the minutes of the next board meeting.²⁶

The confidentiality requirements referred to above continue to apply after the trustee leaves office.

²⁵ *Specimen charity trustee declaration* can be found on the ICSA website. See also, the guidance note on *Charity trustee eligibility*.

²⁶ For instance, where a trustee does not agree with the decision(s) of the board and can no longer support the charity. Conversely, a trustee resigning may request that the reason for his/her resignation is recorded appropriately.

Specimen code of conduct for charity trustees (England & Wales)

Code non-compliance

In addition to this code of conduct, a complaints policy operates to cover allegations made against trustees that appear to breach the spirit of the code or specific conditions of service.

Non-compliance with the code of conduct may result in action being taken as follows:

- Where misconduct takes place, the [*chair*] [*vice-chair*] may be authorised to take such action as may be immediately required, including the exclusion of the person concerned from a meeting.
- Where such misconduct is alleged, it shall be open to the board of trustees to decide, by simple majority of those in attendance, whether to lay a formal charge of misconduct. In such instances it will be the responsibility of the board to:
 - inform the trustee in writing of the nature of the allegation of the breach, detailing the specific action or behaviour considered to be detrimental to the charity, and inviting and considering their response within a defined timescale;
 - inviting the trustee to address the board in person if the matter cannot be resolved satisfactorily through correspondence;
 - deciding, by simple majority of those present and voting, whether to uphold the charge of the breach and conduct detrimental to the charity; and
 - impose such sanctions as shall be deemed appropriate. Sanctions will range from the issuing of a written warning as to the trustee's future conduct and consequences, to the removal of the trustee from office.
- Where the board cannot agree on a course of action in a situation that is deemed detrimental to the charity, the charity has the power to remove the trustee.²⁷

Further information regarding any aspects of this code of conduct can be requested from the charity secretary/governance professional.

²⁷ This will depend on the powers contained within the charity's governing document.



The Governance
Institute

ICSA: The Governance Institute is the professional body for governance. We have members in all sectors and are required by our Royal Charter to lead 'effective governance and efficient administration of commerce, industry and public affairs'. With over 125 years' experience, we work with regulators and policy makers to champion high standards of governance and provide qualifications, training and guidance.

We help charity professionals to achieve the highest standards of governance. We provide a wealth of resources featuring the latest in charity law and regulation. Our dedicated training and qualifications support the professional development of charity secretaries, governance professionals, trustees and senior managers.

Visit icsa.org.uk/charity-resources for more charity governance related information.

Guidance notes are prepared by the ICSA policy team to support the work of company secretaries and other governance professionals working in the corporate, not-for-profit and sports sectors, and in academy and in NHS Trusts.

Guidance notes offer authoritative advice, interpretation and sample materials for the many issues involved in the management and support of boards. As such, they are invaluable for those helping their organisations to build trust through good governance.

There are over 100 guidance notes available to ICSA members at www.icsa.org.uk/guidance

**The Institute of Chartered Secretaries
and Administrators**

Saffron House, 6–10 Kirby Street
London EC1N 8TS

July 2018



Institute of Chartered Secretaries
and Administrators



Governing Documents – Memorandum of Association & Article of Association of Castel Froma Neuro Care

THE COMPANIES ACTS 1985 AND 1989
COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL
MEMORANDUM OF ASSOCIATION OF

CASTEL FROMA

COMPANY REGISTRATION NUMBER -

DATE OF INCORPORATION -

- 1 The Company's name is Castel Froma (and in this document it is called "the Charity").
- 2 The Charity's registered office is to be situated in England and Wales
- 3 The objects of the Charity are to relieve persons with physical disabilities by the provision of care
4. In furtherance of the Objects but not otherwise the Charity may exercise the following powers:-

(a) to acquire lease alter repair rebuild improve and (subject to such consents as may be required by law) to charge or otherwise dispose of property of any kind;



- (b) to draw, make, accept, endorse, discount, execute and issue promissory notes, bills, cheques and other instruments, and to operate bank accounts in the name of the Charity;
- (c) to raise funds and to invite and receive contributions: provided that in raising funds the Charity shall not undertake any substantial permanent trading activities and shall conform to any relevant statutory regulations;
- (d) to borrow money whether on an unsecured or secured basis and if necessary to charge the assets of the Charity for the purpose of such borrowing (but only in accordance with the restrictions imposed by the Charities Act 1993);
- (e) Subject to clause 5 to employ such paid or unpaid agents advisers or staff, as are necessary for the proper pursuit of the Objects and to make all reasonable and necessary provision for the payment of pensions and superannuation to staff and their dependants;

- (f) to establish or support any charitable trusts, associations or institutions formed for all or any of the Objects;
- (g) to co-operate with other charities, voluntary bodies and statutory authorities operating in furtherance of the Objects or similar charitable purposes and to exchange information and advice with them;
- (h) to pay out of the funds of the Charity the costs, charges and expenses of and incidental to the formation and registration of the Charity;
- (i) to invest the money of the charity not immediately required for its purposes in or on such investments, securities or property as may be thought fit, subject nevertheless to such conditions (if any) as may from time to time be imposed or required by law;
- (j) to equip any buildings upon any land held by or belonging to the Charity of any estate or interest with all property and necessary fixtures furniture fittings apparatus appliances conveniences and accommodation necessary for the purposes

of the Charity;

- (k) to award scholarships, bursaries, maintenance allowances or other financial assistance;
- (l) to promote research;
- (m) to provide advice;
- (n) To publish or distribute information;
- (o) to set aside funds for special purposes or as reserves against future expenditure;
- (P) to print and publish any periodicals books leaflets newspapers or publications expedient for furthering the Objects;
- (q) to make any charitable donation either in case or assets for the furtherance of the objects of the Charity and to establish and support any charitable association or body and to subscribe or guarantee money for charitable purposes calculated to further the Objects;
- (r) to employ as a professional investment manager any person who is entitled to carry on investment business under the provisions of the Financial Services Act 1986 (as amended or re-enacted) and to delegate to any such manager ("the Investment Manager") the exercise of all

or any of its powers or investment or such terms and at such reasonable remuneration as the Trustees think fit but subject always to the following conditions:-

- (i) The delegated powers shall be exercisable only within clear policy guidelines drawn up in advance by the Trustees and within the powers of investment conferred hereby;
- (ii) Every transaction carried out by the Investment Manager under delegated powers shall be reported to the designated Trustee within fourteen days;
- (iii) The Investment Manager shall report at regular intervals upon the current state past performance and future prospects of the investments of the Charity; and
- (iv) The Trustees shall be entitled at any time and without notice to review revoke or alter the terms of

the delegation of its powers

(s) To effect and maintain such insurances as the Trustees think fit and in particular (but without limitation):-

(i) To insure and arrange insurance cover for and to indemnify the officers employees and voluntary workers and the Charity's Members from and against all such risks incurred in the course of the performance of their duties as may be thought fit;

(ii) To effect insurance by or on behalf of the Trustees or any of them against their liability in respect of acts which are undertaken by them in the administration of the Charity either properly or in breach or in breach of trust but in the bona fide that they were not in breach of trust but excluding liability for wilful and individual fraud wrong doing or wrongful omission on the part of the Trustee who is sought to be made liable and to bear the cost

of effecting and maintaining such insurance from the funds of the Charity or its income;

(iii) To apply capital or income in insuring any buildings or other property to their full value

- (t) Not without the prior written consent of the Charity Commissioners to amalgamate with any companies institutions societies or associations which are charitable at law and have objects substantially similarly to those of the Charity and prohibit the payment of any dividend or profit to and the distribution of any of its assets amongst its Members at least to the same extent as such payment or distributions are prohibited in the case of Members of the Charity by this Memorandum of Association;
- (u) To do all such other lawful things as will further the objects of the Charity;
- (v) True accounts shall be kept in accordance with the Charities Acts 1992 and 1993 of the sums of money received and expended by the Charity and the matters in respect of which such receipts and expenditure take place and of the

property credits and liabilities of the Charity; and subject to any reasonable restrictions as to the time and manner of inspecting the same that may be imposed in accordance with the regulations of the Charity for the time being shall be open to the inspection of the Members. Once at least in every year the accounts of the Charity shall be examined and the correctness of the balance sheet ascertained by one or more properly qualified Auditor or Auditors.

PROVIDED ALWAYS that in case the Charity shall take or hold any property subject to the jurisdiction of the Charity Commissioners for England and Wales the Charity shall not sell mortgage charge or lease the same without such authority approval or consent as may be required by law and as regards any such property the Trustees shall be chargeable for any such property that may come into their hands and shall be answerable and accountable for their own acts receipts neglects and defaults and for the due administration of such property in the same manner and to the same extent as would such Trustees have been if no incorporation had been effected and the incorporation of the Charity shall not diminish or impair any control or authority exercisable by the

Chancery Division or the Charity Commissioners over such Trustees but they shall as regards any such property be subject jointly and separately to such control or authority as if the Charity were not incorporated. In case the Charity shall take or hold any property which may be subject to any trusts the Charity shall deal only with or invest the same in such manner as allowed by law having regard to such trusts

- 5 The income and property of the Charity shall be applied solely towards the promotion of the Objects and no part shall be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise by way of profit, to members of the Charity, and no trustee shall be appointed to any office of the Charity paid by salary or fees or receive any remuneration or other benefit in money or money's worth from the Charity: Provided that nothing in this document shall prevent any payment in good faith by the Charity:

- (a) of the usual professional charges for business done by any trustee who is a solicitor, accountant or other person engaged in a profession, or by any partner of his or hers, when instructed by the Charity to act in a professional capacity on its behalf: Provided that at no time shall a majority of the trustees benefit under this provision and that a trustee shall withdraw from any meeting at which his or her appointment or remuneration, or that of his or her partner, is under discussion;
- (b) of reasonable and proper remuneration for any services rendered to the Charity by any member, officer or servant of the Charity who is not a trustee;
- (c) of interest on money lent by any member of the Charity or trustee at a reasonable and proper rate per annum not exceeding 2 per cent more than the published base lending rate of a clearing bank to be selected by the trustees;

(d) of fees, remuneration or other benefit in money or money's worth to any company of which a trustee may also be a member holding not more than 1/100th part of the issued capital of that company;

(e) of reasonable and proper rent for premises demised or let by any member of the Company or a trustee;

(f) to any trustee of reasonable out-of-pocket expenses.

6 The liability of the members is limited.

7 Every member of the Charity undertakes to contribute such amount as may be required (not exceeding £1) to the Charity's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the Charity's debts and liabilities contracted before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.

8 If the Charity is wound up or dissolved and after all

its debts and liabilities have been satisfied there remains any property it shall not be paid to or distributed among the members of the Charity, but shall be given or transferred to some other charity or charities having objects similar to the Objects which prohibits the distribution of its or their income and property to an extent at least as great as is imposed on the Charity by Clause 5 above, chosen by the members of the Charity at or before the time of dissolution and if that cannot be done then to some other charitable object approved by the Commission.

We, the persons whose names and addresses are written below, wish to be formed into a company under this memorandum of association.

Signatures, Names and Addresses of Subscribers

Dated:

Witness to the above Signatures:

Name:

Address

Occupation:

Articles of Association of Castel Froma

1. The company's name is Castel Froma
(and in this document it is called the "charity").

2. Interpretation

In the articles:

"address" means a postal address or, for the purposes of electronic communication, a fax number, an e-mail or postal address or a telephone number for receiving text messages in each case registered with the charity;

"the articles" means the charity's articles of association;

"the charity" means the company intended to be regulated by the articles;

"clear days" in relation to the period of a notice means a period excluding:

- the day when the notice is given or deemed to be given; and
- the day for which it is given or on which it is to take effect;

"the Commission" means the Charity Commission for England and Wales;

"Companies Acts" means the Companies Acts (as defined in section 2 of the Companies Act 2006) insofar as they apply to the charity;

"the directors" means the directors of the charity. The directors are charity trustees as defined by section 97 of the Charities Act 1993;

"document" includes, unless otherwise specified, any document sent or supplied in electronic form;

"electronic form" has the meaning given in section 1168 of the Companies Act 2006;

"the memorandum" means the charity's memorandum of association;

"officers" includes the directors and the secretary (if any);

"the seal" means the common seal of the charity if it has one;

"secretary" means any person appointed to perform the duties of the

secretary of the charity;

“the United Kingdom” means Great Britain and Northern Ireland; and words importing one gender shall include all genders, and the singular includes the plural and vice versa.

Unless the context otherwise requires words or expressions contained in the articles have the same meaning as in the Companies Acts but excluding any statutory modification not in force when this constitution becomes binding on the charity.

Apart from the exception mentioned in the previous paragraph a reference to an Act of Parliament includes any statutory modification or re-enactment of it for the time being in force.

3. Liability of members

- 3.1 The liability of the members is limited.
- 3.2 Every member of the charity promises, if the charity is dissolved while he or she or it is a member or within twelve months after he or she or it ceases to be a member, to contribute such sum (not exceeding £10) as may be demanded of him or her or it towards the payment of the debts and liabilities of the charity incurred before he or she or it ceases to be a member, and of the costs charges and expenses of winding up, and the adjustment of the rights of the contributories among themselves.

4. Objects

- 4.1 The charity’s objects (“Objects”) are specifically restricted to the following:

To relieve persons with physical disabilities by the provision of care.

5. Powers

- 5.1 The charity has power to do anything which is calculated to further its Object(s) or is conducive or incidental to doing so. In particular, the charity has power:
 - (1) to raise funds. In doing so, the charity must not undertake any substantial permanent trading activity and must comply with any relevant statutory regulations;
 - (2) to buy, take on lease or in exchange, hire or otherwise acquire any property and to maintain and equip it for use;
 - (3) to sell, lease or otherwise dispose of all or any part of the property belonging to the charity. In exercising this power, the charity must comply as appropriate with sections 36 and 37 of the Charities Act 1993,

as amended by the Charities Act 2006;

(4) to borrow money and to charge the whole or any part of the property belonging to the charity as security for repayment of the money borrowed or as security for a grant or the discharge of an obligation. The charity must comply as appropriate with sections 38 and 39 of the Charities Act 1993, as amended by the Charities Act 2006, if it wishes to mortgage land;

(5) to co-operate with other charities, voluntary bodies and statutory authorities and to exchange information and advice with them;

(6) to establish or support any charitable trusts, associations or institutions formed for any of the charitable purposes included in the Objects;

(7) to acquire, merge with or to enter into any partnership or joint venture arrangement with any other charity;

(8) to set aside income as a reserve against future expenditure but only in accordance with a written policy about reserves;

(9) to employ and remunerate such staff as are necessary for carrying out the work of the charity. The charity may employ or remunerate a director only to the extent it is permitted to do so by article 6 and provided it complies with the conditions in that article;

(10) to:

(a) deposit or invest funds;

(b) employ a professional fund-manager; and

(c) arrange for the investments or other property of the charity to be held in the name of a nominee;

(d) in the same manner and subject to the same conditions as the trustees of a trust are permitted to do by the Trustee Act 2000;

(11) to provide indemnity insurance for the directors in accordance with, and subject to the conditions in, section 73F of the Charities Act 1993;

(12) to pay out of the funds of the charity the costs of forming and registering the charity both as a company and as a charity;

(13) to act as trustee for any charitable trust established for the objects

or any special purposes within the objects of the company.

6. Application of income and property

- 6.1 The income and property of the charity shall be applied solely towards the promotion of the Objects.
- 6.2 (a) A director is entitled to be reimbursed from the property of the charity or may pay out of such property reasonable expenses properly incurred by him or her when acting on behalf of the charity.
- (b) A director may benefit from trustee indemnity insurance cover purchased at the charity's expense in accordance with, and subject to the conditions in, section 73F of the Charities Act 1993.
- (c) A director may receive an indemnity from the charity in the circumstances specified in article 56.
- 6.3 None of the income or property of the charity may be paid or transferred directly or indirectly by way of dividend bonus or otherwise by way of profit to any member of the charity. This does not prevent a member who is not also a director receiving:
- (a) a benefit from the charity in the capacity of a beneficiary of the charity;
- (b) reasonable and proper remuneration for any goods or services supplied to the charity.
- 6.4 Prohibition of directors'/connected persons' benefits.
- No director or connected person may buy goods or services from the charity on terms preferential to those applicable to other members of the public, or sell goods or services to the charity or receive remuneration, or receive any other financial benefit from the charity. In this article a "financial benefit" means a benefit, direct or indirect, which is either money or has a monetary value.
- 6.5 (a) In sub-clauses 6.2 to 6.4 "charity" shall include any company in which the charity:
- holds more than 50% of the shares; or
 - controls more than 50% of the voting rights attached to the shares; or
 - has the right to appoint one or more directors to the board of the company;
- (b) In sub-clause 6.4, sub-clause 45.2 and sub-clause 46.2 "connected person" means:
- (i) a child, parent, grandchild, grandparent, brother or sister of the director;
- (ii) the spouse or civil partner of the director or of any person falling

within paragraph (i) above;

(iii) a person carrying on business in partnership with the director or with any person falling within paragraph (i) or (ii) above;

(iv) an institution which is controlled –

(I) by the director or any connected person falling within paragraph (i), (ii), or (iii) above; or

(II) by two or more persons falling within sub-paragraph (I), when taken together

(v) a body corporate in which –

(I) the director or any connected person falling within paragraphs (i) to (iii) has a substantial interest; or

(II) two or more persons falling within sub-paragraph (I) who, when taken together, have a substantial interest.

(c) Paragraphs 2 to 4 of Schedule 5 to the Charities Act 1993 apply for the purposes of interpreting the terms used in this sub-clause.

7. Members

7.1 The subscribers to the memorandum are the first members of the charity.

7.2 Membership is open to other individuals or organisations who:

- (a) apply to the charity in the form required by the directors; and
- (b) are approved by the directors.

7.3 (a) The directors may only refuse an application for membership if, acting reasonably and properly, they consider it to be in the best interests of the charity to refuse the application.

(b) The directors must inform the applicant in writing of the reasons for the refusal within twenty-one days of the decision.

(c) The directors must consider any written representations the applicant may make about the decision. The directors' decision following any written representations must be notified to the applicant in writing but shall be final.

7.4 Membership is not transferable.

7.5 The directors must keep a register of names and addresses of the members.

8. Classes of membership

8.1 The directors may establish classes of membership with different rights and obligations and shall record the rights and obligations in the register of members.

8.2 The directors may not directly or indirectly alter the rights or obligations attached to a class of membership.

8.3 The rights attached to a class of membership may only be varied if:

(a) three-quarters of the members of that class consent in writing to the variation; or

(b) a special resolution is passed at a separate general meeting of the members of that class agreeing to the variation.

8.4 The provisions in the articles about general meetings shall apply to any meeting relating to the variation of the rights of any class of members.

9. Termination of membership

9.1 Membership is terminated if:

(1) the member dies or, if it is an organisation, ceases to exist;

(2) the member resigns by written notice to the charity unless, after the resignation, there would be less than two members;

(3) any sum due from the member to the charity is not paid in full within six months of it falling due;

(4) the member is removed from membership by a resolution of the directors that it is in the best interests of the charity that his or her or its membership is terminated. A resolution to remove a member from membership may only be passed if:

(a) the member has been given at least twenty-one days' notice in writing of the meeting of the directors at which the resolution will be proposed and the reasons why it is to be proposed;

(b) the member or, at the option of the member, the member's representative (who need not be a member of the charity) has been allowed to make representations to the meeting.

10 and 11 General meetings

10.1 An annual general meeting must be held each year and not more than 15 months may elapse between successive annual general meetings.

11. The directors may call a general meeting at any time.

12 and 13 Notice of general meetings

12.1 The minimum periods of notice required to hold a general meeting of the charity are:

(a) twenty-one clear days for an annual general meeting or a general meeting called for the passing of a special resolution;

(b) fourteen clear days for all other general meetings.

12.2 A general meeting may be called by shorter notice if it is so agreed by a majority in number of members having a right to attend and vote at the meeting, being a majority who together hold not less than 90 percent of the total voting rights.

12.3 The notice must specify the date time and place of the meeting and the general nature of the business to be transacted. The notice must also contain a statement setting out the right of members to appoint a proxy under section 324 of the Companies Act 2006 and article 19.

12.4 The notice must be given to all the members and to the directors and auditors.

13 The proceedings at a meeting shall not be invalidated because a person who was entitled to receive notice of the meeting did not receive it because of an accidental omission by the charity.

14 to 18 Proceedings at general meetings

14.1 No business shall be transacted at any general meeting unless a quorum is present.

14.2 A quorum is Ten members present in person or by proxy and entitled to vote upon the business to be conducted at the meeting.

14.3 The authorised representative of a member organisation shall be counted in the quorum.

15.1 If:

(a) a quorum is not present within half an hour from the time appointed for the meeting; or

(b) during a meeting a quorum ceases to be present;

the meeting shall be adjourned to such time and place as the directors shall determine.

15.2 The directors must reconvene the meeting and must give at least seven clear days' notice of the reconvened meeting stating the date, time and place of the meeting.

15.3 If no quorum is present at the reconvened meeting within fifteen minutes of the time specified for the start of the meeting the members present in person or by proxy at that time shall constitute the quorum for that meeting.

16.1 General meetings shall be chaired by the person who has been appointed to chair meetings of the directors.

16.2 If there is no such person or he or she is not present within fifteen minutes of the time appointed for the meeting a director nominated by the directors shall chair the meeting.

16.3 If there is only one director present and willing to act, he or she shall chair the meeting.

16.4 If no director is present and willing to chair the meeting within fifteen minutes after the time appointed for holding it, the members present in person or by proxy and entitled to vote must choose one of their number to chair the meeting.

17.1 The members present in person or by proxy at a meeting may resolve by ordinary resolution that the meeting shall be adjourned.

17.2 The person who is chairing the meeting must decide the date, time and place at which the meeting is to be reconvened unless those details are specified in the resolution.

17.3 No business shall be conducted at a reconvened meeting unless it could properly have been conducted at the meeting had the adjournment not taken place.

17.4 If a meeting is adjourned by a resolution of the members for more than seven days, at least seven clear days' notice shall be given of the reconvened meeting stating the date, time and place of the meeting.

18.1 Any vote at a meeting shall be decided by a show of hands unless before, or on the declaration of the result of, the show of hands a poll is demanded:

(a) by the person chairing the meeting; or

(b) by at least two members present in person or by proxy and having the right to vote at the meeting; or

(c) by a member or members present in person or by proxy representing

not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting.

18.2 (a) The declaration by the person who is chairing the meeting of the result of a vote shall be conclusive unless a poll is demanded.

(b) The result of the vote must be recorded in the minutes of the charity but the number or proportion of votes cast need not be recorded.

18.3 (a) A demand for a poll may be withdrawn, before the poll is taken, but only with the consent of the person who is chairing the meeting.

(b) If the demand for a poll is withdrawn the demand shall not invalidate the result of a show of hands declared before the demand was made.

18.4 (a) A poll must be taken as the person who is chairing the meeting directs, who may appoint scrutineers (who need not be members) and who may fix a time and place for declaring the results of the poll.

(b) The result of the poll shall be deemed to be the resolution of the meeting at which the poll is demanded.

18.5 (a) A poll demanded on the election of a person to chair a meeting or on a question of adjournment must be taken immediately.

(b) A poll demanded on any other question must be taken either immediately or at such time and place as the person who is chairing the meeting directs.

(c) The poll must be taken within thirty days after it has been demanded.

(d) If the poll is not taken immediately at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.

(e) If a poll is demanded the meeting may continue to deal with any other business that may be conducted at the meeting.

19. Content of proxy notices

19.1 Proxies may only validly be appointed by a notice in writing (a "proxy notice") which –

(a) states the name and address of the member appointing the proxy;

(b) identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed;

(c) is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine; and

(d) is delivered to the charity in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.

19.2 The charity may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

19.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.

19.4 Unless a proxy notice indicates otherwise, it must be treated as –

a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and

(b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

19A. Delivery of proxy notices

19A.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the charity by or on behalf of that person.

19A.2 An appointment under a proxy notice may be revoked by delivering to the charity a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.

19A.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

19A.4 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

20. Written resolutions

20.1 A resolution in writing agreed by a simple majority (or in the case of a special resolution by a majority of not less than 75%) of the members who would have been entitled to vote upon it had it been proposed at a general meeting shall be effective provided that:

(a) a copy of the proposed resolution has been sent to every eligible member;

(b) a simple majority (or in the case of a special resolution a majority of not less than 75%) of members has signified its agreement to the resolution; and

(c) it is contained in an authenticated document which has been received at the registered office within the period of 28 days beginning with the circulation date.

20.2 A resolution in writing may comprise several copies to which one or more members have signified their agreement.

20.3 In the case of a member that is an organisation, its authorised representative may signify its agreement.

21 to 23 Votes of members

21. Subject to article 8, every member, whether an individual or an organisation, shall have one vote.

22. Any objection to the qualification of any voter must be raised at the meeting at which the vote is tendered and the decision of the person who is chairing the meeting shall be final.

23.1 Any organisation that is a member of the charity may nominate any person to act as its representative at any meeting of the charity.

23.2 The organisation must give written notice to the charity of the name of its representative. The representative shall not be entitled to represent the organisation at any meeting unless the notice has been received by the charity. The representative may continue to represent the organisation until written notice to the contrary is received by the charity.

23.3 Any notice given to the charity will be conclusive evidence that the representative is entitled to represent the organisation or that his or her authority has been revoked. The charity shall not be required to consider whether the representative has been properly appointed by the organisation.

24 to 27 Directors

24.1 A director must be a natural person aged 16 years or older.

24.2 No one may be appointed a director if he or she would be disqualified from acting under the provisions of article 36.

25 The number of directors shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

26 The first directors shall be those persons notified to Companies House as the first directors of the charity.

27 A director may not appoint an alternate director or anyone to act on his or her behalf at meetings of the directors.

28. Powers of directors

28.1 The directors shall manage the business of the charity and may exercise all the powers of the charity unless they are subject to any restrictions imposed by the Companies Acts, the articles or any special resolution.

28.2 No alteration of the articles or any special resolution shall have retrospective effect to invalidate any prior act of the directors.

28.3 Any meeting of directors at which a quorum is present at the time the relevant decision is made may exercise all the powers exercisable by the directors.

29 to 30 Retirement of directors

29. At each annual general meeting one third of the directors or, if their number is not three or a multiple of three, the number nearest to one third, must retire from office. If there is only one director he or she must retire.

30.1 The directors to retire by rotation shall be those who have been longest in office since their last appointment. If any directors became or were appointed directors on the same day those to retire shall (unless they agree otherwise themselves) be determined by lot.

