



**Hamilton Lodge Trust Limited**  
**Annual Report and Accounts**  
**for the year ended 31 May 2015**  
Company Number: 489657

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Pages 2 to 11 comprise the Trustees' Annual Report.

## ABOUT THE TRUST

Hamilton Lodge Trust Limited ("HL") is a subsidiary of The Disabilities Trust ("DT"), a leading national charity, providing innovative care, rehabilitation and support solutions for people with complex disabilities. HL provides such care and support to people with learning disabilities and autism.

Our trustees present their report and the audited financial statements for the year ended 31 May 2015. Our trustees and the trustees' report constitute the directors and the directors' report for Companies Act purposes.

These financial statements comply with current statutory requirements, the requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' published in March 2005 (SORP 2005), and with the requirements of the charity's governing document.

### Our Mission Statement

Inspired by the potential of people with disabilities, we are working in partnerships to provide the highest quality services for those within our area of expertise.

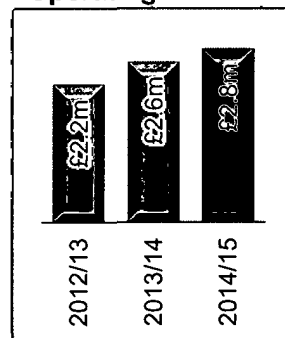
### Our Values

People with disabilities are at the heart of all that we do. While meeting care and support needs, we will endeavour at all times to enhance their independence and promote the rights of disabled people as equal members of society.

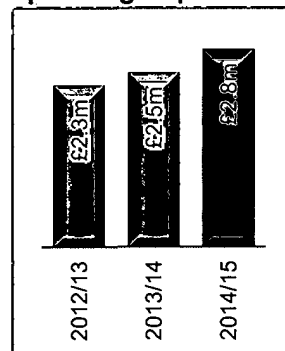
### What we do

- We are a charity that delivers leading-edge services to support people with complex and challenging disabilities.
- We provide residential services to meet the needs of individuals with Autism and Learning Disabilities.
- We continue to develop services that have a focus on enablement and have made a significant investment in assistive technology. Our services now have Wi-Fi and new systems that utilise the latest in assistive technology are being rolled out.
- We monitor and, where possible, aim to influence policy and legislative changes which will affect our service users or people with disabilities within our areas of expertise.
- We work towards measurable quality outcomes
- We have two services, employ almost 100 staff and support a growing service user population across this site with current provision for 16 people with autism and 13 people with learning disabilities.
- We incurred an operating deficit of £5,030 in the 2014/15 financial year compared with a surplus of £117,075 in 2013/14. An actuarial loss on the defined pension scheme of £38,000 (2014: £233,000 surplus) resulted in £43,030 being withdrawn from reserves (2014: £350,075 transferred to reserves).

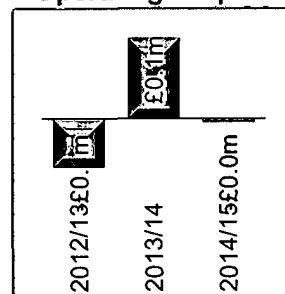
#### Operating Revenue



#### Operating Expenditure



#### Operating Surplus



## STRATEGIC REPORT

### Strategic Direction

We expect the health and social care sector to continue to evolve and grow in the long term, evidenced by a number of factors:

1. Changing demographics - an ageing population and increasing longevity of people surviving serious injury or disability means that the sector will continue to grow and demand for social care increase.
2. The consolidation of providers continues, as financial strains, demands to increase quality, the requirement to deliver "more for less" and regulatory pressures, continue to challenge poorly performing providers.
3. Polarisation in the market;
  - At the more complex end of the market, the demand for residential support services continues to exceed supply as the NHS increasingly commissions more complex care.
  - At the other end of the spectrum, where lower levels of support are required, there is an increasing expectation that support will be provided in people's own homes, within the community.
  - The emphasis is switching from care in a residential facility to care in a home setting and although there still remains a need for residential services, average residential care is diminishing.