30.2 If a director is required to retire at an annual general meeting by a provision of the articles the retirement shall take effect upon the conclusion of the meeting

31 to 35 Appointment of directors

31 The charity may by ordinary resolution:

- (a) appoint a person who is willing to act to be a director; and
- (b) determine the rotation in which any additional directors are to retire.

32 No person other than a director retiring by rotation may be appointed a director at any general meeting unless:

- (a) he or she is recommended for re-election by the directors; or
- (b) not less than fourteen nor more than thirty five clear days before the date of the meeting, the charity is given a notice that:
 - (i) is signed by a member entitled to vote at the meeting;
 - (ii) states the member's intention to propose the appointment of a person as a director;
 - (iii) contains the details that, if the person were to be appointed, the charity would have to file at Companies House; and

- (iv) is signed by the person who is to be proposed to show his or her willingness to be appointed.

33 All members who are entitled to receive notice of a general meeting must be given not less than seven nor more than twenty eight clear days notice of any resolution to be put to the meeting to appoint a director other than a director who is to retire by rotation.

34.1 The directors may appoint a person who is willing to act to be a director.

34.2 A director appointed by resolution of the other directors must retire at the next annual general meeting and must not be taken into account in determining the directors who are to retire by rotation.

35 The appointment of a director, whether by the charity in general meeting or by the directors, must not cause the number of directors to exceed any number fixed as the maximum number of directors.

36 Disqualification and removal of directors

36 A director shall cease to hold office if he or she:

(a) ceases to be a director by virtue of any provision in the Companies Acts or is prohibited by law from being a director;

(b) is disqualified from acting as a trustee by virtue of section 72 of the Charities Act 1993 (or any statutory re-enactment or modification of that provision);

(c) ceases to be a member of the charity;

(d) becomes incapable by reason of mental disorder, illness or injury of managing and administering his or her own affairs;

(e) resigns as a director by notice to the charity (but only if at least two directors will remain in office when the notice of resignation is to take effect); or

(f) is absent without the permission of the directors from all their meetings held within a period of six consecutive months and the directors resolve that his or her office be vacated.

37. Remuneration of directors

36.1 The directors must not be paid any remuneration unless it is authorised by article 6.

38 to 42 Proceedings of directors

38.1 The directors may regulate their proceedings as they think fit, subject to the provisions of the articles.

38.2 Any director may call a meeting of the directors.

38.3 The secretary must call a meeting of the directors if requested to do so by a director.

38.4 Questions arising at a meeting shall be decided by a majority of votes.

38.5 In the case of an equality of votes, the person who is chairing the meeting shall have a second or casting vote.

38.6 A meeting may be held by suitable electronic means agreed by the directors in which each participant may communicate with all the other participants.

39.1 No decision may be made by a meeting of the directors unless a quorum is present at the time the decision is purported to be made. 'Present' includes being present by suitable electronic means agreed by the directors in which a participant or participants may communicate with all the other participants.

39.2 The quorum shall be two or the number nearest to one-third of the total number of directors, whichever is the greater, or such larger number as may be decided from time to time by the directors.

39.3 A director shall not be counted in the quorum present when any decision is made about a matter upon which that director is not entitled to vote.

40. If the number of directors is less than the number fixed as the quorum, the continuing directors or director may act only for the purpose of filling vacancies or of calling a general meeting.

41.1 The directors shall appoint a director to chair their meetings and may at any time revoke such appointment.

41.2 If no-one has been appointed to chair meetings of the directors or if the person appointed is unwilling to preside or is not present within ten minutes after the time appointed for the meeting, the directors present may appoint one of their number to chair that meeting.

41.3 The person appointed to chair meetings of the directors shall have no functions or powers except those conferred by the articles or delegated to him or her by the directors.

42.1 A resolution in writing or in electronic form agreed by a simple majority of all the directors entitled to receive notice of a meeting of directors or of a committee of directors and to vote upon the resolution shall be as valid and effectual as if it had been passed at a meeting of the directors or (as the case may be) a committee of directors duly convened and held provided that:

(a) a copy of the resolution is sent or submitted to all the directors eligible to vote; and

(b) a simple majority of directors has signified its agreement to the resolution in an authenticated document or documents which are received at the registered office within the period of 28 days beginning with the circulation date.

42.2 The resolution in writing may comprise several documents containing the text of the resolution in like form to each of which one or more directors has signified their agreement.

43. Delegation

43.1 The directors may delegate any of their powers or functions to a committee of two or more directors but the terms of any delegation must be recorded in the minute book.

43.2 The directors may impose conditions when delegating, including the conditions that:

(a) the relevant powers are to be exercised exclusively by the committee to whom they delegate;

(b) no expenditure may be incurred on behalf of the charity except in accordance with a budget previously agreed with the directors.

43.3 The directors may revoke or alter a delegation.

43.4 All acts and proceedings of any committees must be fully and promptly reported to the directors.

44. Declaration of directors' interests

44.1 A director must declare the nature and extent of any interest, direct or indirect, which he or she has in a proposed transaction or arrangement with the charity or in any transaction or arrangement entered into by the charity which has not previously been declared. A director must absent himself or herself from any discussions of the directors in which it is possible that a conflict will arise between his or her duty to act solely in the interests of the charity and any personal interest (including but not limited to any personal financial interest).

45. Conflicts of Interest

45.1 If a conflict of interests arises for a director because of a duty of loyalty owed to another organisation or person and the conflict is not authorised by virtue of any other provision in the articles, the unconflicted directors may authorise such a conflict of interests where the following conditions apply:

(a) the conflicted director is absent from the part of the meeting at which there is discussion of any arrangement or transaction affecting that other

organisation or person;

(b) the conflicted director does not vote on any such matter and is not to be counted when considering whether a quorum of directors is present at the meeting; and

(c) the unconflicted directors consider it is in the interests of the charity to authorise the conflict of interests in the circumstances applying.

45.2 In this article a conflict of interests arising because of a duty of loyalty owed to another organisation or person only refers to such a conflict which does not involve a direct or indirect benefit of any nature to a director or to a connected person.

46. Validity of directors' decisions

46.1 Subject to article 45.2, all acts done by a meeting of directors, or of a committee of directors, shall be valid notwithstanding the participation in any vote of a director:

(a) who was disqualified from holding office;

(b) who had previously retired or who had been obliged by the constitution to vacate office;

(c) who was not entitled to vote on the matter, whether by reason of a conflict of interests or otherwise;

if without:

(d) the vote of that director; and

(e) that director being counted in the quorum;

the decision has been made by a majority of the directors at a quorate meeting.

46.2 Article 45.1 does not permit a director or a connected person to keep any benefit that may be conferred upon him or her by a resolution of the directors or of a committee of directors if, but for article 45.1, the resolution would have been void, or if the director has not complied with article 43.1.

47. Seal

46.1 If the charity has a seal it must only be used by the authority of the directors or of a committee of directors authorised by the directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary (if any) or by a second director.

48. Minutes

48.1 The directors must keep minutes of all:

- (1) appointments of officers made by the directors;
- (2) proceedings at meetings of the charity;
- (3) meetings of the directors and committees of directors including:
 - (a) the names of the directors present at the meeting;
 - (b) the decisions made at the meetings; and
 - (c) where appropriate the reasons for the decisions.

49. Accounts

49.1 The directors must prepare for each financial year accounts as required by the Companies Acts. The accounts must be prepared to show a true and fair view and follow accounting standards issued or adopted by the Accounting Standards Board or its successors and adhere to the recommendations of applicable Statements of Recommended Practice.

49.2 The directors must keep accounting records as required by the Companies Acts.

50. Annual Report and Return and Register of Charities

50.1 The directors must comply with the requirements of the Charities Act 1993 with regard to the:

- (a) transmission of the statements of account to the charity;
- (b) preparation of an Annual Report and its transmission to the Commission;
- (c) preparation of an Annual Return and its transmission to the Commission

50.2 The directors must notify the Commission promptly of any changes to the charity's entry on the Central Register of Charities.

51 to 55 Means of communication to be used

51.1 Subject to the articles, anything sent or supplied by or to the charity under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the charity.

51.2 Subject to the articles, any notice or document to be sent or supplied to a

director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.

52.1 Any notice to be given to or by any person pursuant to the articles:

- (1) must be in writing; or
- (2) must be given in electronic form.

53.1 The charity may give any notice to a member either:

- (a) personally; or
- (b) by sending it by post in a prepaid envelope addressed to the member at his or her address; or
- (c) by leaving it at the address of the member; or
- (d) by giving it in electronic form to the member's address.

53.2 A member who does not register an address with the charity or who registers only a postal address that is not within the United Kingdom shall not be entitled to receive any notice from the charity.

54.1 A member present in person at any meeting of the charity shall be deemed to have received notice of the meeting and of the purposes for which it was called.

55.1 Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given.

55.2 Proof that an electronic form of notice was given shall be conclusive where the company can demonstrate that it was properly addressed and sent, in accordance with section 1147 of the Companies Act 2006.

55.3 In accordance with section 1147 of the Companies Act 2006 notice shall be deemed to be given:

- (a) 48 hours after the envelope containing it was posted; or
- (b) in the case of an electronic form of communication, 48 hours after it was sent.

56. Indemnity

56.1 The charity shall indemnify any director against any liability incurred by him or her in that capacity, to the extent permitted by sections 232 to 234 of the Companies Act 2006.

57. Rules

57.1 The directors may from time to time make such reasonable and proper rules or bye laws as they may deem necessary or expedient for the proper conduct and management of the charity.

57.2 The bye laws may regulate the following matters but are not restricted to them:

(a) the admission of members of the charity (including the admission of organisations to membership) and the rights and privileges of such members, and the entrance fees, subscriptions and other fees or payments to be made by members;

(b) the conduct of members of the charity in relation to one another, and to the charity's employees and volunteers;

(c) the setting aside of the whole or any part or parts of the charity's premises at any particular time or times or for any particular purpose or purposes;

(d) the procedure at general meetings and meetings of the directors in so far as such procedure is not regulated by the Companies Acts or by the articles;

(e) generally, all such matters as are commonly the subject matter of company rules.

57.3 The charity in general meeting has the power to alter, add to or repeal the rules or bye laws.

57.4 The directors must adopt such means as they think sufficient to bring the rules and bye laws to the notice of members of the charity.

57.5 The rules or bye laws shall be binding on all members of the charity. No rule or bye law shall be inconsistent with, or shall affect or repeal anything contained in, the articles.

58. Dissolution

58.1 The members of the charity may at any time before, and in expectation of, its dissolution resolve that any net assets of the charity after all its debts and liabilities have been paid, or provision has been made for them, shall on or before the dissolution of the charity be applied or transferred in any of the following ways:

(a) directly for the Objects; or

(b) by transfer to any charity or charities for purposes similar to the Objects; or

(c) to any charity or charities for use for particular purposes that fall

within the Objects.

58.2 Subject to any such resolution of the members of the charity, the directors of the charity may at any time before and in expectation of its dissolution resolve that any net assets of the charity after all its debts and liabilities have been paid, or provision made for them, shall on or before dissolution of the charity be applied or transferred:

(a) directly for the Objects; or

(b) by transfer to any charity or charities for purposes similar to the Objects; or

(c) to any charity or charities for use for particular purposes that fall within the Objects.

58.3 In no circumstances shall the net assets of the charity be paid to or distributed among the members of the charity (except to a member that is itself a charity) and if no resolution in accordance with article 58(1) is passed by the members or the directors the net assets of the charity shall be applied for charitable purposes as directed by the Court or the Commission.

25 November 2010 (as approved April 2011)



Charity Commission: The Essential Trustee; what you need to know



CHARITY COMMISSION
FOR ENGLAND AND WALES

GUIDANCE

The essential trustee: what you need to know, what you need to do



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1. About this guidance

This guidance explains the key duties of all trustees of charities in England and Wales, and what trustees need to do to carry out these duties competently.

Trustees have independent control over, and legal responsibility for, a charity's management and administration. They play a very important role, almost always unpaid, in a sector that contributes significantly to the character and wellbeing of the country.

Trusteeship can be rewarding for many reasons - from a sense of making a difference to the charitable cause, to new experiences and relationships. It's also likely to be demanding of your time, skills, knowledge and abilities. Being aware of the duties and responsibilities covered in this guidance will help you carry out your role in a way that not only serves your charity well but also gives you confidence that you will be complying with key requirements of the law.

You should read this guidance if you are a trustee of any charity based in England or Wales, including:

- a registered charity
- a charity that is not required by law to register
- a charity that is required to register, but has not yet done so

You should also read this guidance if you are thinking about setting up a charity or becoming a trustee in England or Wales.

The charity regulators in **Scotland** and **Northern Ireland** have their own guidance for trustees.

If you are involved in running a charity but don't know whether you are a trustee, check the charity's governing document. (This is the document that sets out the charity's rules; it may be a constitution, trust deed, articles of association or similar document.) It will tell you which body has ultimate authority and responsibility for directing and governing the charity. All properly appointed members of that body are charity trustees in law, whatever they are called (trustees, directors, committee members, governors or something else).

If you are a member of that body, you are automatically a charity trustee. You share, with all members of that body, equal responsibility for the charity.

The Charity Commission expects trustees to take their responsibilities seriously. Using this guidance and ensuring you give sufficient time and attention to your charity's business will help. The Commission recognises that most trustees are volunteers who sometimes make honest mistakes. Trustees are not expected to be perfect - they are expected to do their best to comply with their duties. Charity law generally protects trustees who have acted honestly and reasonably.

1.1 Must and should - what they mean

In this guidance:

- 'must' means something is a legal or regulatory requirement or duty that trustees must comply with
- 'should' means something is good practice that the Commission expects trustees to follow and apply to their charity

Following the good practice specified in this guidance will help you to run your charity effectively, avoid difficulties and comply with your legal duties. Charities vary in terms of their size and activities. Consider and decide how best to apply this good practice to your charity's circumstances. The Commission expects you to be able to explain and justify your approach, particularly if you decide not to follow good practice in this guidance.

In some cases you will be unable to comply with your legal duties if you don't follow the good practice. For example:

Your legal duty	It's vital that you
Act in your charity's best interests	Deal with conflicts of interest
Manage your charity's resources responsibly	Implement appropriate financial controls Manage risks
Act with reasonable care and skill	Take appropriate advice when you need to, for example when buying or selling land, or investing (in some cases this is a legal requirement)

Trustees who act in breach of their legal duties can be held responsible for consequences that flow from such a breach and for any loss the charity incurs as a result. When the Commission looks into cases of potential breach of trust or duty or other misconduct or mismanagement, it may take account of evidence that trustees have exposed the charity, its assets or its beneficiaries to harm or undue risk by not following good practice.

1.2 How to use this guidance

You may want to read all of this guidance to get a better understanding of trustees' duties overall, or you may want to find out more about a specific topic. As a minimum the Commission recommends that you read the summary of trustees' duties in section 2:

- section 2 of this guidance gives a summary of trustees' duties
- section 3 explains whether you can legally be a trustee
- sections 4 to 9 explain the 6 key duties of trustees in more detail
- section 10 explains when trustees can be liable and how to reduce the risk
- sections 11 and 12 provide more detail about charity structures, and the roles of charity officers
- section 13 contains definitions of technical terms used in this guidance

2. Trustees' duties at a glance

This is a summary of trustees' main legal responsibilities, which are explained in detail in the rest of this guidance. You should read this section as a minimum, and ensure you fully understand your responsibilities by referring to the rest of the guidance as necessary.

Before you start - make sure you are eligible to be a charity trustee

You must be at least 16 years old to be a trustee of a charity that is a company or a charitable incorporated organisation (CIO), or at least 18 to be a trustee of any other charity.

You must be properly appointed following the procedures and any restrictions in the charity's governing document.

You must not act as a trustee if you are disqualified, unless authorised to do so by a waiver from the Commission. The reasons for disqualification are shown in the disqualifying reasons table and include:

- being bankrupt (undischarged) or having an individual voluntary arrangement (IVA)
- having an unspent conviction for certain offences (including any that involve dishonesty or deception)
- being on the sex offenders' register

You can read the [automatic disqualification guidance for charities](#) which explains the disqualification rules in more detail.

There are further restrictions for charities that work with children or adults at risk. See section 3 for more information.

Ensure your charity is carrying out its purposes for the public benefit

You and your co-trustees must make sure that the charity is carrying out the purposes for which it is set up, and no other purpose. This means you should:

- ensure you understand the charity's purposes as set out in its governing document
- plan what your charity will do, and what you want it to achieve
- be able to explain how all of the charity's activities are intended to further or support its purposes
- understand how the charity benefits the public by carrying out its purposes

Spending charity funds on the wrong purposes is a very serious matter; in some cases trustees may have to reimburse the charity personally.

See section 4 for more information.

Comply with your charity's governing document and the law

You and your co-trustees must:

- make sure that the charity complies with its governing document
- comply with charity law requirements and other laws that apply to your charity

You should take reasonable steps to find out about legal requirements, for example by reading relevant guidance or taking appropriate advice when you need to.

See section 5 for more information.

Act in your charity's best interests

You must:

- do what you and your co-trustees (and no one else) decide will best enable the charity to carry out its purposes
- with your co-trustees, make balanced and adequately informed decisions, thinking about the long term as well as the short term
- avoid putting yourself in a position where your duty to your charity conflicts with your personal interests or loyalty to any other person or body
- not receive any benefit from the charity unless it is properly authorised and is clearly in the charity's interests; this also includes anyone who is financially connected to you, such as a partner, dependent child or business partner

See section 6 for more information.

Manage your charity's resources responsibly

You must act responsibly, reasonably and honestly. This is sometimes called the duty of prudence. Prudence is about exercising sound judgement. You and your co-trustees must:

- make sure the charity's assets are only used to support or carry out its purposes
- avoid exposing the charity's assets, beneficiaries or reputation to undue risk
- not over-commit the charity
- take special care when investing or borrowing
- comply with any restrictions on spending funds or selling land

You and your co-trustees should put appropriate procedures and safeguards in place and take reasonable steps to ensure that these are followed. Otherwise you risk making the charity vulnerable to fraud or theft, or other kinds of abuse, and being in breach of your duty.

See section 7 for more information.

Act with reasonable care and skill

As someone responsible for governing a charity, you:

- must use reasonable care and skill, making use of your skills and experience and taking appropriate advice when necessary
- should give enough time, thought and energy to your role, for example by preparing for, attending and actively participating in all trustees' meetings

See section 8 for more information.

Ensure your charity is accountable

You and your co-trustees must comply with statutory accounting and reporting requirements. You should also:

- be able to demonstrate that your charity is complying with the law, well run and effective
- ensure appropriate accountability to members, if your charity has a membership separate from the trustees
- ensure accountability within the charity, particularly where you delegate responsibility for particular tasks or decisions to staff or volunteers

See section 9 for more information.

3. Who can be a trustee and how trustees are appointed

You must make sure you are allowed to be a trustee:

- there are some restrictions on who can be a trustee – there are minimum age limits and some factors that automatically disqualify people from being trustees
- you must be properly appointed, and should know how long your appointment lasts
- if you are not properly appointed, the trustees' decisions or actions may be invalid, potentially creating disputes or putting charity assets at risk
- if you are a trustee of a charity that provides 'regulated activities' for children or adults, be prepared for your charity to request a DBS check on you

3.1 Who can be a trustee

3.1.1 Minimum age

You must be at least 16 years old to be a trustee of a charitable company or a charitable incorporated organisation (CIO), unless the charity's governing document says you must be older. You must be at least 18 to be a trustee of any other type of charity.

3.1.2 Disqualification

You must not act as a trustee if you are disqualified under the Charities Act, unless your disqualification has been waived by the Commission. Reasons for disqualification include if you:

- are disqualified as a company director
- have an unspent conviction for an offence involving dishonesty or deception (such as fraud)
- are an undischarged bankrupt (or subject to sequestration in Scotland), or have a current composition or arrangement including an individual voluntary arrangement (IVA) with your creditors
- have been removed as a trustee of any charity by the Commission (or the court) because of misconduct or mismanagement
- are on the sex offenders' register

You can read the [automatic disqualification guidance for charities](#) which explains the disqualification rules in more detail.

If any of the current or new disqualification reasons apply to you, you may be able to get your disqualification lifted (or 'waived') by the Commission. The Commission will carefully consider whether granting a waiver is appropriate, although there are some situations where it has no power to grant a waiver – for example, where a trustee is disqualified as a company director.

Read more about [trustee disqualification](#).

3.1.3 Fit and proper persons

Charities that want to claim UK tax reliefs and exemptions (eg Gift Aid) must meet the management condition in the Finance Act 2010. This requires all of the charity's managers (including trustees) to be 'fit and proper persons'.

Find out more - see the [HM Revenue and Customs guidance](#).

3.1.4 Disclosure and Barring Service (DBS) checks

There are legal restrictions under safeguarding legislation on who can be involved in working with children

and adults at risk. In addition, the DBS undertakes criminal records checks of individuals, which charities can use to ensure that they are eligible and suitable for the trustee role. The type of check that can be made depends on the nature of the charity's activities and the role that the trustee plays. For example, if you are a trustee of a charity that provides 'regulated activity' for children or adults, you should expect your charity to request an enhanced DBS check on you: where it is satisfied that the role is eligible, this will include a check against the relevant barred list.

Find out more about **safeguarding and DBS checks**.

3.2 How trustee appointments begin and end

You must follow any rules in your governing document about:

- who appoints new trustees
- when, and how, new trustees are appointed
- who can be a trustee - the governing document may impose conditions
- how long appointments last and whether a trustee can be re-appointed
- how trustees can **resign or be removed**

If your governing document has no specific provisions for these things, your charity must comply with the relevant legal provisions:

- companies must comply with company law provisions for appointing and removing directors
- unincorporated charities must comply with Trustee Act 1925 provisions

CIOs must include provisions in their constitutions for appointment and removal of trustees.

The Commission can use its powers to appoint or remove trustees if the charity's trustees (or members, if applicable) are unable to do so.

Read more about **legal powers to remove and appoint trustees**.

3.3 What to consider when recruiting trustees

When charities recruit new trustees, they should think about:

- the skills and experience the current trustees have, and whether there are any gaps
- ensuring new trustees are eligible to act
- ensuring new trustees don't have **serious conflicts of interest**, or getting Commission consent and putting procedures in place to manage the conflicts
- how to help new trustees to understand their responsibilities and the charity's work

It's also important for trustees to be interested in the charity's work and be willing to give their time to help run it.

Members or beneficiaries on your board

Many charities' governing documents allow or require:

- some or all of the trustees to be elected by the members (this is usual practice for charities with voting members other than the trustees)
- the trustee body to include beneficiaries
- other groups or organisations, such as local authorities, to appoint trustees

It's important to listen to the views and perspectives of members, beneficiaries and other bodies with an interest in your charity. Having people as trustees is one way of obtaining these views. But all trustees, regardless of how they are appointed, must act solely in the interests of the charity; it's not their role to act on behalf of any particular group. They must also manage conflicts of interest, including conflicts of loyalty to their appointing body.

Find out more:

Trustee board: people and skills - how to appoint the right people with the right skills

Finding new trustees: what charities need to know

Charity trustee: declaration of eligibility and responsibility

Avoid mistakes - make sure trustee appointments are valid

Be careful to follow the rules in your charity's governing document and the law when appointing trustees. If trustee appointments breach these rules they are not valid. The validity of actions and decisions they were involved in could be called into question. But even if a trustee isn't validly appointed, they can still be held liable for their actions and decisions.

Improper trustee appointments can often lead to disputes. In the worst cases this can harm the charity's reputation, alienate supporters, put charity assets at risk (including by loss of funding) or ultimately leave the charity unable to function.

4. Ensure your charity is carrying out its purposes for the public benefit

You and your co-trustees must make sure that everything your charity does helps (or is intended to help) to achieve the purposes for which it is set up, and no other purpose. This means you should:

- ensure you understand the charity's purposes as set out in its governing document
- plan what your charity will do, and what you want it to achieve
- be able to explain how all of the charity's activities are intended to further or support its purposes
- understand how the charity benefits the public by carrying out its purposes

Spending charity funds on the wrong purposes is a very serious matter; in some cases trustees may have to reimburse the charity personally.

4.1 Understanding the charity's objects and powers

You should read the objects clause in your charity's governing document and ensure you understand:

- what the charity is set up to achieve (its purposes)
- who the charity is there to benefit (its beneficiaries)
- how they will benefit (what the charity will do for or with them)
- any order of priority to the services and benefits the charity provides
- any restrictions on what the charity can do or who it can help (geographical or other boundaries; or specific criteria that beneficiaries must meet)

The objects might be quite broad and general, or they might be quite narrow, specifying what services or activities the charity can provide in order to achieve its purposes.

You can find out more about governing documents in section 5 of this guidance.

The charity may have specific powers in its governing document. Charities also have powers from the Charities Act and other laws. You must only use these powers in ways that further your charity's purposes.

Find out more about **charitable purposes**.

Some charities produce 'mission statements' or other summaries of their aims and activities. When checking the scope of your charity's objects or powers, be careful not to rely on such statements instead of the charitable purposes set out in the governing document, as the wording may be less precise. If you need to check whether your charity can lawfully undertake a particular activity, you should check against the objects clause rather than any other statement of the charity's mission or aims. Otherwise you could end up carrying out activities in breach of the charity's governing document.

4.2 Public benefit

All charities must be for the public benefit. Trustees must have regard to the Commission's **public benefit guidance PB1, PB2 and PB3** when making decisions they are relevant to. This would include reviewing the charity's activities or considering new ones.

Public benefit is essential to:

- charitable status - to be a charity an organisation must have only charitable purposes for the public benefit
- a charity's operation - its activities must all be focussed on carrying out the charity's purposes for the public benefit
- a charity's accountability - trustees must be able to explain how their charity's activities are or have been for the public benefit

This means that you should understand, and be able to explain:

- what the charity is set up to achieve - its purpose
- why the charity's purpose is beneficial - this is the 'benefit aspect' of public benefit
- how the charity's purpose benefits the public or a sufficient section of the public - this is the 'public aspect' of public benefit
- how the charity will carry out (or 'further') its purpose for the public benefit

4.3 Planning and reviewing your charity's work

You and your co-trustees are responsible for deciding and planning how your charity will carry out its purposes.

All charity trustees should, therefore, decide together what activities the charity will undertake, and think about the resources it will need. Trustees of larger charities should take responsibility for setting the charity's strategic aims and direction, and agreeing appropriate future plans.

Involving the charity's staff, volunteers and others with an interest in the charity in the planning process can be helpful.

As part of your planning process, you should work out what funds and other resources the charity will need and where it will get them. See section 7 of this guidance for more detail.

You and your co-trustees should periodically review what the charity is achieving, and how effective the charity's activities are. Thinking about the difference your charity makes may help you to explain more clearly how it benefits the public. It may also help you to decide whether it could be more effective in carrying out its purpose by changing what it does.

Find out more:

Inspiring Impact

Charity governance, finance and resilience: 15 questions you should ask

You and your co-trustees should also review the charity's objects from time to time and make sure that they are still appropriate, relevant and up to date. Circumstances change over time and this could affect whether:

- the charity's beneficiary group still exists, and is still a '**sufficient section**' of the public
- the geographical 'area of benefit' in which the charity can operate is still relevant
- the need that the charity was set up to meet still exists, and meeting it is still for the public benefit
- there may be better ways of meeting the need for which the charity was set up

If your charity's objects are no longer effective, you must consider how these could be changed or take other action to enable the charity's resources to be applied for its purposes.

In the past many charities helped people by providing goods including food, clothing or fuel. Many charities have decided that they can meet current needs more effectively with cash payments or vouchers, and have updated their objects. Some charities still work effectively by providing goods (such as food or medical equipment).

Charities are often set up for a particular locality. Changes over time may mean that there are no longer enough people who need the charity's services in that place. In these circumstances, charities can expand their area of benefit to include neighbouring areas.

Two charities providing similar (or complementary) services in the same area may decide to collaborate or merge for greater efficiency.

4.4 Updating your charity's objects

Charities can modify or add to their objects if necessary, using powers in the governing document, company law or the Charities Act. They can't usually change their objects completely; the governing document and charity law do not usually allow it. If your charity is planning to update its objects, you and your co-trustees should consider what the charity was originally set up to do, and how circumstances have changed. Most charities must obtain permission from the Commission before changing their objects.

You should also review the other provisions in your charity's governing document and update them if they no longer meet the charity's needs - see section 5 of this guidance.

Governing documents are legal documents. You must follow the correct procedures to amend them, and it's important to word any changes correctly. You should consider taking appropriate advice about any changes. Use one of the **Commission's model governing documents** or an **approved governing document**, to ensure that your governing document has all the provisions and powers you need.

Find out more:

How to make changes to your charity's governing document

How to write charitable purposes

5. Comply with your charity's governing document and the law

You and your co-trustees must:

- make sure that the charity complies with its governing document
- comply with charity law requirements and other laws that apply to your charity

You should take reasonable steps to find out about legal requirements, for example by reading relevant guidance or taking appropriate advice when you need to.

5.1 Your charity's governing document

You and your co-trustees must make sure that the charity complies with the governing document, which usually contains key information about:

- what the charity exists to do (its purposes, as explained in its objects clause)
- what powers it has to further its objects
- who the trustees are, how many trustees there should be and how they are appointed and removed
- whether the charity has members and, if so, who can be a member
- rules about trustees' (and members') meetings; how they are arranged and conducted; how decisions must be made and recorded, and so on
- how to change the governing document
- how to close the charity down

There may also be rules limiting how powers can be used, who can vote at meetings, or which rules can be changed.

Every trustee should have an up to date copy of their charity's governing document and regularly refer to it. If you don't have a copy, or don't know what it is, ask your fellow trustees. If they don't have a copy, the Commission can usually provide one (if your charity is a registered charity).

The governing document is essential to your charity. You and your co-trustees may need to review it from time to time to ensure that it continues to meet the charity's needs. Governing documents are legal documents. You must follow the correct procedures to amend them, and it's important to word any changes correctly. You should consider taking appropriate advice about any changes. Use one of the **Commission's model governing documents** or an **approved governing document**, to ensure that your governing document has all the provisions and powers you need.

Read more about **governing documents**.

5.2 Charity law - registration, accounting, reporting and other requirements

Charities set up in England or Wales must register with the Commission unless they are:

- exempt charities
- excepted from registering
- very small (below the annual income threshold for compulsory registration, currently £5,000) and not a CIO (all CIOs must register)

Find out **whether your charity needs to register or is exempt or excepted**.

Charities that operate in Scotland or Northern Ireland may also have to register there.

All charities must keep proper financial records and prepare annual accounts. Trustees must arrange for accounting books and records (including cash books, invoices and receipts) to be kept for a specified period.

Read more: **Retention of Accounting Records**.

All registered charities:

- must inform the Commission of any changes to the information on the register of charities, including trustee details and changes to the governing document
- must send an annual return (or annual update) and other information to the Commission
- must comply with any additional accounting and reporting requirements such as filing annual accounts and reports with the Commission, depending on the size of the charity
- should report to the Commission any serious incident in their charity, as soon as possible after it occurs (see section 8.3 for more details)

Exempt charities may have to send accounting information to their principal regulator.

Find out more about **accounting and reporting requirements for charities**.

Charities whose income is over £250,000, and all charitable companies, must prepare their accounts and trustees' annual report in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (Charities SORP).

Find out more about the **Charities SORP**.

A registered charity with an income over £10,000 in its last financial year must state that it's a registered charity on any fundraising documents and on many of its financial documents, including cheques, invoices and receipts. This includes electronic documents such as emails and websites. You don't have to state the charity's registration number, but it's good practice to do so.

5.3 Other laws and regulations

Charities and their trustees may be subject to a range of other laws and regulations depending on what the charity does, where it works and how it is set up. Some laws apply to all charities, such as equality, data protection and copyright law. It is important to be aware of the laws that apply to your charity, for example if it:

- is a company, CIO or community benefit society
- employs staff
- owns or rents premises
- operates vehicles
- provides:
 - legal, financial or other regulated advice
 - housing or accommodation
 - medical or care services
 - works with children or adults at risk
- undertakes activities that are subject to regulations, such as fundraising
- wants to benefit from Gift Aid or other tax reliefs
- works in Scotland, Northern Ireland or outside the UK

The Commission doesn't expect every trustee to be a legal expert. You and your co-trustees should take reasonable steps to find out about legal and regulatory requirements and keep up to date, for example by getting mailings from the Commission and other sources, reading relevant guidance and attending appropriate training. The charity should also have systems and procedures to ensure that it complies with legal requirements.

Where there is concern about a specific issue, the trustees may wish to consider taking independent advice from a suitably qualified person.

Find a solicitor - Law Society

Legal advice for small charities - LawWorks

Avoid mistakes - know your governing document

If the trustees don't comply with the governing document, the charity might undertake activities outside its objects. It might fail to follow the correct procedures, or take actions it has no power to take. Actions and decisions could be invalid and have to be reversed as a result.

If you don't follow rules about who can be a member or a trustee, or how to arrange and run meetings, it often leads to disputes, which can prevent the charity from operating effectively.

6. Act in your charity's best interests

You must:

- do what you and your co-trustees (and no one else) decide will best enable the charity to carry out its purposes
- with your co-trustees, make balanced and adequately informed decisions, thinking about the long term as well as the short term
- avoid putting yourself in a position where your duty to your charity conflicts with your personal interests or loyalty to any other person or body
- not receive any benefit from the charity unless it is properly authorised and is clearly in the charity's interests; this also includes anyone who is financially connected to you, such as a partner, dependent child or business partner

6.1 Understanding the charity's interests

Acting in the charity's best interests means always doing what the trustees decide will best enable the charity to carry out its purposes, both now and for the future. It's not about serving:

- the interests of trustees or staff
- the personal interests of members or beneficiaries
- the personal interests of supporters, funders or donors
- the charity as an institution in itself, or preserving it for its own sake

Sometimes trustees need to consider **collaborating or merging with another charity**, or even spending all of the charity's resources and **bringing it to a close**.

6.2 Making decisions

You and your co-trustees are ultimately responsible for deciding what activities the charity will undertake, what resources it will need, how it will obtain and use them. Collective decision making is one of the most important parts of the trustee role. Some decisions are simple and straightforward; others can be complex or far reaching in their consequences. When you and your co-trustees make decisions about your charity, you must:

- act within your powers
- act in good faith, and only in the interests of your charity
- make sure you are sufficiently informed, taking any advice you need
- take account of all relevant factors you are aware of
- ignore any irrelevant factors
- deal with conflicts of interest and loyalty
- make decisions that are within the range of decisions that a reasonable trustee body could make in the circumstances

You should record how you made more significant decisions in case you need to review or explain them in the future.

Read more about **decision making**.

Avoid mistakes - be prepared to challenge assumptions

Trustees must make decisions solely in the charity's interests, so they shouldn't allow their judgement to be swayed by personal prejudices or dominant personalities.

Trustees must act collectively (jointly). Part of their role is to critically and objectively review proposals and challenge assumptions in making decisions. No one should be able to direct the trustees or drive decisions through without sufficient consideration. Trustees who simply defer to the opinions and decisions of others aren't fulfilling their duties.

Decisions don't usually have to be unanimous (depending on your governing document), but once the trustees have made a decision, they must all comply with it, including any who disagree. If you strongly disagree with your fellow trustees' decision, you can ask for your disagreement to be recorded in the minutes of the meeting. If you think that your fellow trustees are acting in breach of their duty, you should discuss the matter with the chair or your fellow trustees. If you are still concerned, contact the Commission. Ultimately, you may feel that you have to resign in order to distance yourself from the decision.

The Commission can only advise or intervene in relation to trustees' legal duties; it can't arbitrate in disputes between trustees.

6.3 Dealing with conflicts of interest and conflicts of loyalty

You can only comply with your duty to act in the charity's best interests if you prevent your personal interests from conflicting (or appearing to conflict) with the best interests of the charity. This means recognising and dealing with conflicts of interest.

A conflict of interest is any situation where your personal interests could, or could appear to, prevent you from making a decision only in the charity's best interests. For example, if you (or a person connected to you, such as a close relative, business partner or company):

- receive payment from the charity for goods or services, or as an employee
- make a loan to or receive a loan from the charity
- own a business that enters into a contract with the charity
- use the charity's services
- enter into some other financial transaction with the charity

Even when you receive no financial benefit, you could have a conflict of loyalty. For example if your charity has business dealings with your employer, a friend, family member, or another body (such as a local authority or charity, or a charity's trading subsidiary) that you serve on.

This means you and your co-trustees:

- should identify, and must declare conflicts of interest (or loyalty)
- must prevent the conflict of interest (or loyalty) from affecting the decision
- should record the conflict of interest (or loyalty) and how it was dealt with

How you prevent a conflict of interest from affecting a decision will depend on the circumstances and the seriousness of the conflict of interest. You must follow any specific conflict of interest provisions in your governing document. If a trustee (or a person connected to a trustee) stands to benefit directly or indirectly, the conflicted trustee(s) should withdraw from the discussion and decision making process. If the non-conflicted trustees can demonstrate that a conflict of loyalty involves no material benefit and poses a low risk to decision making in the best interests of the charity, they may permit the affected trustee to participate. Directors of charitable companies must have specific authority in the company's articles to do this. For the most serious conflicts of interest it may mean obtaining permission from the Commission, deciding not to proceed with a proposal or even resigning as a trustee.

Avoid mistakes - deal with conflicts of interest

Conflicts of interest (and conflicts of loyalty) are more common than people often think. If one of your fellow trustees appears to have a conflict of interest you should say so; you are not calling their integrity into question by doing so.

In deciding how to deal with a conflict of interest, trustees should be mindful of what feels right, and also how others might view the trustees' actions.

Where conflicts of interest have not been identified or properly dealt with, it can have negative impacts on both the charity and individual trustees including financial cost and reputational damage. Because the trustees have acted in breach of their duty, decisions may be called into question or legally challenged. The Commission may have to take regulatory action to protect the charity from further harm or to deal with any misconduct or mismanagement by the trustees.

Read more about **conflicts of interest**.

6.4 Payments and other benefits to trustees

Charities can't usually pay their trustees. When you become a trustee, you usually volunteer your services and receive no payment for your work. This is called the voluntary principle. You can, however, reclaim reasonable expenses that you incur such as travel and childcare - being a trustee shouldn't mean being out of pocket.

These restrictions apply to trustees (or someone with a financial connection to a trustee, such as their partner, dependent children or a business partner) benefiting by:

- supplying goods or services to the charity eg building work or specialist services, even if the trustee offers better value or expertise than other suppliers
- being employed by the charity or by a trading subsidiary owned by the charity
- receiving material benefits as a beneficiary of the charity
- being paid to act as a trustee; this is very unusual and only permitted in exceptional circumstances
- entering into a property transaction (or any other financial transaction such as a loan) with the charity - this is called self-dealing

In some circumstances, one or more trustees (or persons with a financial connection to a trustee) do receive payments or other benefits from their charity. This is only permitted if:

- the benefit is specifically authorised by the governing document, the Charities Act (or other relevant legislation), the Commission or the courts; any specified procedures must be strictly followed
- even if the benefit is authorised, the non-conflicted trustees are satisfied that allowing it is in the charity's best interests
- the conflict of interest is managed; so in most cases the conflicted trustee(s) can't be involved in the decision and only a minority of trustees can benefit

Read more about **payment of trustees**.

Find out whether you need permission, and how to apply.

7. Manage your charity's resources responsibly

You must act responsibly, reasonably and honestly. This is sometimes called the duty of prudence. Prudence is about exercising sound judgement. You and your co-trustees must:

- make sure the charity's assets are only used to support or carry out its purposes
- avoid exposing the charity's assets, beneficiaries or reputation to undue risk
- not over-commit the charity
- take special care when investing or borrowing
- comply with any restrictions on spending funds or selling land

You and your co-trustees should put appropriate procedures and safeguards in place and take reasonable steps to ensure that these are followed. Otherwise you risk making the charity vulnerable to fraud or theft, or other kinds of abuse, and being in breach of your duty.

7.1 Managing risks

A risk is anything that could, if it happened, affect your charity achieving its purposes or carrying out its plans. All charities face some risks. The risks your charity might face will depend on factors such as its size, funding and activities. For example, managing property, employing staff, using volunteers, using IT, working with children or people at risk, or implementing change all involve elements of risk.

You and your co-trustees should manage risk responsibly. You have a duty to avoid exposing your charity to undue risk. This doesn't mean being risk averse. Risk management is the process of identifying and assessing risks, and deciding how to deal with them. It may involve an element of responsible risk taking, and is central to how trustees make decisions.

The Commission's guidance on risk management sets out the basics of dealing with risks and includes a risk management model, made up of the following steps:

1. Establish a risk policy.
2. Identify risks (what could go wrong).
3. Assess risks (how likely is it, and how serious would it be).
4. Evaluate what action to take (eg avoid it, transfer it, insure against it, accept it).
5. Review, monitor and assess periodically.

Find out more:

How to manage risks in your charity

Institute of Risk Management guide for charities

Charities: how to protect vulnerable groups including children

Some charities work in areas or undertake activities that involve greater exposure to risks such as fraud, financial crime, extremism or terrorism. Charities should assess their exposure to these risks and take proportionate action. If your charity needs to address these risks, you may find the Commission's toolkit on **protecting charities from harm** helpful. Chapter 2 of the toolkit includes a practical guide to due diligence, based on 3 principles:

- know your donor (for example, if your charity receives large donations, particularly anonymous or cash donations or with conditions attached)
- know your partner (if your charity relies on partners or intermediaries to carry out any of its work)
- know your beneficiaries (for example if your charity makes grants of cash or other financial support directly to individuals)

Charities must also assess and manage safeguarding risks. For example, they must ensure that their beneficiaries or others who come into contact with their charity do not, as a result, come to harm. For example, many charities come into contact with or provide activities for those who may be experiencing, or at risk of, abuse or neglect. This includes:

- children and young people under 18 years of age
- adults (aged 18 and over) at risk

Even where work with children or adults at risk does not form part of the core business of the charity, trustees must be alert to their responsibilities to protect from risk of harm those with whom the charity comes into contact.

Read more about **protecting vulnerable groups**.

These principles will help you and your co-trustees to carry out their legal duties and manage the risks to the charity's beneficiaries, assets and services.

7.2 Budgeting

You and your co-trustees need to work out what funds and other resources your charity will need and where the charity will get these from. A charity can only succeed in meeting its aims if it manages its money and other resources properly. You will need to plan and monitor its income and outgoings so that it can meet its short, medium and long term goals.

Find out more:

Managing charity assets and resources

Charity governance, finance and resilience: 15 questions you should ask

Financial difficulties in charities

7.3 Getting the funds your charity needs (income generation)

Most charities get their funds through one or more of the following methods:

- fundraising (asking for donations, legacies or grants)
- trading (selling goods or services)
- investment
- leasing or letting land or buildings

In practice, it's best to avoid relying on a single source of income. You and your co-trustees are responsible

for deciding how your charity will obtain funds. You should think about:

- how much money the charity needs
- the costs, benefits and risks of different methods of generating income
- any legal requirements that the charity must comply with, including fundraising regulations, and restrictions on commercial trading
- any potential reputational issues
- whether you need advice

If your charity is already bringing in funds, you and your co-trustees should ensure that its income generation is on target, complies with the law and is not exposing the charity to undue risk.

Find out more:

Fundraising legally and responsibly

Institute of Fundraising code of fundraising practice and good practice guides

Charity trading: selling goods and services

How to invest charity money

7.4 Charities and their trading subsidiaries

Charities need to use a trading subsidiary if they carry out commercial (non-charitable) trading which exceeds the threshold for paying income or corporation tax, or involves significant risk.

A trading subsidiary is a separate company controlled by the charity. The charity can raise money from trade without exposing its assets to risk or being liable for income or corporation tax.

There are, however, risks which trustees need to be aware of and manage:

- the charity exists for charitable purposes, but the trading subsidiary exists to generate income; their aims and interests are different; you need to distinguish between them
 - if the trading subsidiary starts to fail, the charity must not bail it out; this would be putting the charity's funds at risk
 - charity trustees who are also directors of the subsidiary have a conflict of interest
 - if a charity trustee is also a director of the trading subsidiary, the restrictions on payments and benefits to trustees also apply to any payments or benefits as a director
-

7.5 Managing funds and keeping them safe

You and your co-trustees are responsible for your charity's money. Your charity should have effective processes for handling money, to help avoid poor decisions and accidental errors, as well as theft and fraud. Failure to do so is likely to result in a breach of your duty. You should:

- set a budget and keep track of it
- put in place clear policies and procedures to deal with income and expenditure
- ensure the charity keeps accurate records of income and expenditure
- have robust and effective **financial controls** in place

- protect the charity from **financial crime such as theft or fraud**
- put appropriate safeguards in place for money, assets and staff if **the charity operates outside of the UK**
- have an appropriate **reserves policy**
- ensure the charity receives **tax reliefs** to which it is entitled

If something does go wrong, you should inform the Commission and (if appropriate) the police. See the section on what to do if something goes wrong in section 8 of this guidance.

Find out more:

Charity money: how to keep it safe

Charities: due diligence checks and monitoring end use of funds

7.6 Managing property (land and buildings)

If the charity owns or rents land or buildings, you and your co-trustees should:

- make sure the property is recorded as belonging to the charity - see section 11 of this guidance
- know on what terms it's held
- ensure it's properly maintained and being correctly used
- make sure the charity has sufficient insurance

You should regularly review whether the property is suitable for the charity's purposes, and whether any property the charity lets to generate income is still a good investment.

Decisions about property are important, so think about the advice and information you may need in order to make decisions in the charity's interests.

Most charities can buy, sell or lease land when they need to. When selling or leasing land, trustees must try to get the best deal for the charity (unless they are making the disposal to further the charity's purposes). So all charities should, and registered charities must:

- obtain written advice, including a valuation, from a qualified surveyor before agreeing a sale or granting a lease for more than 7 years
- advertise the sale or lease, unless the surveyor advises otherwise

Otherwise, you are likely to need permission from the Commission for the sale or lease.

A charity's governing document may specify that land or buildings must be used for a particular purpose. This is called designated land (or 'specie land'). Special conditions apply to leasing or selling designated land.

Land belonging to a charity (particularly designated land) might be permanent endowment. This restricts how you can use the proceeds of sale.

You must get permission from the Commission to sell or lease property to or from a trustee, someone closely connected to a trustee, or an employee of the charity.

Before taking out a mortgage or loan secured against your charity's land you must get written financial advice and ensure that:

- the loan is needed and used for an activity that fits with your charity's purposes
- the terms of the loan are reasonable
- the charity will be able to repay the loan

Otherwise you will need permission from the Commission to proceed.

Find out more about **buying, selling, leasing or mortgaging charity property**, including designated land and **permanent endowment**.

7.7 Staff and volunteers

As part of your overall responsibility for the charity, you and your co-trustees have responsibilities towards any volunteers or staff.

You must ensure that:

- the charity complies with relevant law including employment, pension, equality and health and safety law
- volunteers are clearly distinct from employees in terms of responsibilities and rights; for example by not requiring volunteers to work set hours, nor paying them more than expenses they actually incur

You should ensure that:

- people are clear about what they are supposed to do, through appropriate job descriptions for staff or role descriptions for volunteers
- people are aware of the rules and boundaries within which they must work, for example, when representing or speaking on behalf of the charity
- people work safely
- people know what to do if there's a problem
- people know what they need to report and who they report to
- senior managers are not disqualified (see below)

You and your co-trustees should ensure that the charity has appropriate procedures and policies in place, staff and volunteers get appropriate training, and people know they must comply with policies and procedures. You also have an important role in promoting effective working relationships between trustees, senior staff (if any), staff and volunteers.

If your charity has senior managers – typically carrying out chief executive or finance director roles – you and your co-trustees should ensure that you have procedures in place to check if they will be disqualified by law from acting in that role. The reasons for disqualification are the same as for trustees – see section 3.1.2.

You can read the **automatic disqualification guidance for charities** which explains the disqualification rules in more detail.

Find out more:

How to manage your charity's volunteers

Charity staff: how to employ paid workers

Pension rules for charities

Pensions (Charity Finance Group guidance)

Avoid mistakes - don't rely too much on individuals

Things can go wrong when trustees place too much reliance on individuals, and don't implement sufficient safeguards to ensure accountability. This can result in the charity falling victim to fraud or theft, or beneficiaries suffering abuse. These kinds of occurrences could cause the charity serious reputational and other damage.

All charities should have appropriate financial controls which ensure that more than one person is involved in receiving income and authorising expenditure. These should cover all payment methods that the charity uses - cheque, cash, credit card, charge card, debit card, prepaid card, telephone or internet banking or other electronic means. Handling cash brings increased risk, so try to avoid cash payments wherever possible.

When other people raise funds on behalf of the charity, whether they are volunteers or paid professionals, you should ensure there are proper controls over the funds raised. This is to make sure that the charity receives the full amount due to it.

Read more about **financial controls**.

If something does go seriously wrong, you should take prompt action to deal with it and report it to the Commission. Find out more in section 8.3 of this guidance.

8. Act with reasonable care and skill

As someone responsible for governing a charity, you:

- must use reasonable care and skill, making use of your skills and experience and taking advice when necessary
- should give enough time, thought and energy to your role, for example by preparing for, attending and actively participating in all trustees' meetings

This is sometimes called the duty of care.

8.1 Using your skills and experience

As a trustee, you must use your skills and experience to inform decision making and benefit your charity. For example, the Trustee Act 2000 says that trustees must “exercise such care and skill as is reasonable in the circumstances”. What is reasonable in the circumstances will depend on any special knowledge or experience that the trustee has or claims to have. It also depends on whether a trustee is acting in a professional or paid capacity, and what it would be reasonable to expect such a person to know.

The Trustee Act 2000 applies to trustees of unincorporated charities. Company law and the Charities Act impose similar duties on directors of charitable companies and trustees of CIOs (see section 11 of this guidance). In addition, all trustees have a general duty of care which they must apply to all aspects of their role.

8.2 Taking advice when you need to

Trustees should recognise and acknowledge when they need advice. This is particularly important if the charity (or its property) may be at risk, or if they could act in breach of their duties, for example, when:

- buying or selling land (most charities must take advice from a surveyor or other qualified person when selling charity land)
- investing charity funds
- entering into novel, long-term, complex or high-value contracts
- considering legal action

Some larger charities employ their own professional advisers; most charities are more likely to obtain advice externally.

Find out more:

It's your decision: charity trustees and decision making

How to invest charity money

Other sources of help and advice

8.3 What to do if something does go wrong

Most problems in charities can be resolved by the trustees themselves, sometimes with some advice. However, in serious cases the Commission may need to advise the trustees or take action to protect the charity.

If something does go wrong, you should take prompt and appropriate action to:

- prevent or minimise any further loss or damage
- if appropriate, report it to the Commission, the police if a crime has been committed, and any other regulators that the charity is accountable to
- plan what you will say to your staff, volunteers, members, the public or the media
- take reasonable steps to prevent it from happening again - review controls and procedures, take appropriate advice

The Commission requires charities to report serious incidents. A serious incident is an adverse event, whether actual or alleged, which results in or risks significant:

- loss of your charity's money or assets
- damage to your charity's property
- harm to your charity's work, beneficiaries or reputation

The most common type of incidents are frauds, thefts, significant financial losses, criminal breaches, terrorism or extremism allegations, and safeguarding issues.

If a serious incident takes place, you need to report what happened and explain how you are dealing with it, even if you have reported it to the police, donors or another regulator.

The Commission can then decide what action, if any, is appropriate. Trustees must avoid exposing their charity to undue risk and should take reasonable steps to assess and manage risks to its activities, beneficiaries, property and reputation. Reporting serious incidents to the Commission demonstrates that you have identified a risk to the charity and that its trustees are taking appropriate action to deal with it. It also means the Commission can respond positively to any enquiries from the public or media.

If trustees fail to report a serious incident that subsequently comes to light, the Commission may consider this to be mismanagement and take regulatory action, particularly if further abuse or damage has arisen following the initial incident.

Find out more:

How to report a serious incident in your charity

8.4 When the Commission would become involved

The Commission will get involved if it is concerned that trustees are not fulfilling their duties towards their charity, either because they don't understand them or are unwilling or unable to fulfil them.

In some cases, the Commission may decide that it's sufficient to advise the trustees about their duties. In more serious cases, when charities' assets, reputation, services or beneficiaries have been harmed or are at significant risk, the Commission may open a statutory inquiry, which will allow it to:

- obtain and assess evidence
- use enforcement powers to protect the charity's assets or secure their proper application

Opening an inquiry does not always mean the Commission suspects wrongdoing. The Commission's aim in such cases is to stop abuse or damage and put charities back on a proper footing for the future.

Read about the Commission's work to prevent, detect and tackle abuse and mismanagement in charities and promote charity law: **Tackling abuse and mismanagement in charities**.

9. Ensure your charity is accountable

You and your co-trustees must comply with statutory accounting and reporting requirements. You should also:

- be able to demonstrate that your charity is complying with the law, well run and effective
- ensure appropriate accountability to members, if your charity has a membership separate from the trustees
- ensure accountability within the charity, particularly where you delegate responsibility for particular tasks or decisions to staff or volunteers

9.1 Complying with accounting requirements

All charities must produce accounts and provide a copy of the most recent to anyone who asks. (You can charge to cover your costs.) The Commission will take regulatory action against charities that persistently fail to provide copies of accounts when asked by members of the public or a regulator.