In response, we have developed a strategy, which will enable the Trust to remain responsive in a changing environment, whilst keeping our service users and their requirements, at the heart of everything we do.

Our key priorities for the next 3 years are based on the following three main strategic objectives:

1. Deliver life-changing support for people with complex disabilities wherever and whenever they need it.
2. Make innovative use of technology to maximise independence.
3. Retain and attract an excellent staff team, supported by high quality IT and a modernised property estate.

We operate in a challenging and politically unstable environment; upward pressures on costs and downward pressure on fees continues unabated. We believe that delivering these primary objectives will ensure that the Trust remains fit for the future, financially viable and able to continue providing a first class service and value proposition for our service users and funders.

## Achievements, Performance and Plans for the Future

### AUTISM SPECTRUM PARTNERS (ASP) - Hamilton Lodge – Bristow Close and Selborne Court

Autism Spectrum Partners (within DT) provide a range of residential, educational, clinical and community support services for people with autism, under the "Autism Spectrum Partners" (ASP) brand.

Experienced staff work with individuals to address the main difficulties faced by people with autism in relation to communication, social interaction and imagination. Hamilton Lodge includes two specialisms on the site; this includes placements for 16 individuals with autism (Bristow Close) and for 11 people with Learning Disability (Selborne Court)

Bristow Close - The main achievement within ASP – Hamilton Lodge was the success of the development of the office blocks supporting both Bristow Close and Selborne Close. These new buildings provide reception, administration, a range of offices, meeting rooms and therapy rooms. These new resources have enhanced service provisions and offer a clear division between office space and accommodation.

In addition Hamilton Lodge have developed two new flats on this site. The developers worked closely with our Autism Specialists to ensure that the environment and sensory needs were incorporated into the design of the accommodation, enabling Hamilton Lodge to increase occupancy within their autistic service user group by two further placements.

Hamilton Lodge has increased its Clinical provision on site to include a clinical psychologist, autism specialist and one psychology assistant. This has greatly benefited all service users and staff at this location, enabling improved understanding and a more immediate response to service user needs.

The Specialist Placement Officer is actively working with personnel at the site, to develop opportunities for the group to include purposeful activity, life long learning and where appropriate work experience. This has been achieved in part by greater focus in Opportunities to Achieve.

#### *Plans for 2015/16*

- ❖ To fill the remaining two vacancies within the Bristow Close Bungalows and to fill the additional vacancies which have resulted from the further development of the two flats completed in June 2015
- ❖ To fill the current Service Manager void with a permanent replacement and recruit to meet full staffing establishment
- ❖ To promote communication with the local sponsoring authorities and proactively meet referrals
- ❖ To complete the environmental review led by The Autism Specialist and ensure that findings are incorporated in all future refurbishment plans

## **ASP - LEARNING DISABILITIES – Hamilton Lodge - Selborne Court**

Autism Spectrum Partners are mindful of their obligation and commitment to the Learning Disability Group which reside in Selborne Court.

There has been an ongoing investment in the property to ensure that this is updated to meet changing regulatory requirements and the high standards of current residential support provision are met.

We continue to focus on the changing needs of this group and encompassing the support required for the ageing population.

Occupancy now stands at 11 residents. The environment is being configured to meet the needs of current residents.

Dementia screening for existing service users where appropriate has taken place and staff skills have developed to match the current and future needs of the group.

Monies bequeathed to Selborne Court have been used to improve the resources within the centre called The Pavilion and other resources utilised by this service user group. This has assured the ongoing quality of resources available, especially in the environment utilised by service users for activities such as arts and crafts

### ***Plans for 2015/16***

To continue to seek ways of managing the challenges posed by low fee levels and to come to an agreement with the local authorities in regard to service needs

## **Financial Review**

- Total incoming resources of the charity amounted to £2.8 million in 2015 compared to £2.6 million in 2014 due to increased occupancy levels.
- Total resources expended increased from £2.5 million in 2014 to £2.8 million in 2015 due to increased staff costs.
- The net deficit is £5,030 compared to a surplus of £117,075 in 2014.
- There is an actuarial loss on the defined benefit pension scheme of £38,000 (2014: £233,000 surplus).
- This results in £43,030 being withdrawn from reserves (2014: £350,075 transferred to reserves).
- The total net liabilities of the charity at 31 May 2015 were £278,432 an increase of £43,030 over 2014.

The principal funding sources are from statutory funders and resources are expended to the benefit of the charity's service users.

The charity prepares detailed budgets which are approved by the trustees and monitored on a monthly basis. Operationally, the charity was under budget by £114,279 as a result of budgeted occupancy levels not being achieved.

## **Market value of land and buildings**

Our trustees are of the opinion that the open market values of the freehold land and buildings are at least equal to the book amounts, however in the absence of a professional valuation of all the properties (which would be costly), they are unable to accurately predict the value.

## **Reserves**

The net outgoing resources and other recognised losses for the year amounts to £43,030 withdrawn from reserves (2014: £350,075 transferred to reserves).

At 31 May 2015, the charity had a deficit on unrestricted reserves of £302,697 (2014: £260,625), an increase of £42,072.

Our policy is to expand services to provide the unmet needs of people with disabilities. The current reserves must be sufficient to meet the start-up costs of the agreed expansion of the service programme already approved by trustees and to ensure that the on-going financial viability of our existing services is adequately financially under-pinned. Due to the volatility of the niche market in which we operate, our trustees ideally seek to maintain a level of general funds equivalent to the cost of covering staff salaries for six months which would equate to £967,886.

The current level of unrestricted general funds is in deficit by £60,697 (2014: £56,625) and does not meet this target; however, the trustees consider that in view of the action they have taken to rationalise and remodel the service, the charity will return surpluses in the future and build up its resources. In the meantime, the parent charity has agreed to provide such support as is required to enable the charity to continue operating for the foreseeable future being at least twelve months. Taking these factors into account, the trustees consider that the current reserves will be sufficient to ensure the ongoing financial viability of the existing service.

Our trustees have considered their policy on reserves and have designated the funds, which represent the investment made in fixed assets for use by the charity. The total designated fixed asset reserve required is currently £2,629,953 (2014: £2,390,832). Due to the shortfall on general funds, the designated funds currently stand at £nil (2014: £nil).

Taking the above matters into account, our trustees consider that the assets of each fund (including the pension reserve balances) are sufficient to meet current and future commitments that will arise.

## **Going concern**

Due to the reserves policy HL has in place and through consideration of the forecasts and strategy to 2018, our trustees consider that there is a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the financial statements.

## Principal Risks and Uncertainties

Our trustees acknowledge their responsibility for the system of internal control and reviewing its effectiveness, as part of DT's risk management process.

The principal features of the systems of risk management and financial control include:

- A strategic planning and review process.
- Identification and management of risks for the charity and group.
- An annual operational planning and budgeting process.
- Monthly reviews of the management accounts for each division of the charity and explanations of any major variances from budgeted figures
- An audit committee made up of trustees and other co-opted professional members who discuss with external auditors the scope of the annual audit and any matters raised by them for the attention of the senior management team and trustees
- An effective internal financial control and quality assurance function

Our trustees have:

- Assessed the types and level of risks faced by the charity.
- Considered the level of risk which they regard as acceptable.
- Instituted operating standards, policies and procedures which help to identify and minimise risks, and their incidence.
- Identified those areas of the charity's operations which may involve higher risk and focused the attention of staff on these areas.
- Reviewed the procedures for reporting incidences immediately to the appropriate level of management.

The single most significant identified risk is the ability of our funders to be able to continue funding at an appropriate level.