Exactly what accounts your charity must produce depends on whether the charity is a company and how much income it receives. Different rules apply to exempt charities. Find out more about **accounting and reporting requirements for charities**.

Charities whose income is over £250,000, and all charitable companies, must prepare their accounts and trustees' annual report in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (Charities SORP).

Find out more about the **Charities SORP**.

All registered charities must also provide information annually to the Commission. The rules vary according to your charity's size and structure. Registered charities with:

- income up to £10,000 should complete the relevant sections of the annual return, which include updates to trustees
- income above £10,000, and all CIOs, must prepare and file an annual return form
- income above £25,000, and all CIOs, must also file copies of their trustees' annual report, accounts and external scrutiny report (audit or independent examiners' report)

Failure to submit accounts and accompanying documents to the Commission is a criminal offence. The Commission also regards it as mismanagement or misconduct in the administration of the charity. Providing timely, accurate and informative financial information that will help funders, donors, beneficiaries and others to understand your charity and its work will encourage trust and confidence in it.

Remember, those trustees who sign the trustees' annual report and accounts are signing on behalf of the whole trustee body so all of the trustees are responsible for the accounts.

Find out more about **annual returns**.

Your charity may also have to report to other regulators, for example, if its activities include providing social housing, education or social care. Companies must also submit accounts and annual returns to Companies House annually.

9.2 Being accountable to people with an interest in the charity

It's important to take account of what your members, beneficiaries, supporters and funders say. Use this information to inform decisions and improve the charity's services. If your charity has a wider voting membership in addition to the trustees, your governing document may contain specific provisions about when to involve members in decisions, for example through general meetings.

Charities should consider the benefits of having appropriate **procedures for dealing with complaints**, and ensuring they are easy to find and easy to follow.

You and your co-trustees must ensure that your charity complies with the law, and should be able to demonstrate that it is legally compliant, well run and effective in carrying out its purposes. If you can't demonstrate these things, you should be able to explain what steps you are taking to address any difficulties.

You may find it helpful to review your charity's compliance and good practice using:

- a governance code, such as **Good Governance: a Code for the Voluntary and Community Sector**
- a quality standard, such as **PQASSO**, or another standard that is suitable for your charity
- benchmarking (comparing and learning) with another organisation
- an independent review by a suitably qualified adviser

Read about **public trust and confidence in charities**.

9.3 Trustees and delegation

Trustees often delegate day to day activities to particular trustees (such as the chair), volunteers or staff. Many charities also have power to delegate decision making to sub-committees or senior staff. Delegation can help trustees to govern more effectively, but they cannot delegate their overall responsibility. Trustees always remain collectively responsible for all decisions that are made and actions that are taken with their authority.

You and your co-trustees should set out in writing the limits of any delegated authority. You should also put clear reporting procedures in place, so you can ensure the delegated authority is exercised properly. This could include staff job descriptions, volunteers' role descriptions and committees' terms of reference. A periodic review of any delegated authorities can help to ensure that those authorities are properly managed.

The trustees should consider and decide what decisions they will not delegate. High risk and unusual decisions should not be delegated. You should agree appropriate guidelines to help assess what is likely to be high risk or unusual. Staff, particularly senior staff, can have an important role in informing trustee decision making by providing information and advice.

Trustees might be told that they should not interfere in day to day operations. You should allow staff and volunteers to carry out any functions that have been delegated to them. But you and your co-trustees must be able to ensure that delegated authority is being properly exercised, through appropriate monitoring and reporting procedures (and, where appropriate and possible, independent checking).

It's important to have clear and appropriate channels of communication between staff and trustees and ensure these are followed.

Avoid mistakes - ask questions (even ones that seem 'awkward' or 'stupid')

Part of your role is to hold people (including staff, volunteers and fellow trustees) to account for how they carry out their role or use the charity's resources. This can mean asking probing or challenging questions about information at trustee meetings, or being prepared to say 'I don't understand what this means'. You should receive timely information in a format that you can understand and use, and if necessary ask for explanations, training or a different presentation. For example, all trustees, not just the treasurer, are responsible for the charity's finances and should be able to understand, consider and comment on financial information.

10. Reduce the risk of liability

It's extremely rare, but not impossible, for charity trustees to be held personally liable:

- to their charity, for a financial loss caused by them acting improperly
- to a third party that has a legal claim against the charity that the charity can't meet

Understanding potential liabilities will help you to protect yourself and your charity by taking action to reduce the risk. This includes complying with duties covered in this guidance. It also includes deciding whether your charity should become incorporated.

10.1 Personal liability to the charity

Trustees can be held liable to their charity for any financial loss they cause or help to cause. This applies to any type of charity whatever its legal form.

The law generally protects trustees who have acted honestly and reasonably from personal liability to their charity. The Commission and the courts:

- can relieve trustees from liability if they have acted honestly and reasonably and have not benefited from their actions
- rarely enforce liability on an unpaid trustee who has made an honest mistake
- expect higher standards from trustees who act in a professional capacity or are paid for being trustees

Trustees who receive an unauthorised payment or benefit from their charity have a duty to account for (ie repay) it. The Commission can't relieve trustees from this duty.

There is no legal protection for trustees who have acted dishonestly, negligently or recklessly. However, there may be financial protection for those trustees who have made an honest mistake and can rely on the indemnity provisions in the charity's governing document, insurance cover or relief from the Commission or the court.

Find out more:

Charity Commission policy on restitution and the recovery of charitable funds misappropriated or lost to charity in breach of trust

10.2 Liability to third parties

Charities or their trustees can become liable to a third party who has a claim against the charity such as:

- breaches of an employee's terms, conditions or rights
- failing to pay for goods or services, or to fulfil the terms of a contract
- a member of the public being injured on the charity's premises
- liability to any staff pension scheme

If the charity is incorporated, the charity itself will be liable for the claim. Some types of incorporated body (companies, CIOs and Community Benefit Societies) can specifically limit the liability of their trustees and members.

If the charity is unincorporated, the trustees have to sign contracts and other agreements personally, and will have to meet any claim. The charity can normally meet any liabilities that you incur as a trustee provided you have acted honestly and reasonably. (Some charities also have power to indemnify trustees against liability arising from an honest mistake.) But if you incur liabilities that exceed the value of the charity's assets, you could be liable for any amount that the charity can't cover.

Find out more about your charity's legal structure – see section 11 of this guidance.

Find out more:

Vicarious liability of a charity or its trustees

10.3 Criminal liability

In some cases, the charity or its trustees can become liable for offences committed by the charity's staff (for example, under the Bribery Act or corporate manslaughter law).

Find out more about the **Bribery Act** (Transparency International guidance).

10.4 Reduce the risk of personal liability

To reduce the risk of becoming personally liable, you should:

- ensure trustees understand their responsibilities
- ensure the charity can meet its financial obligations, particularly before agreeing to any contract or substantial borrowing
- ensure the charity can meet any obligations to staff pension schemes
- hold regular trustee meetings and keep proper records of decisions made and the reasons for those decisions
- ensure you prevent conflicts of interest from affecting decisions
- ensure any transactions with and benefits to trustees or connected persons are properly authorised
- take appropriate advice from a suitably qualified person when you need to
- if you delegate any powers, give clear written instructions and make sure the instructions are being followed
- ensure the charity has effective management and financial controls including:
 - keep receipts and records of income and expenditure
 - receive regular financial reports
 - file accounts on time
- ensure the charity is complying with other laws that apply to it
- consider whether the charity needs additional insurance or needs to become incorporated

If your charity is unincorporated and employs staff or enters into other contracts, the trustees should seriously consider changing the charity into an incorporated form. You may need to take professional advice about this, particularly in relation to any pension liabilities which could be triggered by incorporation.

Read more about:

How to manage risks in your charity

Charities and insurance

Changing your charity into a company or CIO

Pension rules for charities

Pensions (Charity Finance Group guidance)

11. Your charity's legal structure and what it means

It's important to know your charity's legal structure (eg trust, association, CIO, company) because it affects whether:

- the charity itself can enter into contracts or employ staff, or the trustees must do these things personally
- land is held by the charity itself or by the trustees (or someone the trustees appoint for that purpose)
- trustees' liability is limited
- trustees have specific legal duties that go with that legal structure

11.1 Different legal structures for charities

An 'incorporated charity' is one that's set up in a legal form which makes the charity itself a legal entity. This is called 'legal personality', and means the charity can own property or enter into contracts in its own name. Incorporation gives trustees more protection from personal liability. Some incorporated forms can limit trustees' liability to third parties. The law places duties on board members to prevent the abuse of limited liability.

An 'unincorporated charity' doesn't have legal personality, so can't hold property or enter into contracts in its own name. Trustees' personal liability is unlimited.

This table summarises the characteristics of different legal forms and what they mean for trustees.

Legal form or structure	Incorporated (legal personality)	Title to land held by	Contracts/ employment in the name of	Liability to third parties limited	Additional duties on trustees
Trust	No	Trustees for the charity	Trustees personally (for the charity)	No	No
Association	No	Trustees for the charity	Trustees personally (for the charity)	No	No
Company	Yes	The charity	The charity	Yes	Company law
Charitable Incorporated Organisation (CIO)	Yes	The charity	The charity	Yes	Charities Act and CIO regulations
Corporation created by Act of Parliament	Yes	The charity	The charity	Yes unless excluded by the Act	No
Royal charter body	Yes	The charity	The charity	Incorporation gives some protection	No
Community Benefit Society	Yes	The charity	The charity	Yes	Co-operative and Community Benefit Societies Act

Find out more:

Charity types: how to choose a structure

Running a limited company: Directors' responsibilities

Royal Charter charities

11.2 Unincorporated charities (trusts and unincorporated associations) - holding land

Charities set up by a trust deed, constitution or similar governing document are unincorporated. This means they are not legal bodies in their own right and can't hold property in their own name; it must be held for the charity by trustees.

If the charity trustees don't want to hold legal title for any land or other property themselves, they can appoint a nominee, holding trustees (other individuals) or a custodian trustee (a company or other corporate body that has power to hold property for the charity). The governing document may explain how to do this.

Holding and custodian trustees aren't charity trustees; they can't make decisions about the management of the charity or its property, and must follow the lawful directions of the charity trustees.

You may find it simplest to vest the land in the Official Custodian for Charities. Read about **The Official Custodian for Charities' land holding service**.

Apply to transfer land or property to the Official Custodian.

12. Charity officers - the chair and treasurer

Some trustees have special roles, such as the chair and the treasurer. They are known as officers. You must comply with any specific provisions for officers in your governing document. Trustees can also nominate a trustee to take the lead on a particular matter.

Charity officers don't automatically have any extra powers or legal duties than their co-trustees, but may carry out specific roles or have specific responsibilities delegated to them. However, all trustees remain jointly responsible for the charity. For example, all trustees share responsibility for finances (not just the treasurer). A chair can only make decisions in accordance with any provision in the governing document or delegated authority agreed by the trustees, and should notify the other trustees of any decisions made.

12.1 The treasurer

The treasurer usually takes the lead at board level on:

- making sure the charity keeps proper accounts
- reviewing the charity's financial performance
- drawing up or reviewing policies for finance and investment
- ensuring that the charity has robust and effective financial controls in place
- liaising with finance staff and with the charity's independent examiner or auditor
- reporting on financial matters to the members, in a membership charity

In larger charities the treasurer may share these responsibilities with a finance committee, and staff may carry out day to day finance functions.

Find out more:

The Honorary Treasurer's Forum

12.2 The chair

The role of the chair may vary depending on the charity's circumstances. The chair usually:

- helps plan and run trustee meetings (and in a membership charity, members' meetings)
- takes the lead on ensuring that meetings are properly run and recorded
- takes the lead on ensuring that trustees comply with their duties and the charity is well governed
- might have a second or casting vote if a vote on a trustees' decision is tied, but only if this is specified in the charity's governing document
- may act as a spokesperson for the charity
- acts as a link between trustees and staff
- line manages the chief executive on behalf of the trustees

A Chair's Compass - A guide for chairs of charities and non-profit organisations.

13. Technical terms used in this guidance

This section explains some legal and technical terms used in this guidance.

‘Beneficiary’ or ‘beneficiaries’ means a person or group of people eligible to benefit from a charity. A charity’s beneficiary group is usually defined in its governing document. Some charities call their beneficiaries clients or service users.

The ‘Charities Act’ is the Charities Act 2011. This guidance occasionally refers to specific powers under this Act.

A ‘charitable incorporated organisation’, or ‘CIO’, is an incorporated legal form designed specifically for charities. See section 11 of this guidance for more detail.

A ‘charity’ is any organisation set up under the law of England and Wales for solely charitable purposes.

The ‘Commission’ means the Charity Commission, the regulator for charities in England and Wales.

A ‘community benefit society’ is an incorporated legal form in which charities can be set up. It is similar to a limited company. Community benefit societies are registered by the Financial Conduct Authority. Charitable community benefit societies are currently exempt charities.

‘Excepted charities’ don’t have to register with the Commission or submit annual returns. Apart from that, the Commission regulates them and can use any of its powers if it needs to. This only applies to specified churches, Scout and Guide groups and armed forces charities whose income is below £100,000. Read more about **excepted charities**.

An ‘exempt charity’ is exempt from registration and direct regulation by the Commission. Most exempt charities have a different charity regulator (or ‘principal regulator’). Trustees of exempt charities have the same basic duties as other charity trustees. Read more about **exempt charities**.

The ‘governing document’ is the legal document that sets out the rules that govern a charity. These include the charity’s objects and, usually, how it must be administered. It’s usually a trust deed, constitution, CIO constitution or articles of association. Some charities have a different type of document such as a conveyance, will, royal charter or Commission scheme. **Find out more about governing documents**.

‘Have regard to’ does not have a strict legal definition, but generally means ‘take into account’ or ‘consider’, rather than ‘comply with’.

‘In the charity’s best interests’ means what the trustees believe will best enable the charity to carry out its purposes for the public benefit. See section 6 of this guidance for more detail.

An ‘incorporated charity’ means a charity formed as a company, CIO, royal charter body, community benefit society or a corporation created by Act of Parliament. Being incorporated means the charity itself is a legal body. It can own property or enter into contracts in its own name. Incorporation gives trustees more protection from personal liability. See section 11 of this guidance for more detail.

Misconduct includes any act (or failure to act) that the person committing it knew (or ought to have known) was criminal, unlawful or improper.

Mismanagement includes any act (or failure to act) that may cause charitable resources to be misused or the people who benefit from the charity to be put at risk.

A charity's 'purpose' is what it is set up to achieve (for example, relieving poverty or promoting health).

A charitable purpose is one that:

- falls within one or more of 13 'descriptions of purposes' listed in the Charities Act
- is for the public benefit (the 'public benefit requirement')

A charity's 'objects' are a written statement of its purposes - they must be exclusively charitable.

A 'registered charity' is a charity registered with the Commission.

A 'suitably qualified person or adviser' is someone who the trustees could reasonably expect to be competent to advise them about a particular matter. This includes professional advisers (such as solicitors, accountants and surveyors). It could also include (for example) a member of the charity's staff, a suitably qualified trustee or an adviser from another organisation.

'Trustee' means a charity trustee. Charity trustees are the people responsible for governing a charity and directing how it is managed and run. The charity's governing document may call them trustees, the board, the management committee, governors, directors, or something else. The Charities Act defines the people who have ultimate control of a charity as the charity trustees, whatever they are called in the charity's governing document:

- a 'custodian trustee' is a corporation appointed to hold property for a charity; it isn't a charity trustee and must act on the lawful instructions of the charity trustees
- 'holding trustees' are individuals appointed to hold property for a charity; they aren't charity trustees, they must act on the lawful instructions of the charity trustees and in accordance with any provisions in the governing document

An 'unincorporated charity' is a charity set up as a trust or association. Being unincorporated means the charity isn't a legal body (so it can't hold property or enter into contracts) in its own right. Trustees' personal liability isn't limited. See section 11 of this guidance for more detail.



Matters reserved for the board

Castel Froma / RMCHD

Matters Reserved for Approval of the Board

The Board of Castel Froma / RMCHD reserves for its own decision the following matters:

1. Appointment and Terms & Conditions of senior management.
2. Approval of annual statutory accounts (prior to voting by AGM).
3. Approval of the organisation's strategy and annual Business Plan (including Objectives, Budget, Fees and Staff Salaries).
4. Standard Terms & Conditions of all staff.
5. The organisation's management and control structure.
6. Board appointments and removals (subject to any AGM approval necessary).
7. Terms of Reference of Chairman and other Trustees.
8. Terms of Reference, structure and membership of Board Committees.
9. Major capital projects (ie: over £5,000).
10. Material contracts in the ordinary course of business, eg: any bank borrowing and acquisition or disposal of fixed assets above £5,000 or £5,000 per annum.
11. Major investments.
12. Risk Management Strategy.
13. Finance Policies & Procedures (including financial authorisation limits) along with other internal control arrangements and audit.
14. Appointment of Responsible Individual and receipt of CSCi Reports on the operation of the Home.
15. Directors and Officers liability insurances.
16. Delegation schemes for matters which are Board responsibilities under the Companies Acts, Charities Acts or Care Standards Act.

Urgent Matters:

The procedure for dealing with urgent matters, which are reserved for Board approval as above, is:

If it is practicable, the approval of all the Trustees/Directors should be obtained by means of a written resolution. In all cases, however, the procedures should balance the need for urgency with the overriding principle that each Trustee/Director should be given as much information as possible and have an opportunity to request an emergency meeting of the Board to discuss the matter prior to commitment of the organisation. The Chairman will decide the appropriate action and will report to the Board to secure ratification by the Board for has action.

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05.07 (Updated 05.07)



Latest Accounts

**CASTEL FROMA NEURO CARE LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2018

CHARITY NUMBER 1100965

COMPANY NUMBER 04777559



**Harrison Beale & Owen Limited
Chartered Accountants and Statutory Auditor
Highdown House
11 Highdown Road
Sydenham
Leamington Spa
CV31 1XT**

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

CHAIRMAN'S REPORT

Castel Froma Neuro Care Limited is a charitable company limited by guarantee operating two care centres in Leamington Spa, providing day, respite and long term care to people disabled with neurological conditions.

The financial year 2017-18 has again been a challenging but successful year. The financial performance of the charity was satisfactory, with net income before other gains and losses of £304k. This result has been achieved despite significant pressures on fee income and an extremely difficult recruitment market.

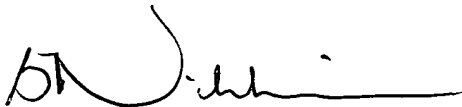
The Castel Froma site in Lillington Road (Lillington House) continues to provide long term care for fifty five residents whilst Helen Ley, which has a total of thirty eight beds, provides a mixture of respite and long term care. It is our intention to improve facilities at both sites in the medium to long term and we continue to explore ways in which this can be achieved.

We wish to thank all those individuals who give their time freely in many different ways to help both Castel Froma Neuro Care Limited at Lillington House and Helen Ley House. Their efforts are very much appreciated.

There have been some changes to our Board of Trustees during the year. We wish to thank Peter Colchester-Henry for his contribution and wish him well in the future.

I also wish to thank the staff and management team for their hard work during the year.

Finally I wish to thank my fellow trustees for their continued dedication and support.



Steve Nicklin
Chairman of Trustees
22 November 2018

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

TRUSTEES' ANNUAL REPORT (Including Directors' and Strategic Report)

FOR THE YEAR ENDED 31 MARCH 2018

The trustees are pleased to present their annual report together with the financial statements of the charity for the year ended 31 March 2018 which are also prepared to meet the requirements for the strategic and directors' report and accounts for Companies Act purposes. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and the Statement of Recommended Practice applicable to charities preparing their accounts in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)).

On 1 April 2011 Castel Froma merged with Royal Midland Counties Home for the Disabled, a charity under common control. Royal Midland Counties Home for the Disabled remains a separate charity, placed under a Uniting Direction with Castel Froma. On 1 April 2011 the expendable assets of Royal Midland Counties Home for the Disabled were transferred to Castel Froma and the permanent endowment was placed under the protection of the Trustees of Castel Froma. The following financial statements report the combined performance and financial position of Castel Froma and Royal Midland Counties Home for the Disabled.

Reference and administrative information

Castel Froma Neuro Care Limited:-

Registered charity number 1100965
Registered company number 04777559

Country of incorporation England

Royal Midland Counties Home for the Disabled registered charity number (Linked charity) 1100965-1

Registered office 93 Lillington Road
Leamington Spa
Warwickshire
CV32 6LL

Auditors Harrison Beale & Owen Limited
Chartered Accountants and Statutory Auditor
Highdown House,
11 Highdown Road
Leamington Spa
CV31 1XT

Bankers Lloyds Bank
73 The Parade
Leamington Spa
CV32 4BB

Solicitors Wright Hassall LLP
Olympus Avenue
Leamington Spa
CV34 6BF

SGH Martineau
1 Colmore Square
Birmingham,
West Midlands
B4 6AA

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2018

Directors and trustees and officials

President	12 th Earl of Aylesford
Patron	Mr T Cox, Her Majesty's Lord Lieutenant of Warwickshire
Vice-President	Sir M Dunne KCVO
Trustees	Mr S J Nicklin (Chairman) Mr G Murrell (Vice-Chairman) Mr J Atkins (resigned 30 September 2018) Mr P Colchester-Henry (resigned 18 May 2018) Mr J Evison Mrs L Holiday Mr D Leigh-Hunt
Ex-Officio	The Chairman of Warwick District Council His Worship the Mayor of Royal Leamington Spa
Senior Management Team	Mrs M Bawden (Chief Executive; & Registered manager, Lillington Road site) Mr S C Taylor (Nominated individual) Mrs S Hook (Registered Manager, Helen Ley site)
Company Secretary	Mr S C Taylor (resigned 18 October 2018) Mrs A M Stiles (appointed 18 October 2018)
Care Standards Committee	Mr G Murrell Mrs L Holiday Mr S Nicklin
New Premises Committee	Mr G Murrell Mr P Colchester-Henry Mr S Nicklin
Finance, Assets & Risk Committee	Mr J Evison Mr J Atkins Mr P Colchester-Henry Mrs L Holiday Mr D Leigh-Hunt Me G Murrell
Branding, Profiling & Fundraising Committee	Mr J Atkins Mr J Evison Mr S Nicklin Mr D Leigh-Hunt Mr G Murrell
Remuneration Committee	Mr J Atkins Mr J Evison Mr D Nicklin Mr G Murrell

CASTEL FROMA NEURO CARE LIMITED
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TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2018

OBJECTIVES AND ACTIVITIES

Mission Statement

Day, respite and long-term residential care with 24 hour nursing care for those with neurological conditions

We run outstanding care and rehabilitation centres providing day, respite and long-term services for people disabled by neurological conditions.

Business Aims

- To provide the highest standard of nursing and care for individuals with neurological conditions who have complex needs;
- To bring together experts from every therapeutic field to help our residents live as full a life as possible;
- To integrate family, friends and the local community into the lives of our residents and provide a supportive environment for their carers;
- To excel in palliative and end of life care to help our residents live their last days as they would wish, free from pain and with as much dignity as possible;
- To extend our care beyond our centres, into the local community and onto a regional and national level;
- To operate within a financially and environmentally sustainable framework.

Change of name

On 23 November 2017, the charitable company passed a special resolution to change its name from Castel Froma to Castel Froma Neuro Care Limited.

Principal activities

The principal activity of Castel Froma Neuro Care Limited is the provision of care and accommodation for severely physically disabled people. To achieve this objective the charity operates two care centre. The centres provide 24 hour nursing care, in addition to physiotherapy, occupational therapy, hydrotherapy, speech and language therapy, aromatherapy and reflexology.

The principal activity of Royal Midland Counties Home for the Disabled is to support Castel Froma Neuro Care Limited. The sale of approximately 1.5 acres of land in 2004 allowed Royal Midland Counties Home for the Disabled to invest a large sum of money in property. The monthly income has been allocated to projects in Castel Froma Neuro Care Limited for physically disabled people. All of the projects have directly benefited the residents.

Volunteers

In addition to approximately 230 paid employees, the charity also benefits from over 2,200 hours of donated time each year. This figure includes time spent at the care centre by committee members, drivers and letter writers, who all participate in fundraising events, visit residents, and accompany them on excursions outside the care centre.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing instrument

Castel Froma Neuro Care Limited is a charitable company limited by guarantee incorporated on 27 May 2003 and registered as a charity on 1 December 2003. The company was established under a Memorandum of Association, as amended by special resolutions of 7 November 2003 and 25 November 2010, which established the objects and powers of the company and is governed under its Articles of Association.

Royal Midland Counties Home for the Disabled is an unincorporated association set up under a Trust Deed dated 27th June 1884, as amended on 1st April 2011.

Organisation and structure

The overall management of the charity is carried out by the Chief Executive who is directly responsible to the trustees. All nursing and care staff report to the Registered Managers and all non-medical staff report to their relevant line manager.

Governance and internal control

The 'Board of Trustees' comprises the directors of the company. A list of those who served in these capacities during the period is set out on page 3. Members of the company guarantee to contribute an amount not exceeding £10 to the assets of the company in the event of winding up.

A panel comprising existing committee members selects members of the five committees: the Care Standards Committee; the New Premises Committee; the Finances, Assets and Risks Committee; the Branding, Profiling and Fundraising Committee; and the Remuneration committee. The trustees meet quarterly.

New trustees are elected by the 'Board of Trustees'. New trustees are inducted during their first trustees' meeting. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Pay policy for senior staff

The pay of the senior staff is reviewed by the remuneration committee (at least annually) and normally increased in line with average earnings. In view of the nature of the charity, the trustees benchmark against pay levels in other regional charities of a similar size. If recruitment has proven difficult in the recent past a market addition may also be paid.

Plans for the future

The trustees have an agreed strategic aim, in the medium term, to develop the charity's existing premises into more modern facilities that are fit for purpose.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2018

STRATEGIC REPORT

Achievements and performance

2017-18 has been a year of many challenges, not least recruitment of staff.

We continue to strive to provide a high standard of personalised care for all of our residents at both sites. To this end we have increased the number of hours each week in respect of physiotherapy, occupational therapy, psychology, dietician and speech and language therapy. The number of permanent residents at Helen Ley is now averaging 34 and capacity at that site will increase to 38 during the forthcoming year.