Our trustees also consider a major risk to the charity is that of damage to its reputation. Therefore, focus is given to ensure its protection and in particular, that all staff are made aware of the importance of the charity's reputation to its success in achieving its objectives.

Our trustees have overall responsibility for ensuring that we have an appropriate system of controls, financial and otherwise. 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. Such systems are designed to manage risk and can provide only reasonable, not absolute, assurance of preventing fraud or other irregularities.

A review of our operations, policies and procedures with regard to the management of risk is regularly undertaken, at a minimum, at least annually.

## **OBJECTS OF THE TRUST**

The principal activities of HL continue to be the provision of specialist housing and high quality care, rehabilitation and support for people with autism and learning disabilities. The company is a wholly-owned subsidiary of The Disabilities Trust and a registered charity.

### **Public Benefit**

Our trustees review our (the Trust's) aims and objectives each year. The review helps to ensure that our aims, objectives and activities remain focused on our stated purpose and also looks at;

- What we have achieved and the outcomes of our work in the previous twelve months.
- The success of each key activity; and
- The benefits we have brought to those groups of people we are set up to help.

The principal funding sources for the fees we charge are local government authorities and Clinical Commissioning Groups. Service users are means tested by these funders to ensure that no-one is excluded from care by reason of poverty. In many cases we provide care notwithstanding that funders delay payment pending agreement on inflationary increases in fee levels.

All our trustees give their time voluntarily and receive no benefits from the charity, although two are resident service users, funded in the usual way. Any expenses claimed from the Trust are set out in Note 5 to the financial statements.

Our trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular our trustees consider how planned activities will contribute to the aims and objectives we have set.

### **Funds held as custodian trustees**

At the year end, the charity held monies totalling £3,121 (2014: £5,043) on behalf of its clients. These monies are not included within the balance sheet and are held separately in clearly identifiable bank accounts.

### **Payments to suppliers**

Settlement terms are agreed with suppliers as part of contract terms and it is the policy of the charity to pay in accordance with those terms. Other creditors are paid in accordance with invoice terms.

### **Constitution**

HL is a company limited by guarantee, governed by a Memorandum and Articles of Association. The company is registered with the Charity Commission as a charity whose purpose is to establish and maintain a home to provide care in an atmosphere of love, hope and compassion for people with mental handicap, physical disabilities, sensory disabilities or mental or physical frailty. Additionally, HL

is to provide care for these people into their old age and for other people who need such care due to their mental or physical frailty.

The charity is a company limited by guarantee having no share capital and in accordance with Clause 6 of the Memorandum of Association every member of the charity is liable to contribute a sum not exceeding £2.10 in the event of the charity being wound up.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitutional Provisions Relating to Trustees**

Trustees are elected at the Annual General Meeting and are eligible for re-election after three years. Trustees may also be co-opted to the Board and are eligible for election at the following AGM.

### **Governance and Decision Making**

We are governed by our Board of Trustees which meets at least eight times a year to review the monthly management accounts, to receive reports from the various sub committees and the senior management team and to consider any other relevant matters.

Our trustees have delegated the day to day management of the charity to our senior management team comprising the Chief Executive Officer "CEO" and a number of executive directors. Our senior management team meets monthly.

Our trustees have also established a number of sub-committees with membership and specific terms of reference. Details of these committees are given in the annual report of the parent charity, DT.

### **Selection, Recruitment, Induction and Training of Trustees**

Trustees are recruited by personal recommendation, or advertising in national newspapers and other specifically targeted publications. The Nominations Committee shortlists candidates and the applicants then go through an interview and selection process in a similar fashion to our employees. The aim of the process is not only to ensure that suitable people are appointed as trustees but also to ensure that our Board of Trustees comprises people from a wide range of backgrounds and experience. If selected, their appointment is later confirmed at our Annual General Meeting.