Financial review

Details of the financial position of the charity are set out in the attached financial statements. Income for the year totalled £7,093,328 and expenditure totalled £6,789,282. Net income for the year totalled £303,956 with total movement in funds of £603,956 after other gains of £300,000. Unrestricted reserves at the year end amounted to £7,168,728 and these comprised general reserves of £3,975,339 and designated reserves of £3,193,389. Restricted reserves comprise the restricted reserves of Castel Froma Neuro Care Limited totalling £78,766 and an endowment reserve of Royal Midland Counties Home for the Disabled, representing the value of the freehold property, being the site at 93 Lillington Road, amounting to £4,250,000 at the year end.

Investment policy

The charity's investments are held in accordance with the trustees' powers. The trustees have considered the most appropriate policy for investing the funds and have found that property investment meets their requirements to generate both income and capital growth. The trustees consider the return on investments to be satisfactory.

Risk review

The trustees have introduced a formal risk management process to assess business risks and implement risk management strategies. This involves identifying the types of risks the charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the trustees have reviewed the adequacy of the charity's current internal controls. The trustees are pleased to report that the charity's internal financial controls, in particular, conform to guidelines issued by the Charity Commission.

The trustees have conducted their own review of the major risks to which the charity is exposed and systems have been implemented to mitigate those risks. It is not thought that there are significant external risks to funding due to the nature of the charity's activities. Internal risks are minimised by the implementation of internal control procedures for authorisation of transactions and projects. These procedures are reviewed periodically to ensure they still meet the needs of the charity.

The key risks as identified by the trustees include: Periodic staff shortages and a very challenging recruitment sector and the consequent impact on charitable expenditure against budget; the impact of any deterioration in care standards on the charity's reputation and on its future funding as a result; a lack of public awareness of the charity; and a lack of a formal investment policy to maximise returns to the charity.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2018

STRATEGIC REPORT

Reserves policy

The trustees have examined the charity's requirements for reserves in light of the main risks to the organisation and have established a policy whereby sufficient unrestricted reserves are retained in order to meet the day to day working capital requirements and are sustained at a level equal to at least six months' operating expenditure.

The present level of unrestricted reserves not committed or invested in assets held for resale is £7,168,728, of which there is a designation of £3,193,389. This designated fund represents the net book value of the functional fixed assets of the charity and is therefore not deemed to be available to the charity for activities other than to which these assets are currently committed. The present level of reserves available to the charity for day to day operations is therefore £3,975,339, which is in excess of six months' operating expenditure based upon current levels of activity and budgets for the forthcoming years.

The strategy is to continue to build reserves through planned operating surpluses but the trustees regularly review the finances, budgets and expenditure against budget and will make changes if necessary in accordance with any changes in risk management.

The trustees consider that the strength of the charity's balance sheet, current stable cash flows and the results of recent risk management analysis indicate that the current level of reserves is adequate for the charity to meet its objectives.

Valuation of properties

In 2014 the freehold property at 93 Lillington Road was subject to a periodic valuation in the year, in accordance with UK GAAP. This led to an assessed valuation of £3,870,000 on an open market value basis and of £7,235,000 on a reinstatement/replacement basis for insurance purposes. The trustees consider the latter valuation to be a more relevant indicator as the site is used for charitable purposes. However, as this valuation includes demolition costs, professional fees and the costs required to reinstate the building in its present form, the carrying value of £4,416,585 carried forward has been retained in the accounts and is considered to still be materially true and fair as at the year end.

In 2015, a valuation was considered for the Helen Ley site and it was confirmed that the site was insured for £5,108,569. Again, as the trustees consider that the current carrying value of the site of £2,374,708 is materially true and fair, the site has not been subject to an upward revaluation in the accounts in 2018.

In 2017 trustees agreed that in future, a procedure for formal cyclical assessments of property valuations will be put into place, in line with the guidance in the Charities SORP (FRS 102).

Fundraising

Whilst the charity does incur some expenditure in respect of fundraising activities, including professional fees for a third party agent in respect of corporate charity donations, these are considered to be on a small scale and do not form part of the charity's principal activities. The charity neither participates in publicly marketed fundraising events nor in the active soliciting of donations from members of the general public. Accordingly, the charity is not registered with the Fundraising regulator, although the trustees will keep the situation under review.

The trustees would like to acknowledge their sincere gratitude for the donations in the year from the Garfield Weston Foundation and 29th May Charitable Trust.

CASTEL FROMA NEURO CARE LIMITED
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TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2018

STATEMENT OF PUBLIC BENEFIT

The trustees are mindful of the need to demonstrate public benefit in the operation of both Royal Midland Counties Home for the Disabled (RMCHD) and Castel Froma Neuro Care Limited. For many years the charity had operated at a trading loss and had been wholly dependent upon RMCHD to provide substantial donations in order to keep the charity running. The trustees are now pursuing a strategy of maintaining realistic fee levels whilst also ensuring that costs are actively managed, which has started to produce financial stability for the charity.

The trustees have duly considered the Charity Commission's published guidance on public benefit requirements under the Charities Act 2011.

As such, the trustees carry out those objects and activities by contracting with, amongst others, NHS England and various clinical commissioning groups to provide:-

- Rehabilitation of individuals following catastrophic brain traumas; and
- Continuing specialist and complex care for individuals with ongoing brain related traumas and physical disabilities

As a result of this, the charity is deemed to demonstrate a public benefit in assisting the NHS and other public bodies by offering a more tailored solution to these individuals whose complex and often long-term care needs would otherwise place a significant burden on publicly funded resources and facilities.

Furthermore, as part of its rehabilitation and care programme the charity funds additional therapy services for residents as a demonstrable and direct public benefit. These enhanced services are often additional to those which would ordinarily be covered under the care contract for a resident, whether funded privately or through NHS provision. As an example, hydrotherapy is a beneficial service which is appreciated by many of our residents which would not be provided if it were not for the charity funding this itself. Castel Froma Neuro Care Limited has therefore been pleased to offer this facility to residents at a cost of approximately £646k over the 12 months ended 31 March 2018.

The charity is open to all who may benefit from the highly intensive services offered at Castel Froma Neuro Care Limited. We know we could do more and that is why we are seeking to develop the existing premises which, in addition to providing more appropriate facilities and surroundings, will allow the charity to offer its services to more potential residents. A broader range of services is contemplated which would offer further support to those needing the specialised service we offer. This approach is entirely driven by the charity's objective of relieving persons with physical disabilities by the provision of care.

CASTEL FROMA NEURO CARE LIMITED
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TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2018

Trustees' responsibilities in relation to the financial statements

The charity trustees (who are also directors of Castel Froma Neuro Care Limited for the purposes of company law) are responsible for preparing a trustees' annual 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 year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to 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.

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant audit information, being information needed by the auditor in connection with preparing their report, of which the charitable company's auditor is unaware; and
- the trustees, having made enquiries of fellow directors and the charitable company's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Harrison Beale & Owen Limited have expressed their willingness to continue in the capacity of the company's auditors.

Approval of Strategic Report

In approving the Trustees' Annual Report we also approve the Strategic Report included therein, in our capacity as company directors.

Approved by the trustees on 22 November 2018 and signed on their behalf by



Mr S J Nicklin

Chairman of Trustees

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASTEL FROMA NEURO CARE LIMITED

FOR THE YEAR ENDED 31 MARCH 2018

Opinion

We have audited the financial statements of Castel Froma Neuro Care Limited (the 'charitable company') for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

CASTEL FROMA NEURO CARE LIMITED
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASTEL FROMA NEURO CARE LIMITED (continued)

FOR THE YEAR ENDED 31 MARCH 2018

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' Annual Report (incorporating the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 9, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of 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.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

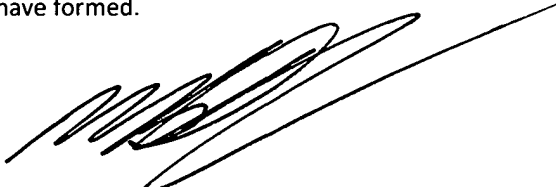
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASTEL FROMA NEURO CARE LIMITED (continued)

FOR THE YEAR ENDED 31 MARCH 2018

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.



Mark Ashfield BA FCA (Senior Statutory Auditor)
For and on behalf of Harrison Beale & Owen Limited
Chartered Accountants and Statutory Auditor
Highdown House
11 Highdown Road
Sydenham
Leamington Spa
CV31 1XT

22 November 2018

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (including income and expenditure account)
FOR THE YEAR ENDED 31 MARCH 2018

		Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Income and endowments from:					
Donations and legacies		48,043	44,684	92,727	270,065
Charitable activities					
Operation of care centres:					
Residential fees		6,769,723	-	6,769,723	6,647,653
Hydrotherapy		17,116	-	17,116	16,820
Investments	3	199,508	-	199,508	151,332
Other		14,254	-	14,254	7,939
Total income and endowments	2	<u>7,048,644</u>	<u>44,684</u>	<u>7,093,328</u>	<u>7,093,809</u>
Expenditure on:					
Raising funds	4	80,090	-	80,090	145,782
Charitable activities:					
Operation of care centres	9	6,670,927	38,355	6,709,282	6,693,482
Total expenditure		<u>6,751,017</u>	<u>38,355</u>	<u>6,789,372</u>	<u>6,839,264</u>
Net income		297,627	6,329	303,956	254,545
Transfers between funds		-	-	-	-
Other recognised gains/ (losses):					
Other gains/ (losses)	6	300,000	-	300,000	(264,409)
Net movement in funds		<u>597,627</u>	<u>6,329</u>	<u>603,956</u>	<u>(9,864)</u>
Reconciliation of funds					
Total fund balances brought forward at 1 April 2017		6,571,101	4,322,437	10,893,538	10,903,402
Total fund balances carried forward at 31 March 2018		<u>7,168,728</u>	<u>4,328,766</u>	<u>11,497,494</u>	<u>10,893,538</u>

All income and expenditure derive from continuing activities.

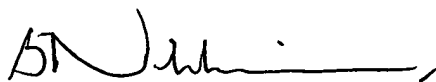
The statement of financial activities includes all gains and losses recognised during the year.

CASTEL FROMA NEURO CARE LIMITED
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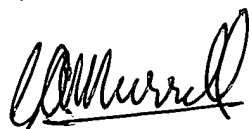
BALANCE SHEET AS AT 31 MARCH 2018

		2018 £	2017 £
	Note		
Fixed assets			
Tangible assets	10	8,147,659	7,738,408
Investments	11	2,000,000	1,700,000
		<u>10,147,659</u>	<u>9,438,408</u>
Current assets			
Stock	12	50,756	46,656
Debtors	13	724,096	798,497
Cash at bank and in hand		1,636,353	1,661,204
		<u>2,411,205</u>	<u>2,506,357</u>
Creditors : amounts falling due within one year	14	(718,433)	(344,313)
Net current assets		<u>1,692,772</u>	<u>2,162,044</u>
Creditors : amounts falling due in more than one year	15	(342,937)	(706,914)
Net assets		<u>11,497,494</u>	<u>10,893,538</u>
Unrestricted funds			
General fund	19	3,975,339	3,806,948
Designated funds	19	3,193,389	2,764,153
		<u>7,168,728</u>	<u>6,571,101</u>
Restricted funds	19	78,766	72,437
Endowment fund (held by Castel Froma Neuro Care Ltd as a trustee of RMCHD)	19	4,250,000	4,250,000
		<u>11,497,494</u>	<u>10,893,538</u>

These accounts were approved by the Board of Trustees on 22 November 2018 and signed on its behalf by



MR S J NICKLIN
Chairman



MR G MURRELL
Vice-Chairman

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Cash provided by operating activities	1	677,689	325,331
Cash flows from investing activities			
Payments to acquire tangible fixed assets		(803,163)	(522,768)
Receipts from sales of tangible fixed assets		-	208
Receipts from sale of property held for resale		-	3,805,708
Interest received		2,820	224
Rents received from investment properties		196,688	151,108
Cash (used in)/ provided by investing activities		(603,655)	3,434,480
Cash flows from financing activities			
Repayment of long term loans		(19,985)	(2,107,404)
Repayment of HP and finance lease liabilities		(36,357)	(53,262)
Interest paid		(42,543)	(89,714)
Cash used in financing activities		(98,885)	(2,250,380)
(Decrease)/ increase in cash and cash equivalents		(24,851)	1,509,431
Cash and cash equivalents at 1 April		1,661,204	151,773
Cash and cash equivalents at 31 March		1,636,353	1,661,204
Cash and cash equivalents consists of:			
Cash at bank and in hand		1,636,353	1,661,204
Cash and cash equivalents at 31 March		1,636,353	1,661,204

CASTEL FROMA NEURO CARE LIMITED
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NOTES TO THE STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2018

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

	2018	2017
	£	£
Net movement in funds	603,956	(9,864)
Rents received from investment properties	(196,688)	(151,108)
Interest receivable	(2,820)	(224)
Interest payable	42,543	89,714
Depreciation and impairment of tangible fixed assets	383,907	599,894
Loss on disposal of tangible fixed assets	10,005	867
Realised loss on disposal of property held for resale	-	263,542
Unrealised gain on investment property	(300,000)	-
Increase in stock	(4,100)	(17,311)
Decrease/ (increase) in debtors	74,401	(416,639)
Increase/ (decrease) in creditors	66,485	(33,540)
Net cash provided by operating activities	<u>677,689</u>	<u>325,331</u>

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Principal accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are set out below as follows. These policies have been consistently applied unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Castel Froma Neuro Care Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Preparation of the accounts on a going concern basis

The charity reported net income of £303,956 and a net cash provided by operating activities of £677,689 for the year. The trustees are of the view that the charity's future plans, including forecasts for net income and operating cash inflows, suggest that the charity's immediate future is secured for the 12 months following the authorisation of these accounts. Accordingly, on this basis the trustees consider the charity to be a going concern.

Whilst an uncertain economic outlook persists which could give rise to a significant area of financial uncertainty, the trustees and key management have taken mitigating action to ensure that relevant funding for fees charged reflects as far as possible the relevant costs incurred and regular contact is maintained with relevant funding authorities to ensure that this remains the case in the future.

c) Income

Income is recognised when the charity has any entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable the income will be received and the amount can be measured reliably.

Income from government and other grants, whether "capital" grants or "revenue" grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

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

Income received in advance of any care services provided is deferred until the criteria for income recognition are met (see note 14).

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity, for example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2018

1 Principal accounting policies (continued)

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees' Annual Report.

Where practicable, gifts in kind donated for distribution to the beneficiaries of the charity are included in stock and donations in the financial statements upon receipt. If it is impracticable to assess the fair value at receipt or if the costs to undertake such a valuation outweigh any benefits, then the fair value is recognised as a component of donations when it is distributed and an equivalent amount recognised as charitable expenditure.

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

Income from investment property is accounted for on a straight line basis over the period of the lease.

d) Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements where applicable.

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

Endowment funds represent those assets which must be held permanently by the charity, principally the property at Lillington Road.

e) Expenditure recognition and irrecoverable VAT

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to a third party, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds comprise property management fees and property related interest and costs; and staff and professional fees associated with raising funds.
- Expenditure on charitable activities includes the costs associated with the provision of care and accommodation for severely physically disabled people and other activities undertaken to further the purposes of the charity and their associated support costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

f) Support costs

Support costs are those functions that assist the work of the charity but do not directly represent charitable activities and include office costs, finance, personnel, payroll and governance costs. Where support costs cannot be directly attributed to particular headings they have been allocated to the cost of raising funds and expenditure on charitable activities. Costs are allocated to activities based on a relevant indicator for use of resources (e.g. staff allocated by activity; floor area of building; equipment allocated by activity). The bases on which support costs have been allocated are set out in note 9.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2018

1 Principal accounting policies (continued)

g) Leases and hire purchase

Assets acquired under hire purchase contracts are capitalised and depreciated over their expected useful lives. Rentals payable under operating leases are charged to the SOFA on a straight line basis over the period of the lease.

h) Tangible fixed assets

Individual fixed assets costing £1,000 or more are capitalised at cost.

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold land and buildings	0% p.a.
Motor vehicles	25% p.a. reducing balance
Fixtures, fittings and equipment	15%, p.a., 20% p.a. and 33.3% p.a. straight line

Freehold land and buildings are not depreciated as the charity maintains the properties to a high standard and their residual values are considered to be equal to or not materially different from the carrying values in the financial statements. An annual impairment review is undertaken to establish the recoverable value of all properties.

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

During the prior year, the charity revised its accounting estimate for the depreciation of certain items of fixtures, fittings and equipment. The accounting estimate formerly depreciated certain of these items on a reducing balance basis at 15%. From 1 April 2016 they have been depreciated at 15% straight line, and in the case of beds, mattresses and other furniture, at 20% straight line. The effect of the change in the accounting estimate increased the depreciation charge on fixtures, fittings and equipment by £Nil (2017: £331,659) in the year to 31 March 2018.

i) Investment properties

Investment properties are measured at fair value at each reporting date with changes in fair value recognised in "Other gains/ (losses)" in the SOFA.

j) Stock

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

k) Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2018

1 Principal accounting policies (continued)

l) Financial instruments

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

m) Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity operates a defined contribution pension plan for the benefit of its employees. Contributions are expensed as they become payable.

n) Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

o) Company status and general information

The charity is a private company incorporated in England and Wales and is limited by guarantee, with no share capital. The members of the company include the trustees. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 2 of these financial statements.

p) Critical accounting estimates and judgements

To be able to prepare financial statements in accordance with FRS 102, the charity must make certain estimates and judgements that have an impact on the policies and the amount reported in the annual accounts. The estimates and judgements are based on historical experiences and other factors including expectations of future events that are believed to be reasonable at the time such estimates and judgements are made.

2 Incoming resources

Incoming resources for the current and prior year relating to charitable activities are all in respect of services.

3 Investment income

	2018	2017
	£	£
Rental income and income under operating leases	196,688	151,108
Interest and dividend income	2,820	224
	<u>199,508</u>	<u>151,332</u>
	<u><u>199,508</u></u>	<u><u>151,332</u></u>

CASTEL FROMA NEURO CARE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2018

4	Expenditure on raising funds	2018	2017
		£	£
	Property management fees and repairs	20,016	25,234
	Legal and other professional fees	23,600	36,248
	Loan arrangement fees	-	8,987
	Bank loan interest	36,474	75,313
		<u>80,090</u>	<u>145,782</u>
		<u><u>80,090</u></u>	<u><u>145,782</u></u>
5	Staff costs, trustee remuneration and expenses and the cost of key management personnel	2018	2017
		£	£
	Wages and salaries	4,542,198	4,331,557
	Social security costs	312,000	296,475
	Pensions	93,586	89,434
		<u>4,947,784</u>	<u>4,717,466</u>
		<u><u>4,947,784</u></u>	<u><u>4,717,466</u></u>

Wages and salaries include agency staff costs totalling £433,827 (2017: £409,431).

The trustees were not paid or reimbursed expenses during the year (2017: £Nil) and no trustee received any emolument or payment for professional or other services.

The number of staff whose emoluments fell within the following bands was as follows:-	No.	No.
£80,001 to £90,000	-	1
£90,001 to £100,000	1	-

One (2017: One) employee earning over £90,000 (2016: £80,000) is accruing retirement benefits under a defined contribution scheme. In the year, employer contributions of £3,576 (2017: £3,397) were made in respect of this employee.

The average monthly headcount was 230 staff (2017: 211 staff) and the average monthly number of full time equivalent employees (including part time staff) during the year was:

	2018	2017
	No.	No.
Management (including trustees)	14	15
Administration	7	7
Nursing	26	25
Ancillary care	90	88
Therapy	23	20
Housekeeping	16	18
Services	5	4
	<u>181</u>	<u>177</u>
	<u><u>181</u></u>	<u><u>177</u></u>

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2018

5 Staff costs, trustee remuneration and expenses and the cost of key management personnel (continued)

The key management of the charity comprise the Trustees, the Chief Executive, the Clinical Leads and the Nominated individual. The total employee benefits of the key management personnel of the charity were as follows:

	2018	2017
	£	£
Key management employee benefits	233,973	239,113
	<u> </u>	<u> </u>

6 Other gains and losses

Other gains and losses include an unrealised gain of £300,000 (2017: £Nil) in respect of a fair value adjustment relating to the charity's investment property; and a realised loss of £Nil (2017: £264,409) in respect of the land known as Cloister Way.

7 Net income

	2018	2017
	£	£
Net income is stated after charging/ (crediting):-		
Other operating leases	35,593	20,922
Depreciation – owned assets	373,049	488,988
Depreciation – assets under HP and finance lease	10,858	110,906
Income from operating lease arrangements	(196,688)	(151,108)
Loss on disposal of tangible fixed assets	10,005	867
Cost of stock recognised as an expense	458,709	469,182
Auditors' remuneration	8,000	8,000
	<u> </u>	<u> </u>

8 Interest payable

	2018	2017
	£	£
Bank interest	-	8,040
Bank loan Interest	36,474	75,313
Hire Purchase interest	6,069	6,361
	<u> </u>	<u> </u>
	<u>42,543</u>	<u>89,714</u>

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2018

9 Analysis of expenditure on charitable activities

	Operation of Care centres £	Therapies £	Total 2018 £	Total 2017 £
Staff	3,591,908	492,648	4,084,556	3,780,948
Rent & rates	22,004	3,001	25,005	28,329
Light, heat & power	109,363	14,913	124,276	132,890
Supplies (medical, catering & cleaning)	412,838	45,871	458,709	469,182
Repairs & maintenance	188,106	25,651	213,757	199,722
Training	23,702	2,634	26,336	20,624
Subscriptions	39,452	4,384	43,836	34,801
Motor & travelling expenses	13,565	1,507	15,072	47,096
Insurance	58,300	7,950	66,250	49,093
Bank charges & interest	8,193	-	8,193	16,745
Depreciation	345,516	38,391	383,907	599,894
General expenses	83,004	9,223	92,227	53,751
	<u>4,895,951</u>	<u>646,173</u>	<u>5,542,124</u>	<u>5,433,075</u>

Allocation of support and governance costs to activities	Operation of Care centres £	Total 2018 £	Total 2017 £
Wages and salaries & related costs (allocated on time)	807,461	807,461	885,978
General (pro rata to staff full time equivalent)	128,754	128,754	140,642
Legal and other professional fees	86,835	86,835	96,116
Support costs	<u>1,023,050</u>	<u>1,023,050</u>	<u>1,122,736</u>
Governance costs (allocated on time)	144,108	144,108	137,671
Direct costs		5,542,124	5,433,075
Total costs relating to the operation of the care centres		<u>6,709,282</u>	<u>6,693,482</u>

Governance costs comprise the following:-

	2018 £	2017 £
Staff costs	55,767	50,540
Legal and professional fees	88,341	87,131
	<u>144,108</u>	<u>137,671</u>

CASTEL FROMA NEURO CARE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2018

10 Tangible fixed assets	Freehold land & buildings	Motor Vehicles	Fixtures fittings & equipment	Total
	£	£	£	£
Cost or valuation				
At 1 April 2017	6,320,497	75,968	3,092,169	9,488,634
Additions	375,024	57,800	370,339	803,163
Disposals	-	-	(10,217)	(10,217)
Reclassification transfer	95,772	-	(95,772)	-
At 31 March 2018	6,791,293	133,768	3,356,519	10,281,580
Depreciation				
At 1 April 2017	-	58,598	1,691,628	1,750,226
Charge for the period	-	17,824	366,083	383,907
Eliminated on disposal	-	-	(212)	(212)
At 31 March 2018	-	76,422	2,057,499	2,133,921
Net book value				
At 31 March 2018	6,791,293	57,346	1,299,020	8,147,659
At 31 March 2017	6,320,497	17,370	1,400,541	7,738,408

Freehold land and buildings comprise the sites at Lillington Road (Lillington House) with a carrying value of £4,416,585 and at Bericote Lane (Helen Ley House) with a carrying value of £2,374,708. The site at Lillington Road was valued by Wareing & Company for the year ended 31 March 2014, which did not result in any change in the carrying value. The site at Bericote Lane was acquired in the year ended 31 March 2013 and its value was reconsidered in the year ended 31 March 2015, which also did not result in any change in the carrying value. If freehold land and buildings had not been revalued they would have been included at a historical cost of £4,044,383.

Included within fixtures, fittings & equipment are assets purchased under hire purchase agreements with a cost of £204,238 (2017: £204,238) and accumulated depreciation of £198,284 (2017: £187,926).

11 Investments

Valuation	Investment property £	Total £
Balance at 1 April 2017	1,700,000	1,700,000
Unrealised gain	300,000	300,000
Balance at 31 March 2018	2,000,000	2,000,000

Investment property was valued on a fair value basis by the trustees as at 31 March 2018 at £2,000,000 (2017: £1,700,000). The method and significant assumptions underlying this assessment of fair value was by reference to recent rent yields based on the type of property and its geographical location, subject to a maximum threshold of the declared valuation for insurance purposes.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2018

12	Stock	2018	2017
		£	£
	Domestic supplies & consumables	50,756	46,656
		<u> </u>	<u> </u>

13	Debtors	2018	2017
		£	£
	Trade debtors	419,813	554,118
	Other debtors	7,981	5,670
	Prepayments and accrued income	296,302	238,709
		<u> </u>	<u> </u>
		<u>724,096</u>	<u>798,497</u>

All debtors are short term financial assets that are debt instruments measured at amortised cost.

14	Creditors: amounts falling due within one year	2018	2017
		£	£
	Bank loans and overdraft	361,333	21,865
	Obligations under finance leases and hire purchase contracts	2,504	34,337
	Trade creditors	132,474	80,715
	Accruals and deferred income	129,358	115,672
	Other taxation and social security	79,144	80,053
	Other creditors	13,620	11,671
		<u> </u>	<u> </u>
		<u>718,433</u>	<u>344,313</u>

Included in accruals and deferred income is fee and rental income relating to later periods totalling £14,683 (2017: £Nil) which has been deferred in the year ended 31 March 2018.

15	Creditors: amounts falling due in more than one year	2018	2017
		£	£
	Bank loans	342,937	702,390
	Obligations under finance leases and hire purchase contracts	-	4,524
		<u> </u>	<u> </u>
		<u>342,937</u>	<u>706,914</u>

All creditors are financial assets that are debt instruments measured at amortised cost.

The bank loans and bank overdraft are secured on freehold property, investment property and freehold land. Obligations under finance leases and hire purchase contracts are secured on the related assets.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2018

		2018	2017
15	Creditors: amounts falling due in more than one year (continued)	£	£
	Loans		
	An analysis of the maturity of loans is given below:		
	Amounts falling due within one year or on demand:		
	Bank loans	361,333	21,865
	Obligations under finance leases and hire purchase contracts	2,504	34,337
		<u>363,837</u>	<u>56,202</u>
	Amounts falling due between one and two years:		
	Bank loans	11,852	361,333
	Obligations under finance leases and hire purchase contracts	-	4,524
		<u>11,852</u>	<u>365,857</u>
	Amounts falling due between two and five years:		
	Bank loans	331,085	341,057
		<u>331,085</u>	<u>341,057</u>
		<u>706,774</u>	<u>763,116</u>

Within bank loans due within one year, £350,015 was refinanced as a long term loan from April 2018. The remaining long term loans are payable in full in April 2020. Interest is being charged at 4.69% and 5% on the two bank loans.