On election by members, new trustees go through a detailed induction and training process. This comprises a day at our Central Support Office being briefed on a variety of matters including, development history, strategic plans, the senior management team, the interface between the Board and the Executive, risk management and the responsibilities of charity trustees. They are also supplied with a Trustee Information Pack covering these areas.

## WHO'S WHO

### Trustees

The trustees who held office during the year were as follows:

P J Jackson	Chair
S Howell	(Vice Chair)
Mrs M Bartholomew	
Dr P Dobrowolski	
Dr C S Drugan (appointed 1 Jul 2014)	
Dr J C A Foster	
M Green	
V Hancox	
Mrs A Hancox	
R A Hoyle (appointed 1 Jul 2014)	
Ms E C Jackman	
M Rowe	
Mrs C Yorath (appointed 26 January 2015)	

### Senior management team

The senior management team to whom the trustees have delegated the day to day management of the charity, is as follows:

Mr J B Oldham	Chief Executive	To 31 Mar 2015
Mrs I Sobowale	Director of Finance	To 31 Mar 2015
Mrs I Sobowale	Chief Executive	From 1 Apr 2015
Mrs S Bell	Director of Business Development	
Mrs A Buckler	Director of BIRT	From 7 Jul 2014
Mrs N Carey	Director of Human Resources	From 7 Jul 2014
Mrs S Clifford	Director of Communications	
Dr S Copstick	Director of Clinical Services	
Mr D Cunningham	Company Secretary	From 29 Sep 2014
Mr R Domingues	Director of Finance (Interim)	From 26 Feb 2015
Ms D Fortescue	Head of Foundation	From 16 Mar 2015
Mrs A Headley	Director of Autism/LD/Education	To 1 Sep 2015
Mrs J Morley	Director of Community Services	
Mrs S Munroe	Director of Brain Injury	To 3 June 2014
Mr J Ratcliff	Director of Disability Lifestyles	
Mrs C Taylor	Director of ASP	From 17 Aug 2015
Mr P Woodruff	Director of Human Resources	To 7 Jul 2014

## **Employees**

We have continued to demonstrate our commitment to effective communication, both formally and informally, adopting communication processes appropriate to our needs.

We hold the Investors in People award and continue to maintain and improve where appropriate the highest possible standards. This reflects the value and contribution of all staff.

It is our policy to promote equality of employment by giving full and fair consideration to applications from disabled people for vacancies where particular requirements are considered to be within their skills and experience. In the case of existing employees who may become disabled, every effort is made to retain them within the workforces, subject, if necessary, to retraining. Training, career development and promotion opportunities apply equally to all employees, taking into consideration their aptitudes and abilities.

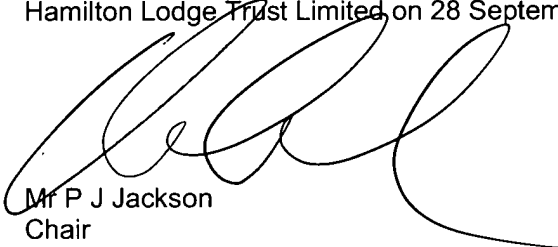
It is also our policy to maintain and develop the involvement of all employees in our affairs. Local managers provide, on a regular basis, information of concern to employees using a variety of methods such as business review meetings, briefing discussions and training sessions. The views of employees are also sought on matters affecting them.

Staff are kept informed of activities across the organisation through, for example, our periodical newsletter and other communications distributed centrally.

## **Auditors**

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Act.

The Trustees' Report (including the Strategic Report) has been approved by the Board of Trustees of Hamilton Lodge Trust Limited on 28 September 2015 and signed on their behalf by:



Mr P J Jackson  
Chair

## TRUSTEES' RESPONSIBILITIES STATEMENT

The trustees (who are also directors of Hamilton Lodge Trust Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting 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 charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that:

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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

ON BEHALF OF THE BOARD

Mr P J Jackson.