16 Operating lease commitments

At 31 March 2018 the charity had minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
	£	£
Expiry date:		
Within 1 year	25,274	6,955
Between 1 and 5 years	107,176	11,051
	<u>132,450</u>	<u>18,006</u>

At 31 March 2018 the charity had minimum lease receipts due under non-cancellable operating leases as follows:

	2018	2017
	£	£
Expiry date:		
Within 1 year	137,000	129,338
Between 1 and 5 years	479,500	616,500
	<u>616,500</u>	<u>745,838</u>

17 Residents' savings

An amount of £8,685 (2017: £7,437) is held in two bank accounts on behalf of residents.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2018

18 Pension commitments

The charitable company operates a defined contribution pension scheme in respect of the staff. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the charitable company and amounted to £93,586 (2017: £89,434). Included within creditors is an amount due to scheme providers totalling £17,531 (2017: £10,389).

19 Analysis of charitable funds

	At 1 April 2017 £	Income and gains £	Expenditure £	Transfers £	At 31 March 2018 £
Analysis of movements in unrestricted funds:					
General reserve	3,806,948	7,348,644	(6,357,105)	(823,148)	3,975,339
Designated reserve					
Fixed asset fund	2,764,153	-	(393,912)	823,148	3,193,389
Unrestricted funds	<u>6,571,101</u>	<u>7,348,644</u>	<u>(6,751,017)</u>	<u>-</u>	<u>7,168,728</u>
Analysis of movements in restricted funds:					
Restricted revenue funds					
Nurses' social committee fund	3,904	-	-	-	3,904
Patients' social committee fund	2,645	-	-	-	2,645
Helen Ley physio equipment	4,241	-	-	-	4,241
New build professional fees	13,670	-	-	-	13,670
Software fund	5,173	-	-	-	5,173
Leisure and sporting activities	5,000	-	-	-	5,000
Social activities	2,000	5,000	-	-	7,000
Nursing training	3,671	-	(3,671)	-	-
Other	7,609	-	-	-	7,609
	<u>47,913</u>	<u>5,000</u>	<u>(3,671)</u>	<u>-</u>	<u>49,242</u>
Restricted capital funds					
Physiotherapy equipment	12,499	-	-	-	12,499
New build fund	25	-	-	-	25
Helen Ley roof fund	-	30,000	(30,000)	-	-
Adapted vehicle fund	-	4,684	(4,684)	-	-
Emergency admissions and stay room	12,000	5,000	-	-	17,000
	<u>72,437</u>	<u>44,684</u>	<u>(38,355)</u>	<u>-</u>	<u>78,766</u>
Endowment fund (RMCHD)	4,250,000	-	-	-	4,250,000
Total funds	<u>10,893,538</u>	<u>7,393,328</u>	<u>(6,789,372)</u>	<u>-</u>	<u>11,497,494</u>

Transfers of £823,148 represent the reallocation of expenditure on further investment in the fixed assets fund during the year.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2018

19 Analysis of charitable funds (continued)

The general reserve represents the free funds of the charity which are not designated for particular purposes.

Designated unrestricted funds include reserves invested in fixed assets and land and property assets held for resale less the associated bank loans.

The endowment fund is held by Royal Midland Counties Home for the Disabled and comprises a permanent endowment of £4,250,000, being the site of the charity's registered address (represented within freehold land & buildings in note 10). On 1 April 2011 the endowment fund was placed under the protection of the trustees of Castel Froma Neuro Care Limited under a Uniting Direction. The endowment fund is being held by Castel Froma Neuro Care Limited as a trustee of Royal Midland Counties Home for the Disabled.

The restricted funds are those funds which have been used in accordance with restrictions imposed by donors or funds which have been raised by the charity for specific purposes.

The nurses' social committee fund and the patients' social committee fund represent amounts received from the Mary Hallam estate to be spent by the committees.

The Helen Ley physio equipment fund arose out of specific donations received and appeals made by the charity as a contribution towards the cost of this charitable activity.

The new build professional fees fund represents a specific donation to cover some of the up front costs associated with the proposed new build site.

The software fund represents amounts donated by Royal Midlands Counties Home for the Disabled and other donors to install relevant software and purchase the necessary support and testing required to it into full operational use.

The leisure and sporting activities fund represents amounts donated towards additional leisure and sporting activities for the benefit of residents.

The social activities fund represents amounts donated towards additional social activities for the benefit of residents.

The nursing training fund represents amounts donated towards specific training activities for nursing staff.

Other restricted funds comprise funds in relation to: Peoples postcode lottery; Positional aids; Specialist training; and The English Project.

The physiotherapy equipment and new build funds represent funds raised from various donors for the purpose of purchasing capital assets.

The Helen Ley Roof fund represents amounts donated to upgrade the roof at the premises in Bericote Lane.

The adapted vehicle fund represents amounts donated for the purchase of a specialist vehicle.

The emergency admissions and stay room fund represents amounts donated to build this specific facility on site.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2018

20 Analysis of net assets between funds

	Tangible fixed assets £	Investments £	Net current assets £	Long term creditors £	Total £
Unrestricted funds					
General reserve	-	2,000,000	1,975,339	-	3,975,339
Designated reserve	3,897,659	-	(361,333)	(342,937)	3,193,389
Restricted funds	-	-	78,766	-	78,766
Endowment fund	4,250,000	-	-	-	4,250,000
	8,147,659	2,000,000	1,692,772	(342,937)	11,497,494

21 Related party transactions

There were no related party transactions during the year (2017: £Nil).

22 Controlling interest

The charity is controlled by the trustees.



Latest Trustee Indemnity Insurance

Your Renewal Policy

CHUBB®

Chubb Ignite ForeFront Management Liability Policy for:

CASTEL FROMA NEURO CARE LIMITED

Negotiated for you by:

Affinitive Insurance Brokers Ltd

Mike Connor

Mike.connor@aib.uk.com

07525 470451

Chubb Ignite ForeFront Management Liability Policy

Policyholder	CASTEL FROMA NEURO CARE LIMITED	Address	93 Lillington Road LEAMINGTON SPA CV32 6LL
Policy Number	UKDAO054584119	Chubb Line	100%
Business Description	Nursing Care Facilities (Skilled Nursing Facilities)	Policy Form Reference	Forefront Management Liability - Bluefin Network
Underwriter	Forefront Ignite Underwriting Centre	Claims Notification to	Uk.claims@chubb.com

Chubb ForeFront

Policy Schedule

Chubb

(herein called "the Insurer")

Policy Number:

UKDAOO54584119

Declarations

Item 1. Policyholder: CASTEL FROMA NEURO
 CARE LIMITED
 Address: 93 Lillington Road
 LEAMINGTON SPA
 CV32 6LL

Item 2. Policy Period: From : 13/01/2019 LST
 To : 12/01/2020 LST
 both days inclusive.

Item 3.

	Cover Section	Operative	Limit of Liability
3.1	2. Directors and Officers Liability	Yes	£5,000,000
3.2	3. Corporate Legal Liability	Yes	£2,500,000
3.3	4. Employment Practices Liability	Yes	£250,000
3.4	5. Benefit Plan Liability	Yes	£25,000
3.5	6. Employee Crime	Yes	£25,000
3.6	7. Kidnap and Extortion Expenses	Yes	£25,000
3.7	8. Cyber Liability & Incident Response Expenses	Yes	£25,000

Item 4. Other Details for Section 2 (Directors and Officers Liability)

4.1	Defence Costs Additional Excess Limit:	Each Policy Period	£1,000,000 or 10% of the Limit of Liability in Item 3.1 above, whichever is the lesser
4.2	Non Indemnifiable Loss Additional Excess Limit (see Section 2.3):	Each Policy Period	£1,000,000 or 50% of the Limit of Liability in Item 3.1 above, whichever is the lesser

4.3	Sublimit for Pollution Defence Costs:	Each Policy Period	As per the Limit of Liability in Item 3.1 above
4.4	Sublimit for Bail Bond Costs:	Each Policy Period	£100,000
4.5	Sublimit for Prosecution Costs:	Each Policy Period	As per the Limit of Liability in Item 3.1 above
4.6	Sublimit for Extradition Crisis Costs:	Each Policy Period	£25,000
4.7	Sublimit for Public Relations Expenses	Each Policy Period	£100,000
4.8	Sublimit for Reputation Protection Expenses	Each Policy Period	£150,000
4.9	Sublimit for Relative Costs:	Each Policy Period	£25,000
4.10	Sublimit for Mitigation Loss:	Each Policy Period	£25,000
4.11	Sublimit for Crisis Costs	Each Policy Period	£25,000
4.12	Sublimit for Tax in Insolvency	Each Policy Period	10% of the Limit of Liability in Item 3.1 above
4.13	Retention for Claims brought and maintained entirely outside the USA:		£0
	Retention for Claims brought or maintained in whole or in part in the USA:		\$10,000
	The above Retentions apply only to Loss for which an Insured Person is Indemnifiable .		
4.14	Pending or Prior Date:		04/02/2010
4.15	Acquisition Limit:		25% of Total Assets
Item 5.	Other Details for Section 3 (Corporate Legal Liability)		
5.1	Sublimit for Personal Injury or Property Damage Defence Costs:	Each Policy Period	£50,000
5.2	Sublimit for Services and Advice Defence Costs:	Each Policy Period	£50,000
5.3	Sublimit for Intellectual Property Defence Costs:	Each Policy Period	£50,000
5.4	Sublimit for Public Offering Defence Costs:	Each Policy Period	£100,000
5.5	Sublimit for Contract Claim Defence Costs:	Each Policy Period	£100,000
5.6	Sublimit for Pollution Defence Costs:	Each Policy Period	£100,000
5.7	Sublimit for all legal representation fees in respect of an Investigation under the Health & Safety at Work etc Act 1974:	Each Policy Period	25% of the Limit of Liability in Item 3.2 above
5.8	Sublimit for all legal representation fees in respect of an Investigation under the Corporate Manslaughter and Corporate Homicide Act 2007:	Each Policy Period	25% of the Limit of Liability in Item 3.2 above
5.9	Sublimit for all Public Relations Expenses:	Each Policy Period	£25,000
5.10	Retention:		£0
5.11	Pending or Prior Date:		13/01/2019
Item 6.	Other Details for Section 4 (Employment Practices Liability)		
6.1	Sublimit for Crisis Costs, Public Relations Expenses and Reputational Protection Expenses:	Each Policy Period	£25,000
6.2	Retention for Claims which are not Class or Mass Actions:		£2,500
	Retention for Claims which are Class or Mass Actions:		£15,000
6.3	Pending or Prior Date:		13/01/2019
Item 7.	Other Details for Section 5 (Benefit Plan Liability)		
7.1	Sublimit for Bail Bond Costs:	Each Policy Period	£100,000
7.2	Sublimit for Prosecution Costs:	Each Policy Period	£500,000
7.3	Sublimit for Extradition Crisis Costs:	Each Policy Period	£25,000

7.4	Sublimit for Media Costs:	Each Policy Period	£50,000
7.5	Sublimit for Relative Costs:	Each Policy Period	£25,000
7.6	Sublimit for Documents replacement:	Each Policy Period	£100,000
7.7	Retention:		£0
7.8	Pending or Prior Date:		13/01/2018
Item 8.	Other Details for Section 6 (Employee Crime)		
8.1	Loss Limit each Crime:		£25,000
8.2	Expenses Limit each Crime:		10% of the Loss Limit in Item 8.1 above or £250,000, whichever is the lesser
8.3	Retention each Crime:		£2,500
	No Retention shall apply to an Employee Benefit Plan.		
Item 9.	Other Details for Section 7 (Kidnap and Extortion Expenses)		
9.1	Sublimit for Recall Expenses:	Each Policy Period	£25,000
9.2	Sublimit for Rest and Rehabilitation Expenses:	Each Policy Period	£25,000
9.3	Retention:		£0
Item 10.	Other Details for Section 8 (Cyber Liability & Incident Response Expenses)		
10.1	Sublimit for Privacy Liability:	Each Policy Period	£25,000
10.2	Sublimit for Network Security Liability:	Each Policy Period	£25,000
10.3	Sublimit for Incident Response Expenses:	Each Policy Period	£25,000
10.4	Sublimit for Consumer Redress Fund:	Each Policy Period	£25,000
10.5	Sublimit for Payment Card Loss:	Each Policy Period	£25,000
10.6	Sublimit for Regulatory Fines:	Each Policy Period	£25,000
10.7	Retention:	Each Policy Period	£0
Item 11.	Endorsements Applicable:		
	None		
Item 12.	Discovery Period		100% of the annual premium for an additional period of 1 year. 125% of the annual premium for an additional period of 3 years. 150% of the annual premium for an additional period of 6 years.

Insurance Premium excluding Insurance Premium Tax (GBP)	£1,374.27
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Total Premium including Insurance Premium Tax (GBP)	£1,539.18
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THIS IS A CLAIMS-MADE POLICY. EXCEPT AS OTHERWISE PROVIDED, IT COVERS ONLY **CLAIMS** FIRST MADE DURING THE **POLICY PERIOD**

Additional Terms and Conditions Endorsed to the Policy

None

Contact Us

All queries about this policy should be made to:

Mike Connor
2nd Floor, 8 Charles Court
Budbrook Road
Warwick
CV34 5LZ

Chubb European Group SE
100 Leadenhall Street
London, EC3A 3BP
United Kingdom

O +44 20 7173 7000

ChubbUKI@chubb.com

About Chubb

Chubb is the world's largest publicly traded property and casualty insurer. With operations in 54 countries, Chubb provides commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance and life insurance to a diverse group of clients. As an underwriting company, we assess, assume and manage risk with insight and discipline. We service and pay our claims fairly and promptly. We combine the precision of craftsmanship with decades of experience to conceive, craft and deliver the very best insurance coverage and service to individuals and families, and businesses of all sizes.

Chubb is also defined by its extensive product and service offerings, broad distribution capabilities, exceptional financial strength and local operations globally. The company serves multinational corporations, mid-size and small businesses with property and casualty insurance and risk engineering services; affluent and high net worth individuals with substantial assets to protect; individuals purchasing life, personal accident, supplemental health, homeowners, automobile and specialty personal insurance coverage; companies and affinity groups providing or offering accident and health insurance programs and life insurance to their employees or members; and insurers managing exposures with reinsurance coverage.

Chubb's core operating insurance companies maintain financial strength ratings of AA from Standard & Poor's and A++ from A.M. Best. Chubb Limited, the parent company of Chubb, is listed on the New York Stock Exchange (NYSE: CB) and is a component of the S&P 500 index.

Chubb maintains executive offices in Zurich, New York, London, Paris and other locations, and employs approximately 31,000 people worldwide.

Chubb. Insured.SM

Chubb European Group SE (CEG) is an undertaking governed by the provisions of the French insurance code with registration number 450 327 374 RCS Nanterre. Registered office: La Tour Carpe Diem, 31 Place des Corolles, Esplanade Nord, 92400 Courbevoie, France. CEG has fully paid share capital of €896,176,662.

UK business address: 100 Leadenhall Street, London EC3A 3BP. Supervised by the French Prudential Supervision and Resolution Authority (4, Place de Budapest, CS 92459, 75436 PARIS CEDEX 09) and authorised and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request. You can find details about the firm by searching 'Chubb European Group SE' online at <https://register.fca.org.uk/>.

Section 2: Directors and Officers liability (“this D&O Section”)

1. Insuring Clauses

Directors and Officers Liability

- 1.1 The **Insurer** shall pay, on behalf of each **Insured Person**, **Loss** to the extent they have not been indemnified for that **Loss**.

Company Indemnification

- 1.2 The **Insurer** shall pay, on behalf of each **Company**, **Loss** to the extent that it has indemnified an **Insured Person** for that **Loss**.

Non-indemnified Investigation Costs

- 1.3 The **Insurer** shall pay, on behalf of each **Insured Person**, **Investigation Costs** to the extent they have not been indemnified for those **Investigation Costs**.

Indemnified Investigation Costs

- 1.4 The **Insurer** shall pay, on behalf of each **Company**, **Investigation Costs** to the extent that it has indemnified an **Insured Person** for those **Investigation Costs**.

Subpoenas

- 1.5 The **Insurer** shall pay, on behalf of each **Insured Person**, **Subpoena Costs**.

2. Extensions

Limit of Liability Each Single Claim

- 2.1 A separate **Limit of Liability** shall apply in respect of all **Loss** arising from each **Single Claim**, subject to the conditions of this D&O Section.

Additional Excess Limit for Defence Costs

- 2.2 The payment by the **Insurer** of **Defence Costs** shall erode the **Limit of Liability** only after exhaustion of the Additional Excess Limit for **Defence Costs** stated in Item 4.1 of the Schedule. This Extension shall only apply to the first **Single Claim** notified in accordance with General Section Clause 8.

Additional Excess Limit for Non-Indemnifiable Loss

- 2.3 The **Insurer** shall, in the event **Loss** paid by the **Insurer** under this D&O Section reaches the amount of the **Limit of Liability**, pay **Loss** that is not **Indemnifiable** of each of the directors of the **Policyholder** or non-executive directors of any **Subsidiary**, on account of **Claims** made within the **Policy Period**, up to the Additional Excess Limit stated in Item 4.2 of the Schedule.

Acquisition or Creation of Another Company

- 2.4 If, during the **Policy Period**, a **Company**:
- (a) acquires securities or voting rights in another entity which as a result of such acquisition becomes a **Subsidiary**;
 - (b) creates an entity which as a result of such creation becomes a **Subsidiary**; or
 - (c) acquires any entity by merger into or consolidation with that **Company**,

then the individuals set out in the **Insured Persons** Definition 3.14 of that entity shall automatically become **Insured Persons** under this D&O Section with effect from the date of such acquisition or creation but only with respect to **Wrongful Acts** or conduct after, such acquisition or creation.

This is provided, in the event of an acquisition described in (a) or (c) immediately above, such entity:

- (i) has total assets of no more than the Acquisition Limit in Item 4.15 of the Schedule; and
- (ii) has no listing of its securities in the **USA**. For the purposes of this Extension, listing of equity pursuant to Rule 144A of the **USA** Securities Act 1933 shall not constitute a public listing of Securities traded on an exchange in the **USA**.

Any newly acquired **Subsidiary** during the **Policy Period** that, by virtue of the requirement in (i) immediately above, is outside the scope of (a) or (c) above, shall be covered under this D&O Section for a period of 60 days from the date of acquisition. With the written agreement of the **Insurer** and subject to any additional premium and amended terms and conditions, this D&O Section may be extended to include such **Subsidiary** beyond 60 days, but only in respect of **Wrongful Acts** or conduct after such entity becomes a **Subsidiary**.

The **Insurer** may agree to provide cover for prior **Wrongful Acts** and prior conduct, following the receipt of any information the **Insurer** may require and subject to any additional premium and amended terms and conditions.

Emergency Costs

- 2.5 If it is not possible for the **Insured Person** to obtain the **Insurer's** prior written consent to the incurring of **Defence Costs, Investigation Costs, Bail Bond Costs, Public Relations Expenses, Crisis Costs** or **Pre-Investigation Costs**, the **Insurer** will waive the requirement for prior written consent, as long as the **Insurer's** consent is sought within thirty days of the first of such costs being incurred.

Extended Reporting Period, Retired Directors or Officers, and Takeovers/Mergers

- 2.6 (a) Should the **Insurer**, other than for non-payment of premium, or the **Policyholder**, not renew this D&O Section and it is not replaced by an equivalent directors' and officers' liability insurance policy:
- (i) the **Insured Person** may purchase the **Discovery Period**, provided that written notice of such election and payment of the additional premium are received by the **Insurer** within 60 days following the expiry of the **Policy Period**;
 - (ii) the **Retired Insured Persons** shall be automatically entitled to an unlimited extended reporting period; and
 - (iii) if no election is made under (i) above, the **Insured Person** shall be automatically entitled to an extended reporting period of 60 days.
- (b) This Extension shall apply only to:
- (i) a **Claim** first made during the **Discovery Period** or in the case of a **Retired Insured Person** after expiry of the **Policy Period**, but only in respect of their **Wrongful Acts** prior to expiry of the **Policy Period**; or
 - (ii) an **Investigation** first commenced during the **Discovery Period** or in the case of a **Retired Insured Person** after expiry of the **Policy Period**, but only in respect of their conduct prior to expiry of the **Policy Period**.
- (c) The provisions of this Extension above shall also apply only where no **Transaction** has taken place. If during the **Policy Period**, a **Transaction** takes place, the **Insured Person** may obtain an extended reporting period of 12 months from the expiry date of the **Policy Period** subject to an additional premium of 125% of the D&O Section annual premium, 36 months from the expiry date of the **Policy Period** subject to an additional premium of 150% of the D&O Section annual premium or 72 months from the expiry date of the **Policy Period** subject to an additional premium of 200% of the D&O Section annual premium.
- (d) Where, following the expiry of the **Policy Period**, an equivalent directors and officers liability insurance policy is obtained by or for the benefit of an **Insured Person**, any cover provided by this Extension shall automatically be cancelled, with any premium paid fully earned at its inception.

Outside Directorship

- 2.7 Cover under this D&O Section is extended to cover **Loss** arising out of an **Outside Directorship**, provided however that:
- (a) the **Insurer's** liability shall apply only to that part of the **Loss** which is excess of:
 - (i) any payment made under another valid and collectable insurance policy;

- (ii) the amount of the **Loss** for which the **Insured Person** serving in such **Outside Directorship** is indemnified by the **Outside Entity**; and
 - (iii) any applicable Retention for this D&O Section stated in Item 4.13 of the Schedule; and
- (b) in the event the **Outside Entity**'s directors' and officers' liability insurance is provided by the **Insurer** or any member of the Chubb group of companies, payment under such other policy in respect of the **Loss** shall reduce, by the amount of that payment, the **Insurer**'s liability under this D&O Section with respect to such **Loss**.

Management Buy-Outs

- 2.8 In the event of an entity ceasing to be a **Subsidiary** as a result of a buy-out by existing management during the **Policy Period** the **Insurer** shall maintain this D&O Section in respect of such entity for a period of 30 days from the date of the buy-out for **Wrongful Acts** or conduct subsequent to such buyout. This Extension shall not apply where there is other insurance in place in respect of such **Wrongful Acts** or conduct.

Tax in Insolvency

- 2.9 A **Wrongful Act** under this D&O Section is extended to include an **Insured Person**'s personal liability under applicable insolvency legislation for the **Company**'s unpaid taxes solely by reason of their **Insured Capacity** without any allegation of wrongdoing, where the **Policyholder** has become insolvent, and except to the extent such liability arises from a breach of any statutory duty governing payment of taxes by the **Policyholder** at the deliberate instigation or in the full knowledge and assistance of such **Insured Person**. The sub-limit under this Extension is stated in Item 4.12 of the Schedule.

Bail Bond Costs, Crisis Costs, Public Relations Expenses, Reputation Protection Expenses & Relative Costs

- 2.10 This D&O Section covers, as **Loss**:
- (a) **Bail Bond Costs**;
 - (b) **Crisis Costs**;
 - (c) **Public Relations Expenses**;
 - (d) **Reputation Protection Expenses**; or
 - (e) **Relative Costs**.

Extradition Proceedings

- 2.11 This D&O Section covers as **Loss**:
- (a) **Defence Costs**;
 - (b) **Bail Bond Costs**;
 - (c) **Crisis Costs**;
 - (d) **Public Relations Expenses**;
 - (e) **Reputation protection Expenses**; or
 - (f) **Relative Costs**;
- in relation to an **Extradition Proceeding**.

Prosecution Costs

- 2.12 This D&O Section covers, as **Loss**, **Prosecution Costs** arising from a **Claim** or **Investigation**.

Civil Fines and Penalties

- 2.13 This D&O Section covers, as **Loss**, **Civil Fines and Penalties** imposed by law as a result of a **Claim** or **Investigation**.

Occupational Health & Safety

2.14 Notwithstanding Exclusion 4.3 this D&O Section covers, as **Loss**, all **Defence Costs** and **Investigation Costs** incurred by an **Insured Person** in their **Insured Capacity** arising from any **Claim** or **Investigation** in respect of the death or injury of a natural person.

Deprivation of Assets Expenses

2.15 This D&O Section covers, as **Loss**, **Deprivation of Assets Expenses** arising from a **Claim** or **Investigation**. The sub-limit of liability under this Extension shall be GBP100,000 per **Insured Person**, and the **Insurer's** maximum aggregate liability under this Extension shall be GBP300,000 irrespective of the number of claims under this D&O Section, the amount claimed, the number of **Insured Persons** who claim, or when during the **Policy Period** such claims are made.

Pre-Investigation Costs

2.16 This D&O Section covers, as **Loss**, the reasonable and necessary fees, costs, and expenses of an **Insured Person** (but not including any remuneration, cost of their time, or overheads of any **Company**) incurred directly with respect to:

- (a) any **Pre-Investigation**; or
- (b) preparing any written notice or reports to any governmental, regulatory, law enforcement, professional or statutory body in connection with any **Pre-Investigation**.

Interpretive Counsel

2.17 **Defence Costs** are extended to include the reasonable costs and expenses, incurred by **Insured Persons**, of lawyers within their home jurisdiction solely to interpret and apply advice received from lawyers retained by such **Insured Persons** to defend a covered **Claim** in a **Foreign Jurisdiction**.

Mitigation Loss

2.18 This D&O Section is extended to cover, as **Loss**, the **Mitigation Loss** of an **Insured Person**, for which cover would be granted under Insuring Clauses 1.1 or 1.2 in the event of a **Claim**, provided that:

- (a) the **Insured Person** demonstrates, to the reasonable satisfaction of the **Insurer**, that the incurring of such **Mitigation Loss** is reasonable and proportionate, and is reasonably likely to prevent or mitigate the potential **Claim**;
- (b) the circumstances giving rise to the need for payment of such **Mitigation Loss** are reported in accordance with General Section Clause 8;
- (c) any action taken is with the prior written consent of the **Insurer** (not to be unreasonably withheld or delayed);
- (d) the liability of the **Insurer** shall in no event exceed the amount of covered **Loss** it would have paid if a **Claim** were made against the **Insured Person**; and
- (e) the burden of proving that a **Claim** would be covered under this D&O Section shall rest with the **Insured Person**.

This Extension shall not apply to any potential **Claim** against an **Insured Person** by the **Company**, and shall be subject to the sub-limit stated in Item 4.10 of the Schedule.

Reinstatement of Limit where a Recovery

2.19 The amount the **Limit of Liability** has been depleted following payment of **Loss** shall be reinstated to the extent of an amount equal to any sums recovered by the **Insurer** (net of the **Insurer's** reasonable costs associated with such recovery).

Legal Help Line

2.20 The **Policyholder** may, during the **Policy Period**, obtain 42 minutes of free consultation, in respect of each separate matter relating to directors' and officers' liability, via a hotline administered by the law firm Gateley Plc.

2.21 The **Policyholder** may consult beyond expiry of the 42 minutes, but will be charged for the additional time. Further details of the service can be found on www.chubb.com/uk/gateley.

Gateley Plc is not the **Insurer's** agent for the giving or receiving of notices under this D&O Section and this Extension does not affect the **Insured Person's** reporting obligations set out elsewhere in the General Section Conditions.

The **Insured Persons** accept that the **Insurer** shall have no responsibility for, or liability arising out of, advice or services provided by Gateley Plc.

3. Definitions

When used in bold type in this D&O Section:

3.1 **Bail Bond Costs** means the reasonable premium (not including any collateral) for a bail bond, or any other financial instrument to guarantee an **Insured Person's** observance of bail conditions, required by a court in respect of a **Claim**. The sub-limit is the amount specified in Item 4.4 of the Schedule.

3.2 **Civil Fines and Penalties** means fines and penalties (including, but not limited to, those imposed upon an **Insured Person** pursuant to 15 U.S.C. §78 dd-2 (g) (2) (B) of the USA Foreign Corrupt Practices Act of 1977) and which are:

- (a) non-criminal; and
- (b) permissible to insure and insurable under applicable laws.

3.3 **Claim** means the following, first commenced during the **Policy Period**:

- (a) a written demand;
- (b) a civil, statutory, or arbitral proceeding, including any appeal and counterclaim;
- (c) a criminal proceeding;
- (d) a formal administrative or formal regulatory proceeding;
- (e) a mediation proceeding; or
- (f) a monetary, non-monetary injunctive or equitable relief or other legal remedy; against an **Insured Person**, for a **Wrongful Act**.
- (g) an **Extradition Proceeding**;
- (h) a formal application to a court to prevent another proceeding defined in this Definition 3.3 from being commenced; and
- (i) a written request to waive or toll a statutory limitation period or a contractual time bar in respect of another proceeding defined in this Definition 3.3.

Solely where referred to in the Exclusions and Conditions, unless expressly provided otherwise, **Claim** also means an **Investigation** and a **Subpoena**.

3.4 **Crisis Costs** means any reasonable professional fees, costs or expenses of any accredited:

- (i) counsellor; or
- (ii) tax adviser

retained by an **Insured Person** with the **Insurer's** prior consent (not to be unreasonably withheld or delayed), in respect of any **Claim**. The sub-limit of liability for **Crisis Costs** is specified in Item 4.11 of the Schedule.

3.5 **Defence Costs** means reasonable and necessary costs, expenses, charges and fees incurred by or on behalf of an **Insured Person** with the **Insurer's** prior written consent (which shall not be unreasonably delayed or withheld) in direct response to a **Claim**, other than remuneration or the cost of time of an **Insured Person** and internal corporate overheads.

3.6 **Deprivation of Assets Expenses** means the payment of the following services in the event of an interim or interlocutory order confiscating, controlling, suspending or freezing rights of ownership of any assets of an **Insured Person** or creating a charge over any asset of an **Insured Person**:

- (i) schooling;
- (ii) housing;
- (iii) utilities; or
- (iv) personal insurances.

Such expenses will only be payable after the exhaustion of any personal allowance directed by the court, and from 30 days after the procedure described in this Definition for a period of up to 12 months.

- 3.7 **Discovery Period** means the period in Item 12 of the Schedule.
- 3.8 **Employment Proceeding** means a proceeding brought by an **Insured Person** or past, present or prospective employee of a **Company** or of an **Outside Entity**, or brought by any government authority regulating employment practice, for an **Employment Wrongful Act**.
- 3.9 **Employment Wrongful Act** means any actual or alleged violation of employment laws, employment rights, or any legal provisions relating to an individual's actual or prospective employment relationship with a **Company**.
- 3.10 **Extradition Proceeding** means:
- (a) a request for extradition, a warrant for arrest or other proceeding against an **Insured Person** in their **Insured Capacity** under the provisions of the UK Extradition Act 2003; or
 - (b) any associated appeals, including but not limited to the European Court of Human Rights or the pursuit of judicial review proceedings against the decision of the Secretary of State or other suitably empowered representative of the UK Government to issue an extradition certificate against an **Insured Person** in their **Insured Capacity** under the UK Extradition Act 2003.
- 3.11 **Foreign Policy** means the standard company directors' and officers' liability insurance policy of the **Insurer** or any other member of the Chubb group of companies normally available in a **Foreign Jurisdiction** at the time when this D&O Section was issued. If more than one such policy exists, then **Foreign Policy** means the standard company directors' and officers' liability insurance policy most recently filed by the **Insurer** or other member of the Chubb group of companies in the **Foreign Jurisdiction**.
- 3.12 **Indemnifiable** means an **Insured Person** is not prevented:
- (a) by law or insolvency; or
 - (b) by a **Company's** constitution, memorandum or articles of association, bylaws, shareholder resolutions, or board or other governing body resolutions,
- from being indemnified or reimbursed by a **Company**.
- 3.13 **Insured Capacity** means:
- (a) with regard to an **Insured Person** as defined in (a) or (c) of the definition of **Insured Person**, performance of the functions, duties and responsibilities for which such **Insured Person** has been retained, appointed or employed by a **Company**;
 - (b) with regard to an **Insured Person** as defined in (b) of the definition of **Insured Person**, the capacity of **Shadow Director**.
- 3.14 **Insured Person** means a natural person who has been, now is or becomes during the **Policy Period**:
- (a) a director or officer of a **Company**;
 - (b) a **Shadow Director**; or
 - (c) an employee of a **Company**, but only:
 - (i) with respect to an **Employment Proceeding**;
 - (ii) to the extent that such employee is acting in any managerial or supervisory capacity or **Outside Directorship**;
 - (iii) with respect to any **Claim** in which such employee is named as a co-defendant with a director or officer of a **Company**;
 - (iv) to the extent that such employee is acting as an approved person of a **Company** and is performing a controlled function as specified under Section 59 of the UK Financial Services and Markets Act 2000;
 - (v) to the extent that such employee is acting as a senior accounting officer (as defined by Schedule 46, Paragraph 16 of the UK Finance Act 2009) of a **Company**;
 - (vi) with respect to any **Claim** in which such employee is alleged to be liable as a de facto director of a **Company**; or
 - (vii) management committee member, member of any supervisory or management board.

Insured Person does not include external auditors of a **Company** and does not include any liquidator, receiver, administrator, supervisor or other insolvency office-holder of a **Company** or of a **Company's** assets.

- 3.15 **Insurer** means Chubb European Group SE.

3.16 **Investigation** means a formal or official investigation, examination or inquiry into a **Company** or an **Insured Person** in their **Insured Capacity** by a governmental, regulatory, law enforcement, professional or statutory body, including but not limited to the receipt of a target letter or Wells Notice, at which their attendance or co-operation is first requested or required in writing during the **Policy Period**. For the sole purposes of giving effect to the terms of this D&O Section where the context requires, and subject always to the terms of Extension 2.16, **Investigation** also includes **Pre-Investigation**.

Investigation shall not include any routine or regularly scheduled internal supervision, inspection, compliance, review, examination, production or audit.

3.17 **Investigation Costs** means reasonable and necessary costs, expenses, charges and fees incurred by or on behalf of an **Insured Person** with the **Insurer's** prior written consent (which shall not be unreasonably delayed or withheld) in direct response to an **Investigation**, other than remuneration or cost of time of an **Insured Person**, and internal corporate overheads.

3.18 **Limit of Liability** means the amount stated in Item 3.1 of the Schedule.

3.19 **Loss** means:

- (a) for the purposes of Insuring Clauses 1.1 and 1.2, the amount which an **Insured Person** is legally and personally obligated to pay on account of a **Claim** including:
 - (i) **Defence Costs**;
 - (ii) awards of damages, judgments, pre- and post- judgment interest, awards of claimant's costs and sums payable pursuant to any settlements, including punitive, exemplary or aggravated damages, and the multiple portion of any multiplied damages award, but only to the extent that such damages or multiple portion are insurable under applicable laws;
 - (iii) **Prosecution Costs**;
 - (iv) **Bail Bond Costs; Crisis Costs; Deprivation of Assets Expenses**;
 - (v) **Reputation Protection Expenses; Public Relations Expenses**; and
 - (vi) **Relative Costs**;
- (b) for the purposes of Insuring Clauses 1.3 and 1.4, **Investigation Costs**;
- (c) for the purposes of Insuring Clause 1.5, **Subpoena Costs**;
- (d) **Civil Fines and Penalties; Derivative Investigation Costs; Mitigation Loss; Pre-investigation costs** under Extension 2.16; or
- (e) any items not otherwise set out in this Definition 3.19 for which cover is expressly provided in the Extensions or by Endorsement to this D&O Section.

For the purposes of all Insuring Clauses and Extensions, **Loss** does not include:

- (i) any matter which it is not permissible to insure or is uninsurable under applicable laws;
- (ii) fines or penalties (other than **Civil Fines and Penalties**); or
- (iii) taxes or sums reflecting taxes except as provided under Extension 2.9; or
- (iv) any costs or expenses incurred in testing for, monitoring, cleaning up, removing, containing, treating, neutralising, detoxifying or assessing the effects of **Pollution** or restoring natural resources or property to their original state.

3.20 **Mitigation Loss** means settlement, costs and expenses incurred as a result of action taken by the **Insured Person** or the **Company** solely to prevent or mitigate a potential **Claim** against an **Insured Person** which if it were to become a **Claim** would give rise to a covered **Loss** under this D&O Section.

3.21 **Not-For-Profit Entity** means a registered charity or a trade association or other non-profit Company in the United Kingdom.

3.22 **Outside Directorship** means the position of director, officer, trustee, governor, or the equivalent in any jurisdiction, held by an **Insured Person** in his or her **Insured Capacity** in an **Outside Entity** where such position is assumed and maintained with the knowledge and consent of, or at the specific request of, a **Company**.

3.23 **Outside Entity** means an entity which is:

- (a) not a **Company** and has no **Securities** traded on any exchange in the **USA**; or
- (b) a **Not-For-Profit Entity**.

3.24 **Policy Period** shall mean as defined in General Section Clause 3.11. For the sole purposes of giving effect to the terms of this D&O Section where the context requires, and subject always to the terms of Extension 2.6, **Policy Period** also includes **Discovery Period**.

3.25 **Pre-Investigation** means:

- (a) a raid or on-site visit to a **Company** or an **Insured Person** by a governmental, regulatory, law enforcement, professional or statutory body, first occurring during the **Policy Period**, that involves the production, review, copying or confiscation of records, or interview of an **Insured Person**;
- (b) any formal notification by a **Company** or an **Insured Person** to a governmental, regulatory, law enforcement, professional or statutory body, first given during the **Policy Period**, where such **Insured Person** reasonably considers that a material breach of its legal or regulatory duty has occurred or may occur; or
- (c) an internal inquiry conducted by a **Company** if and to the extent such inquiry is requested by a governmental, regulatory, law enforcement, professional or statutory body following a formal notification described in (b) immediately above.

3.26 **Prosecution Costs** means the reasonable legal fees and related professional charges incurred by an **Insured Person** with the prior written consent of the **Insurer** (not to be unreasonably withheld or delayed) to bring legal proceedings to overturn:

- (a) an interim or interlocutory judicial order for the confiscation of, assumption of ownership and control of, or freezing of, any asset of such **Insured Person**;
- (b) an interim or interlocutory judicial charging order over any asset of such **Insured Person**;
- (c) an interim or interlocutory judicial order disqualifying such **Insured Person** from holding office or from managing a company;
- (d) a judicial order requiring such **Insured Person** to be confined to a specified domestic residence or held in custody pending trial of that **Claim**; or
- (e) the deportation of an **Insured Person** following revocation of an otherwise proper, current and valid immigration status for any reason other than the **Insured Person's** conviction of a criminal offence.

The sub-limit is the amount specified in Item 4.5 of the Schedule.

3.27 **Public Relations Expenses** means the reasonable fees and related expenses incurred by an **Insured Person** in hiring a public relations firm or consultant, crisis management firm, or law firm, with the prior written consent of the **Insurer** (not to be unreasonably delayed or withheld), in order to prevent or limit the effects of negative publicity which it is anticipated may arise from a **Claim**. The sub-limit is the amount specified in Item 4.7 of the Schedule.

3.28 **Relative Costs** means the reasonable travel and accommodation costs and expenses incurred by an **Insured Person** for the attendance of such **Insured Person** and their lawful spouse or domestic partner and any children under the age of eighteen for one hearing of a **Claim** if such hearing takes place in a country where that **Insured Person** is not ordinarily resident. The sub-limit is the amount specified in Item 4.9 of the Schedule.

3.29 **Reputation Protection Expenses** means the reasonable fees and related expenses incurred by an **Insured Person** in hiring a public relations firm or consultant, with the prior written consent of the **Insurer** (not to be unreasonably delayed or withheld), in order to disseminate a **Final Adjudication** of a **Claim** in favour of such **Insured Person**. The sub-limit is the amount specified in Item 4.8 of the Schedule.

3.30 **Retired Insured Persons** means **Insured Persons** who have voluntarily ceased to act in their **Insured Capacity** prior to the expiry of the **Policy Period** and in any event for reasons other than:

- (a) disqualification from holding office as a company director; or
- (b) a **Transaction**; or
- (c) insolvency of a **Company**.

3.31 **Securities** means any equity or debt instrument issued by a **Company**.

3.32 **Shadow Director** means a director or officer or employee of a **Company** acting or allegedly acting as a shadow director, as defined in Section 251 of the UK Companies Act 2006, of an entity other than a **Company**.

3.33 **Single Claim** means all **Claims** or other matters giving rise to a claim under this D&O Section in connection with the same originating source or cause or the same underlying source or cause, regardless of whether such matters involve the same or different claimants, **Insured Persons**, events or legal causes of action. A **Single Claim** shall in any event

include all **Claims** or other matters giving rise to a claim under this D&O Section that relate to or are in any way connected with, or contribute to the insolvency of a **Company**.

3.34 **Subpoena** means a subpoena or witness summons served on an **Insured Person** in his or her **Insured Capacity**, as a witness other than as a target of a **Claim** or **Investigation**, seeking:

(a) the production of information by that **Insured Person** (whether that information is contained, or alleged to be contained, in documents or any other medium); or

(b) that **Insured Person's** attendance to give evidence as a witness,

in relation to a **Claim**.

3.35 **Subpoena Costs** means reasonable legal representation fees and related professional charges which an **Insured Person** incurs personally, with the prior written consent of the **Insurer** (not to be unreasonably delayed or withheld), in producing information sought by, or in attending to give evidence sought by, a **Subpoena**.

Subpoena Costs does not include the remuneration or cost of time of an **Insured Person** nor internal corporate overheads.

3.36 **USA Claim** means a **Claim** brought or maintained, in whole or in part, in the **USA** or based, in whole or in part, on any law of the **USA**.

3.37 **Wrongful Act** means any actual or alleged wrongful act or omission, error, misstatement, misleading statement, neglect or breach of duty committed, attempted or proposed to be committed (or allegedly committed, attempted or proposed to be committed) by an **Insured Person** in their **Insured Capacity**, or any matter claimed against them solely by reason of their serving in such **Insured Capacity**.

Wrongful Act includes an **Employment Wrongful Act**.

4. Exclusions

The **Insurer** shall not be liable to make any payment for **Loss** under this D&O Section:

4.1 based upon, arising from, or attributable to any **Wrongful Act** or a series of related **Wrongful Acts** in any **Claim** or circumstance of which written notice has been accepted under any policy which this D&O Section renews, replaces or follows in whole or in part;

4.2 based upon, arising from, or attributable to, or derived from substantially the same facts or circumstances alleged in, any pending or prior proceedings of any nature against any **Insured Person** or **Outside Entity** commenced before the date at Item 4.14 of the Schedule;

4.3 for

(i) bodily injury, mental illness, emotional distress, injury to feelings, sickness, disease or death of any person; or

(ii) damage to or destruction of tangible property including loss of use of such property.

However, this exclusion shall not apply to **Defence Costs** or **Investigation Costs** which are not **Indemnifiable**, or emotional distress or injury to feelings resulting from an **Employment Wrongful Act**;

4.4 based upon, arising from or attributable to (a) any deliberately dishonest or deliberately fraudulent act or omission or any intentional breach of law by an **Insured Person**, or (b) any personal profit or advantage gained by such **Insured Person** to which they were not legally entitled.

This Exclusion shall only apply if the relevant conduct is established through a **Final Adjudication** in the underlying **Claim**;

4.5 based upon, arising from, or attributable to a **USA Claim** by or on behalf of a **Company** or (where applicable) **Outside Entity** against an **Insured Person** except:

(i) a **Claim** for a contribution or indemnity if such **Claim** results directly from another **Claim** that would otherwise be covered under this D&O Section;

(ii) a derivative proceeding brought without the solicitation or active participation of an **Insured Person** or (where applicable) **Outside Entity**;

(iii) a **Claim** brought by or on behalf of a **Company** by an insolvency practitioner; or

(iv) a **Claim** against an **Insured Person** who is no longer acting in an **Insured Capacity** when that **Claim** is first made.

(v) **Defence Costs**

4.6 based upon, arising from, or attributable to any public offering of any **Securities** during the **Policy Period**.

5. Conditions

Limits of Liability

5.1 The **Insurer's** maximum aggregate liability for all **Loss** arising from a **Single Claim**, whether covered under one or more of the Insuring Clauses and Extensions (except to the extent Extensions 2.2, or 2.3 apply and subject to their terms) and irrespective of the amount claimed, the number of **Insured Persons** who claim under this D&O Section, or when during the **Policy Period** such claims are made, shall not exceed the **Limit of Liability**.

5.2 Notwithstanding the above, unless expressly provided otherwise, the **Insurer's** maximum aggregate liability for all **Loss** in respect of which a sub-limit is specified shall be the amount stated in the Schedule and shall apply irrespective of the number of claims made under this D&O Section, the amount claimed, the number of **Insured Persons** who claim, or when during the **Policy Period** such claims are made. Except as provided in Extensions 2.2 and 2.3, sub-limits are part of and not in addition to the **Limit of Liability**.

5.3 In respect of Extension 2.3 (Additional Excess Limit for Non-Indemnifiable Loss):

- (a) the **Insurer** shall not be liable until the **Limit of Liability** and all valid and collectable insurance written specifically excess of this D&O Section has been exhausted by payment under such excess insurance; and
- (b) the maximum amount of the **Insurer's** liability under such Extension shall not exceed the Aggregate Additional Excess Limit stated in Item 4.2 of the Schedule, which is the **Insurer's** maximum aggregate liability for all **Loss** under this Extension for all directors irrespective of the number of claims under this D&O Section, the amount claimed or the number of directors who claim, or when during the **Policy Period** such claims are made, and is in addition to, and not part of, the **Limit of Liability**.

Related Claims and Matters

5.4 A **Single Claim** shall attach to this D&O Section only if the notice of the first **Claim** or other matter giving rise to a claim under this D&O Section that became a **Single Claim** was given by the **Insured** during the **Policy Period**.

Retention

5.5 The Retention amounts stated in Item 4.13 of the Schedule shall apply to each and every **Single Claim**. The Retention shall be uninsured and borne by the **Insured Person**. The **Insurer's** liability shall apply only to **Loss** which is in excess of the Retention.

5.6 Where different Retentions under this D&O Section apply to a **Claim**, the highest Retention amount shall be applied once.

5.7 The Retention does not apply to **Loss** which is not **Indemnifiable**. If an **Insured Person** is **Indemnifiable** by a **Company** for a covered **Loss** and such **Company** does not indemnify that **Loss**, the **Insurer** will pay it on behalf of the **Insured Person** without applying the Retention. However, the Retention amount shall then be reimbursed by the **Policyholder** to the **Insurer**.

5.8 In the event an **Insured Person** is required pursuant to Sections 234(3) and 205 of the UK Companies Act 2006 to repay sums advanced to them by a **Company**, and covered under Insuring Clause 1.2, that would otherwise have been covered under Insuring Clause 1.1:

- (a) such sums shall be deemed to have been **Loss** which was not **Indemnifiable**;
- (b) the total amount paid by the **Insurer** to such **Company** under Insuring Clause 1.2 together with the amount of the Retention (if applicable) shall be deemed to have been paid by the **Insurer** to the **Insured Person** under Insuring Clause 1.1;
- (c) the **Insurer** shall pay the amount of the Retention (if applicable) to the **Company**; and
- (d) both the **Company** and **Insured Person** shall thereby be mutually released from any obligation pursuant to Sections 234(3) and 205 of the UK Companies Act 2006 in respect of the amounts stated in (b) immediately above.

Defence and Settlement

- 5.9 Except as provided in Clause 5.14 below, it is the duty of the **Insured Person** and not the duty of the **Insurer** to defend **Claims**. The **Insurer** shall have the right, and shall be given the opportunity, to associate with each **Insured Person** in the investigation, defence, negotiation and settlement of any **Claim** where **Loss** appears reasonably likely to be covered in whole or in part by this D&O Section.
- 5.10 The **Insured Person** shall not settle or offer to settle any **Claim**, incur any **Loss** (other than where Extension 2.5 applies) or otherwise assume any contractual obligation, or admit any liability with respect to a **Claim** without the **Insurer's** prior written consent, which shall not be unreasonably delayed or withheld. A **Pre-Investigation** shall not constitute an admission of liability.
- 5.11 The **Insurer** will accept as reasonable and necessary the retention of separate legal representation by the **Insured Persons** to the extent required by an actual material conflict of interest between such **Insured Persons**.
- 5.12 The **Insured Person** shall not do anything which could prejudice the **Insurer** in respect of a claim under this D&O Section. Further, it shall give to the **Insurer** all information the **Insurer** may reasonably require, and fully co-operate and assist in the conduct of any investigation into the claim under this D&O Section by the **Insurer**.
- 5.13 The **Insurer** shall have the right but not the duty to defend a **Claim** brought against an **Insured Person** by or on behalf of:
- (a) a **Company**; or
 - (b) an **Outside Entity**
- unless such **Claim** is:
- (i) a **Claim** for a contribution or indemnity if such **Claim** results directly from another **Claim** that would otherwise be covered under this D&O Section;
 - (ii) a derivative proceeding brought without the solicitation or active participation of an **Insured Person** or (where applicable) **Outside Entity**; or
 - (iii) a **Claim** brought by or on behalf of a **Company** by an insolvency practitioner.
- In the event of the invocation of this clause, the **Insurer** shall have no duty or obligation to communicate with any other **Insured Person** in relation to such **Claim**.
- 5.14 In the event of a dispute or difference between the **Insurer** and the **Insured Person** about whether a **Claim** should be defended or settled, the **Insurer** shall be entitled to resolve such dispute or difference by obtaining, at its own cost, an opinion as to whether the **Claim** could be successfully defended, from a suitably experienced Queen's Counsel approved by the **Insured Person**. The opinion shall be binding upon the **Insurer** and **Insured Person** who shall act accordingly.

Advancement of Costs, Allocation, and Insurability

- 5.15 The **Insurer** shall advance covered **Defence Costs**, **Investigation Costs** and any other costs which constitute **Loss** under this D&O Section, including **Indemnifiable** amounts which a **Company** does not advance. Such advanced sums shall be repaid to the **Insurer** by the relevant **Insured Person** in the event it is later established the **Insured Person** was in fact not covered for them.
- 5.16 In the event of a covered **Claim** anywhere other than in the **USA**, against both an **Insured Person** and a **Company**, then if the **Insured Person** and such **Company** are being represented by the same lawyers, 100% of the **Defence Costs** shall be deemed allocated to covered **Loss**.
- Any allocation or payment of **Defence Costs**, **Investigation Costs**, and any other costs which constitute **Loss** under this D&O Section shall not create any presumption as to the allocation of other **Loss**.
- 5.17 Except as provided in Condition 5.18 below, in the event of:
- (a) a covered **Claim** against an **Insured Person** and a non-covered party; or
 - (b) a **Claim** against an **Insured Person** which is not wholly covered by this D&O Section,
- the **Insurer** and the **Insured Person** shall use their best endeavours to determine a reasonable allocation of **Loss** that is covered by this D&O Section and loss that is not covered on the basis of the relative legal and financial exposures.
- 5.18 If the **Insured Person** and the **Insurer** cannot agree on an allocation, the **Insurer**, if requested by the **Insured Person**, shall submit the dispute to a suitably experienced Queen's Counsel, agreed by the parties but if not agreed then

nominated by the Chairman of the Bar Council of England & Wales, for a binding written neutral evaluation. Such evaluation shall be delivered within 14 days of the parties each submitting a single written submission with such other information the Queen's Counsel shall reasonably require.

- 5.19 In the event of a dispute or difference between the **Insurer** and an **Insured Person** as to whether cover is permissible or a matter is insurable under applicable law, the reasonable and necessary fees, costs and expenses incurred by the **Insured Person** with the **Insurer's** prior written consent, in demonstrating to the **Insurer's** reasonable satisfaction such cover is permissible or matters are insurable, shall be reimbursed by the **Insurer**.

Fair Presentation and Severability

- 5.20 The **Insurer** shall have no remedy for any breach, by an **Insured Person**, of its duty to make a fair presentation of the risk prior to inception of, or in connection with, this D&O Section, unless the **Insurer** demonstrates such breach was fraudulent or deliberately dishonest.
- 5.21 With respect to this D&O Section, the **Presentation** shall be construed as a separate presentation by each **Insured**, and the knowledge of an **Insured Person** shall not be imputed to any other **Insured Person** with respect to statements and information in the **Presentation**.
- 5.22 In respect of Insuring Clauses 1.2 and 1.4, the knowledge of an **Insured Person** indemnified by a **Company** shall be imputed to such **Company** with respect to statements and information in the **Presentation**.
- 5.23 In respect of any other cover provided to a **Company** in this D&O Section under an Extension or Endorsement, the knowledge of any of the finance director, chief executive, managing director or chairman of such **Company** shall be imputed to it with respect to statements and information in the **Presentation**.

Order of Payments

- 5.24 **Loss** that is payable to an **Insured Person** under this D&O Section will be prioritised over **Loss** payable to a **Company**. Where in the reasonable opinion of the **Insurer** the **Limit of Liability** is at risk of exhaustion, it may elect to defer payment of **Loss** to a **Company** solely for the purposes of preserving the **Limit of Liability** for the payment of **Loss** to an **Insured Person**.
- 5.25 The insolvency of a **Company** shall not affect the operation of this Clause 5.24.

Other Insurance

- 5.26 If an **Insured Person** would (but for the existence of this D&O Section) be entitled to cover under any other insurance policy (other than insurance specifically arranged to apply in excess of this D&O Section) in respect of a **Claim** or any other matter claimed under this D&O Section, the **Insurer** shall not be liable for **Loss** other than in excess of any amount that is or would have been payable (but for the existence of this D&O Section) under any other such insurance policy.



Latest Trustee Minutes

Minutes of the

TRUSTEES' MEETING

held on Tuesday 9 July 2019

10.00 am at Helen Ley

Present

Board Members

Steve Nicklin (SN) (Chair)

Graham Murrell (GM) (Vice Chair)

John Evison (JE) (Chair Elect)

Donald Hunter (DH) (associate trustee)

David Stableforth (DS) (associate trustee)

Castel Froma Neuro Care Representatives

Marie Bawden (MB) (Chief Executive & Nominated Individual))

Claire Dickinson (CD) (Registered Manager LH)

Sarah O'Sullivan (SO) (Deputy Clinical Manager LH)

Sylvia Hook (SH) (Registered Manager HL)

Steve Taylor (ST) (Consultant to the board)

In Attendance

Alison Stiles (AS) (Company Secretary and Operations Support)

1	Apologies for absence	Action
	<p>Lesley Holiday David Leigh-Hunt Sylvia Hook</p>	
2	<p>Declaration of interests</p> <p>Board members were invited to declare any interests in respect of specific items on the agenda for the meeting.</p> <p>No declarations were made.</p>	
3	<p>Minutes of the previous Board meeting</p> <p>The minutes of the meeting held on 23 April 2019 were accepted as an accurate record.</p>	



<p>4</p>	<p>Matters arising (not elsewhere on the agenda)</p> <p>Trustees reviewed the action points from the last meeting. All action points had been completed.</p> <p>It was noted that an external fundraiser shortlist has been produced and it is likely that a candidate will be appointed this week.</p>	
<p>5</p>	<p>Chairman’s business</p> <p><u>Election of new Chair of Board of Trustees</u></p> <p>SN is standing down as chair after 17 years. SN gave an overview of his time as chair. SN proposed JE as the new chair of the board of trustees, GM seconded the motion. All trustees present unanimously agreed with the motion. JE was duly elected as chair of the board of trustees.</p> <p>JE thanked all present for their support and thanked SN for all of his hard work.</p> <p><u>Election of Chair of Finance Assets & Risk (FAR) committee</u></p> <p>GM is agreeable to chairing the FAR committee; he will step down as chair of Care Standards. There were no further nominations. JE proposed GM as chair of the FAR committee, SN seconded the motion. All those present unanimously agreed with the motion. GM was duly elected as chair of the FAR committee.</p> <p><u>Election of chair of Care Standards Committee</u></p> <p>Lesley Holiday (LH) has agreed to chair the Care Standards committee. There were no further nominations. JE proposed LH as chair of the Care Standards committee, GM seconded the motion. All those present unanimously agreed with the motion. LH was duly elected as chair of the Care Standards committee.</p> <p><u>Trustee recruitment – update</u></p> <p>GM gave an update on trustee recruitment.</p> <p>It was noted that the recruitment campaign was successful and there was a shortlist of six candidates. Four were interviewed; all were credible candidates with a wide range of relevant experience. One of the objectives of the exercise was to seek to bring down the average age of the board and these candidates were a wide range of ages. It was recommended that all four should be given the opportunity to join us as associate trustees. Two have been seen by SN and JE and they will see the further two candidates in August. GM is developing an induction programme for the associates.</p> <p><u>Review of board meeting dates & times</u></p> <p>All present agreed on the dates proposed, timings are to be refined at the next board meeting.</p> <p><u>Trustee governance – term limits</u></p> <p>It was noted that the Charity Governance Code recommends maximum term limits for charity trustees. Due to the small number of trustees and the current recruitment campaign, JE noted</p>	



	<p>that the board is not in a position to introduce term limits at present. It was agreed that this will be revisited. It was suggested that we recruit annually to ensure the numbers of trustees are not duly diminished. It was suggested that if this is introduced, longest serving members of the board would step down in a ‘staggered’ approach.</p> <p>ST noted that it can take a while to amalgamate the board if a group of trustees are recruited and trained together; an increase each year of two or three trustees would be a way to avoid this.</p> <p><u>Trustee Code of Conduct</u></p> <p>The board agreed that the specimen code of conduct should be adopted. AS is to produce a customised version of the code for approval at the next board meeting.</p> <p><u>Strategy days – update</u></p> <p>Wednesday 4 September will be an opportunity to scope a number of topics and capture issues. It will seek to outline what the board is comfortable with and what they expect from a strategy. Four key areas will be discussed; initially the board will review the SWOT analysis produced by the senior management. They will then move onto look at scope of service, the expected rate of return on finances and fundraising.</p> <p>Tuesday 1 October will involve more detailed discussion and decision making. The aim will be to agree a three – five year strategy that can then be followed through annually by the business plan.</p> <p>GM noted that in terms of scope of our services the board need to know how realistic an aim is, particularly if it is beyond what were currently delivering. GM also noted it is important to identify where we can add value and where there is unmet demand.</p> <p>In order to produce a realistic expected rate of return the board need to establish feasibility and tactics. It was noted that getting appropriate rates for residents is key and it may be that we are required to speak to NHS England regarding rates if the commissioners do not offer appropriate rates.</p> <p><u>Ambassadors</u></p> <p>AS gave a verbal presentation of her report.</p>	<p>AS</p>
<p>6</p>	<p>Chief Executive’s report</p> <p><u>Chief Executive’s report</u></p> <p>The Chief Executive updated the board, focusing on the following areas:</p> <ul style="list-style-type: none"> • Serious incident at HL regarding oramorph tampering. Via various checks the culprit was narrowed down to one member of the nursing staff and this was dealt with in accordance with the disciplinary policy. The nurse admitted to taking the oramorph for personal use and has been dismissed. The police are involved and it will be reported to CQC. This has also been reported to DBS. The controlled drugs keys have been separated and other 	



appropriate checks have been put in place. It was noted that it was now acceptable to put cameras into communal areas which can help with evidence relating to incidents. AS was given authority from trustees to submit a report to the charity commission regarding the incident on their behalf.

- The Planning Office has asked for more information in order for them to be able to potentially support the application for the HL extension. This information will be sent to the planning office prior to Friday. It was agreed that Peter Frampton should present on our behalf at the planning meeting.
- Coventry and Rugby CCG (CRCCG) have sent an offer via email in relation to fee negotiations. They have offered an element of back pay, with a 1.1% uplift on the prior year and 1.75% for the year before. CRCCG originally said residents would be costed on an individual basis but this offer states that new admissions would be capped at £1602 (we are currently quoting on an individual basis and with the average being around £1800). They have also stated that residents would remain on the rate they are admitted on and any uplift would be dictated by the CCG. It was noted that this is contrary to contract law.

There was a general discussion regarding this offer. Trustees asked management about any reservations in proceeding to formal dispute. MB noted that there could be a risk that CRCCG would stop referring to us and they are currently our biggest referring commissioner. It was noted that there is a documented formal dispute procedure for NHS and private care providers. We could submit a legitimate complaint to CQC regarding the CCG if we feel the commissioning process is inadequate as CQC regulate them.

It was agreed that the offer is not sustainable for us. The board unanimously voted in favour of proceeding to formal dispute with CRCCG on the basis that formal dispute proceeding will be postponed for 14 days to give the CCG an opportunity to resolve the matter and submit an acceptable offer.

MB noted that an acceptable offer would be:

1. That there are to be no fixed fees or capping of fees for complex cases – each resident's fees should be assessed individually. It was noted that the current lowest fee we charge is £1524;
2. Fees would be increased by an agreed amount annually, and;
3. An agreeable percentage uplift for back pay would be 5%; this would cover our inflation costs.

JE is to be kept abreast of this matter. Any offer from CRCCG is to be circulated to the board.

Review of 2018-19 Business Plan Objectives

The Business Plan Objectives update was reviewed by the board.



	The board congratulated CD and SO on the recent CQC report for Lillington House where a 'good' rating was achieved in all categories.	
7	<p>Clinical</p> <p><u>March 2019 Care Standards Committee meeting minutes</u></p> <p>GM commented on the very satisfactory CQC report. The minutes were reviewed by the board. There were no further clinical matters for discussion.</p> <p><u>March 2019 Registered Managers' reports</u></p> <p>The board reviewed the registered managers' reports which were submitted to the Care Standards committee.</p>	
8	<p>Finance</p> <p><u>June 2019 Finance, Assets & Risk (FAR) Committee meeting minutes</u></p> <p>The board reviewed the March FAR/BPF minutes. It was agreed that the budget would be reviewed at the next FAR meeting in September.</p>	
11	<p>Correspondence</p> <p>No correspondence.</p>	
12	<p>AOB</p> <p>There was no further business.</p> <p>The meeting closed at 12.05 pm</p>	
13	Date of Next Meeting: 15 October 2019	

	ACTION REQUIRED	REFERENCE	ACTION BY	TARGET DATE	COMPLETED
1	Produce a customised version of the specimen code of conduct.	Page 3	AS	Next board meeting	



Minutes of the

CARE STANDARDS MEETING

Held on Tuesday 4 June, 9.00 a.m. at Helen Ley House

Present

Board Members

Graham Murrell (GM) – Chair
 John Evison (JE) – Trustee
 Lesley Holiday (LH) – Trustee
 David Leigh Hunt (DLH) – Trustee
 David Stableforth (DS) – Associate Trustee

Castel Froma Neuro Care Representatives

Marie Bawden (MB) – CEO and Nominated Individual
 Claire Dickinson (CD) – Registered Manager at Lillington House
 Kylie Gates (KG) – Therapy Manager
 Sylvia Hook (SH) – Registered Manager at Helen Ley House
 Sarah O’Sullivan (SO) – Deputy Clinical Manager at Lillington House

In Attendance

Alison Stiles (AS) – minutes

1	Apologies for Absence	Action
	Steve Nicklin Donald Hunter	
2	Minutes of the meeting of held in March 2019 The committee accepted the minutes as a true record of the last meeting.	
3	Declarations of interest Trustees were invited to declare any interests in respect of specific items on the agenda for the meeting. No declarations were made.	
4	Matters arising from the last meeting The action points were reviewed: <ul style="list-style-type: none"> • The NI visit dates for the next quarter have been issued • DLH gave his availability for the June committee meetings. 	

There were two serious matters that MB wished to draw to the committee's attention.

In January, the trustees were informed of the apparent theft of diamorphine in powder form from HL; on 6 May, it was discovered that a bottle of Oramorph had potentially been tampered with. The bottle was filled to the brim and the seal had been broken; the consistency of the liquid was also suspicious. A testing regime was introduced with strips which turn blue if alcohol is present. SH and Alex Albu (Nursing Team Leader) have been testing the medication 6 days a week (it was noted that they did not test 7 days to prevent arousing suspicion). On four occasions they had detected that the Oramorph had been diluted or replaced entirely with water. Covert cameras were installed, and this, along with the strip tests narrowed it down to two suspects and in the last couple of days it has been narrowed down to one nurse. She was seen on camera taking a bottle out of the cupboard when she had no reason to; this individual has been suspended and there will be a formal investigation in line with the policy in the handbook. This individual was one of the nurses who failed to check the controlled drugs in accordance with policy when the original investigation was conducted in January.

DS asked how covert the surveillance was and MB stated that the cameras were disguised as various objects such as a smoke alarm. There had been a covert camera in the treatment room on the most recent NI inspection she had undertaken with DS.

MB asked if anyone had any comments on how we should proceed with the police and specifically if we should press charges. There was a general discussion and it was noted that the police are fully informed and have asked that we contact them if we feel we have identified the culprit; this can now be actioned. If the investigation proceeds to disciplinary it will be reported to CQC, NMC and the Charity Commission.

MB noted that we do not believe that any resident has been harmed and as far as we are aware whenever a bottle had been diluted it was replaced. It was noted that there was never any evidence that anything of this nature had happened at LH; the controlled drugs are checked each evening.

An allegation of sexual assault has been made by a relative against an external professional. MB noted that we are liaising very closely with CERU regarding this matter as the professional is under CERU's employment. It was noted the healthcare professional had made a ruling a couple of days prior to the allegation that the relative was not happy with. The alleged incident happened on 15 May, the ruling on 29 May and the allegation was reported on 31 May. It was ruled that it would not be approved for a resident to go out on an outing and the relative was very upset by this. It was noted that the alleged incident happened in the day and the resident the relative was visiting was in the room although they may not have been aware of what was happening. The alleged perpetrator would have been subject to enhanced screening by the NHS.

GM stated that the investigation should not be left to CERU alone and that he was concerned that the whole situation might damage our relationship with CERU.

	<p>CERU are investigating the incident as the professional is under their employment. We are assisting with the investigation; statements from the relative and the staff members who the incident was reported to have been sent. CERU will be referring it to their internal safeguarding team and will come back to us.</p> <p>Our correspondence with CERU regarding this matter indicates that we still have a good relationship with them. The medical director is involved in the investigation as the allegation is against a senior member of staff. The relative has refused to go to the police or CERU but has said they will speak to staff from CERU. The duties of this professional are not being replaced this week as CERU do not have anyone to replace this professional. It was noted that we can manage without this professional although it is not ideal; there are other external services we can refer residents to in the interim if required. The alleged perpetrator will not visit either site whilst the investigation is ongoing. It was noted that it would be good to have a timetable from CERU regarding when they expect to come to a conclusion. It was noted this will need to be reported to the Charity Commission is due course.</p>	
<p>5</p>	<p>Registered Managers' Reports – Lillington House and Helen Ley</p> <p>CD presented a summary of her registered manager's report for Lillington House.</p> <p>CD explained that the Headfirst Conference was around supporting the families of people with brain injury. It was noted that a number of relatives need support particularly when they first come to us; notably with regards to managing expectations. It was noted that we now quote under the BSRM guidance so you could argue that we do cost for this input. All clinical staff and management spend a significant amount of time with relatives each week. The importance of investing time in the families to begin with was discussed. It was noted that we have settling in MDT meetings within the first few weeks of arrival where relatives have the opportunity to liaise with the full MDT caring for the resident.</p> <p>SH gave an overview of her Registered Manager's report for Helen Ley.</p> <p>Work has commenced on the garden; it was noted that the residents were very pleased that most of the things they had requested at the residents' meeting had been included.</p> <p>Residents have asked if trustees were able to attend some resident meetings – this is to be arranged.</p>	
<p>6</p>	<p>Therapy reports</p> <p>KG presented an overview of her therapy report and the joint SALT and psychology report.</p> <p>The reports follow on from the discussion at the last meeting regarding outcome measures. KG gave an overview of the case study testing the Activity Participation Outcome Measure. It was noted that the team have begun to include work regarding outcome measures with</p>	

	<p>individual residents into their MDT reports so that commissioners are aware of this aspect of our residents' care. The outcome measures are useful in identifying residents changing needs as well as the commissioners being able to use this information for funding purposes. The outcome measures being used are established, particularly the SMART assessment measure. The case study on SMART was discussed. It was noted that the introduction of the SMART assessment to identify when resident emerge from PDOC states has been significant.</p> <p>A summary of the key SALT projects was reviewed. The oral care project was discussed. DS asked what was particularly special about this project as oral care has been in existence for a long time. KG highlighted that they are particularly working with maintaining oral care for those with tracheostomies with speciality toothbrushes that can suction.</p> <p>The tracheostomy MDT working party was discussed; they are looking at improving paperwork and developing specialist training for staff regarding tracheostomy weaning. It was suggested that this information is presented to external professionals and lay people to promote and inform people about the work that the team have been doing. It was noted that we do not have the resources to support this at present.</p> <p>It was noted that the work the team are doing with residents is conveyed in detail to the funders; for example, during the recent CRCCG reviews, KG communicated the input that is given to each individual resident to the CHC nurses.</p>	
<p>7</p>	<p>NI Reports and Action Point Matrix</p> <p>The N.I. reports to the committee and the N.I. action point spreadsheets were reviewed. MB gave a brief overview of her reports.</p> <p>It was noted that particularly areas at LH could always benefit from redecoration and refurbishment but that the team are working to the budgets.</p> <p>It was noted that a number of cupboards that had signs to say they should be locked were not; it was noted that a number of these are likely used for other purposes and therefore no longer need to be locked. However, for those that are required to be locked it was noted that staff are frequently reminded and there are regular checks.</p> <p>The area outside the HL court is an area of concern as there is a build-up of clutter and rubbish out resident bedroom patio doors. SH is to liaise with residents and families to ask that this is cleared by a certain date otherwise the services team will dispose of the items. LH has done a small presentation to Sainsburys as they are accepting new applications for help in the community.</p> <p>GM asked MB if she felt that the maintenance budget was a serious restraint regarding maintaining the quality of the accommodation. MB noted that areas that are used frequently such as the bathroom in the House in LH for example would benefit from refurbishment but there is not room in the budget this year; there are also a few bedrooms</p>	

	that require refurbishment. MB noted that going forward as the HL site also starts to get older we will need to spend more if we wish to keep it looking good and not just acceptable.	
8	<p>Complaints quarterly report</p> <p>The complaints summary was reviewed by the committee. All formal complaints have been resolved. There have been a number of compliments received since the start of the year.</p>	
9	<p>Training Matrix</p> <p>The training summary was reviewed by the committee. AS presented a verbal summary of the training matrix report.</p>	
10	<p>Correspondence</p> <p>No correspondence.</p>	
11	<p>Any other business</p> <p>a. Safeguarding</p> <p>The Charity Commission safeguarding guidance was reviewed. It was decided that AS would complete a simple self-assessment matrix on behalf of trustees to ensure they were compliant with requirements around safeguarding; highlighting any areas for improvement. AS will bring the self-assessment and other policies relevant to safeguarding to the next care standards meeting. It was noted that the current policies relating to safeguarding are available on the member’s area of the website.</p> <p>GM noted that there had been no update regarding the online care planning system. It was noted that there was a meeting regarding the system last week but that there was still a lot of work that needs to be done. KG noted that they are currently looking at the content and background information; the next stage will be to look at policies. It was noted that the system is still very much a work in progress and is not ready to be rolled out at this time. The plan is to roll it out on a stage by stage basis, initially at LH as a number of the staff have been trialling part of the system. It was decided that there would be a status report at the next care standards meeting.</p> <p>A brief outline of the residents we have and their diagnosis was requested; this will be uploaded to the members’ area of the website.</p> <p>LH gave her apologies for Tuesday 10 September.</p> <p>The meeting concluded at 10.30am.</p>	<p>AS</p> <p>KG</p>

Date of Next Meeting: 10 September 2019
Training Room at Helen Ley

ACTION POINTS

	ACTION REQUIRED	REFERENCE	ACTION BY	TARGET DATE	COMPLETED
1	Safeguarding self-assessment matrix and policies	Page 5	AS	Next meeting September 2019	
2	Status report on electronic care system	Page 5	KG	Next meeting September 2019	

MINUTES

of the

Finance, Assets & Risks Committee

held on Tuesday 4 June 2019 at Helen Ley
10.45 a.m.

Present

Board members

John Evison (Chair)
Lesley Holiday
Graham Murrell
David Stableforth – Associate Trustee

Castel Froma Neuro Care representatives

Marie Bawden (Chief Executive)
Joanne King (Finance Manager)
Jamie Harrison (Finance Administrator)

In attendance

Alison Stiles (Company Secretary) – minutes

		Action
1.	Apologies for absence Steve Nicklin Donald Hunter	
2.	Conflicts of Interest declarations Trustees were invited to declare any interests in respect of specific items on the agenda for the meeting. No declarations were made.	
3.	Minutes of previous meeting The minutes of the previous meeting were reviewed and approved by the committee. The action points were reviewed. The following points were discussed: <ul style="list-style-type: none">• Create an investments graph for review – not yet created. JH noted that at year end the balance was under £397,000; the current balance is £400,004.88.• Action point 2 will be covered in the agenda.• Katie Webb (Cactus Ltd, external fundraiser) is not carrying out any work this month and will finalise any projects she is currently working on next month. The	JK/MB

	<p>management team are in process of appointing an alternative external fundraiser.</p> <p>All other action points have been completed.</p>	
4	<p>Matters arising</p> <p>No further matters arising not elsewhere on the agenda.</p>	
5.	<p>Finance</p> <p>a. Management Accounts</p> <p>MB provided the committee with an overview of the management accounts for March 2019 for all 3 divisions. It was noted that they are draft figures at this stage.</p> <p>The YTD actual <u>surplus</u> was £2.5k after depreciation. It was noted that we have not obtained an increase in fees from commissioners and SWCCG have paid less than the previous financial year as they are currently refusing to pay the majority of therapy costs. Agency costs have also been significant as a result of insufficient care and nursing staff due to the challenging recruitment climate. However, it was pleasing to note the results for March showed an improvement in all areas. The increased income is due to full occupancy and new residents who are quoted at a higher fee in line with the BSRM guidance. It was noted that there is also a mechanism in place that means if there is a significant change in the condition of a resident, a referral is submitted to the funders. They will then come out and reassess which should result in a subsequent increase or decrease in their fees if necessary. It was noted that we should be sure to let the commissioners know when residents needs have decreased as well as increased in order to build trust with commissioners.</p> <p>It was noted that we are likely to receive a timely arrears settlement from CRCCG; they have now completed their reviews for all residents. It is likely that two residents out of those they fund will not receive an increase in fees and it may be that they place these residents elsewhere. It is expected there will be around a £20-30k fee increase overall. ST is to liaise with both CRCCG and SWCCG and will report back. SWCCG have offered a 1.75% increase on the basic fee. They fund approximately 15 residents and pay therapy costs for 5 residents of these residents. It was noted that it will be difficult to get them to agree to backdate any fees from the year just ended.</p> <p>GM noted that it was a disappointing overall picture; MB suggested that it was more disappointing with SWCCG. It was noted that SWCCG are funding the higher rates based on BSRM for new residents so over time as new residents are admitted to situation will improve. It was noted that the £20-30k increase from CRCCG and the 1.75% from SWCCG is barely enough to balance the budgets. It was noted that CRCCG are funding more residents than SWCCG and as new residents are admitted the situation will improve. It</p>	

was noted that it was positive that we were moving away from a disputes procedure as having constructive relationships with commissioners is helpful.

It was noted other out of area commissioner rates are generally acceptable. It was noted that this is probably as they have struggled to place the resident in their own area resulting in a better bargaining position when we present them with our rates. It was noted that 75% of residents are funded by local commissioners.

It was noted that the budget will be looked at on a three monthly basis as the wage increase in October may eradicate the surplus.

b. Weekly statistics – occupancy v budget

The occupancy at LH is currently 55 permanent residents compared to a budgeted occupancy of 53 (discharge yesterday); at HL, the total occupancy is 38, compared to budgeted occupancy of 36.

There are currently 5 assessments pending with one taking place this afternoon. It was noted that there has been no issues relating to occupancy within the last year; the main issue relates to recruitment of staff.

c. Cash and bank balances

The committee reviewed the graph which was produced by JK.

Communication from Lloyds bank has suggested that the process to amalgamate the bank accounts could be protracted and labour intensive. It was originally agreed that the accounts would be amalgamated for absolute transparency regarding available cash, however it was confirmed that the bank accounts are reviewed at least daily. Those present accepted the advice from the management and it was decided that the accounts will not be amalgamated.

It was noted that the budget had not been achieved and capex spending had had to continue. It was noted that capex had to be used to cover the cost of the unexpected replacement of the sewage system.

At the lowest bank balance point MB agreed that she still felt comfortable with balance in hand. It was noted that there are no further foreseeable expenditures that have not been budgeted for, although we often receive late fee payment from commissioners in August as it's the holiday season. It was noted that was not acceptable.

d. Fee negotiations

Previously discussed.

6.	<p>HR & recruitment update</p> <p>The HR report was reviewed. It was noted that sickness and turnover rates are good compared to the rest of the sector.</p>	
7.	<p>Business development</p> <p>a. Proposed Development at Helen Ley</p> <p>We have duly resubmitted our planning application; the planning officer asked for further details regarding special circumstances. The planning consultant has advised that we should obtain 5 further letters of support. A letter of support have been received from Matt Western MP. JE has also obtained a letter of support. It was suggested that (with permission) we could use the recent compliment made by the respite guest. There are 12 weeks from 23 April to obtain these letters of support. DS is to approach the MP for Meriden. DS and DLH requested copies of the letter from Matt Western.</p> <p>b. Purchase of Land adjacent to Helen Ley</p> <p>The planning consultant has advised waiting until we have received a final response relating to the extension before proceeding with an application for additional car parking as he believes the planning office will seek to link the two applications.</p>	ALL
	<p>Risk Register</p> <p>a. CFNC top 12 risks (May 2019)</p> <p>The risks were discussed. It was noted that some of the wording is slightly outdated. GM noted that he had reservation about some of the risks. It was noted that the format does not distinguish between likelihood and severity. GM is to meet with MB regarding the format of this register.</p>	GM/MB
8.	<p>BPF</p> <p>a. Fundraising summary</p> <p>A donation of £20k was received last week for the creation of the new bedroom at HL. It was noted that this has a direct impact on the budget as we had planned to spend this anyway.</p> <p>The management are seeking to replace Katie Webb (KW) with another external fundraiser in July/August; there are no candidates for this role at present. It was noted that it was likely to be the same amount of expenditure. MB noted that if a fundraiser brings in more than they cost then they could be deemed as successful and KW had achieved this. It was noted there was an instruction from the committee to replace this</p>	

	<p>fundraiser. KW had been less successful in the last year; she did not achieve the budget that was set so management would have likely reviewed her appointment.</p> <p>b. Fundraising database</p> <p>The committee reviewed the fundraising database.</p>	
9.	<p>Any other business</p> <p>As JE will take up chair of the board it is not his intention to continue chairing the FAR committee as well. JE asked trustees to reflect on this.</p> <p>Meeting finished at 11.35am</p>	

Date of next meeting: Tuesday 10 September 2019

	ACTION REQUIRED	REFERENCE	ACTION BY	TARGET DATE	COMPLETED
1	Create graph for Investments Panel for review.	Page 1	JK/MB	Next FAR	
2	Obtain further letters of support for the Helen Ley extension.	Page 4	ALL	ASAP	
3	GM and MB to meet regarding the risk register format.	Page 4	GM/MB	ASAP	