Chair

28 September 2015

## **AUDITOR'S REPORT**

### **Independent auditor's report to the members and trustees of Hamilton Lodge Trust Limited**

We have audited the financial statements of Hamilton Lodge Trust Limited for the year ended 31 May 2015 which comprise the principal accounting policies, the statement of financial activities, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 12 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 May 2015 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report (including the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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

*Grant Thornton UK LLP*

Carol Rudge

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

28 September 2015

## **FINANCIAL STATEMENTS**

### **Principal Accounting Policies**

Our principal accounting policies have remained unchanged from the previous year and are set out below.

### **Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charity's financial statements.

### **Liability of members**

The charity is a company limited by guarantee having no share capital and in accordance with Clause 6 of the Memorandum of Association every member of the charity is liable to contribute a sum not exceeding £2.10 in the event of the charity being wound up.

### **Basis of preparation**

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable UK accounting standards, including the Statement of Recommended Practice 'Accounting and Reporting by Charities', published in March 2005 (SORP 2005). The financial statements are prepared under the historical cost convention.

As at 31 May 2015 the charity had net current liabilities of £2,669,669 and net liabilities of £278,432. The financial statements have been prepared on the going concern basis as the parent charity has agreed to provide such support as is required to enable the charity to continue operating for the foreseeable future being at least twelve months.

### **Tangible fixed assets and depreciation**

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are:

Freehold buildings	2% per annum
Fixtures and fittings	15% - 20% per annum
Motor vehicles	15% - 20% per annum
Computers	25% per annum

No depreciation is provided on freehold land.

Impairment reviews are only carried out if there is an indication that the recoverable amount of a tangible fixed asset is below its net book value.

There is a de minimus capitalisation limit of £500.

### **Lease contracts**

Operating lease rentals are charged to the statement of financial activities on a straight line basis over the period of the lease.

### **Stocks**

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials and consumables, the purchase price is used.

### **Incoming resources**

Voluntary income including donations, gifts, legacies and grants are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods, or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Income from fees is recognised as the services are provided.

### **Resources expended**

Expenditure has been charged to the statement of financial activities on an accruals basis. Costs are shown inclusive of any related value added tax. Expenditure categories noted below are analysed in the various notes to the financial statements.

- **Costs of generating funds**  
Costs of generating funds are the costs incurred in attracting voluntary income.
- **Charitable activities**  
These are the costs involved in the provision of care and support to people with a learning disability or autism.
- **Governance costs**  
Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.
- **Support costs**  
Support costs include the costs of the central support office functions such as central management, financial administration, human resources, information systems and finance costs. They have generally been allocated to cost categories on the basis of staff costs and numbers which is judged to allocate costs on a reasonable basis consistent with the activity's usage.

### **Contributions to pension schemes**

The charity participates in a defined benefit pension scheme operated by Essex County Council. The contributions are determined by Barnett Waddingham, independent qualified actuaries, on the basis of triennial valuations. Whilst the charity is a small admission body ("SAB"), Essex County Council has decided that all employees within the SAB group will be established on a standalone basis for the purpose of actuarial valuations and that future assessments of employer contributions will be on an individual employer basis and not on a grouped basis. This has resulted in the charity being required to fully adopt FRS17.

There is also a defined contribution pension scheme for the benefit of employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

### **Fund accounting**

The charity has various types of funds for which it is responsible, and which require separate disclosure. These are as follows:

#### *Restricted funds*

Donations or legacies are earmarked by the donor for specific purposes. From these funds, the donation and income deriving therefrom may be utilised in accordance with the specific purposes.

#### *Unrestricted funds*

- **Designated funds**

The charity may at its discretion set aside funds for specific purposes, which would otherwise form part of the general funds of the charity. Specifically the charity sets aside funds which represent the investment made in fixed assets for use by the charity.

- **General funds**

Funds are expendable in furtherance of the objects of the charity.

### **Cash flow statement**

Under Financial Reporting Standard 1 the charity is exempt from the requirement to prepare a cash flow statement on the grounds that the parent undertaking includes the charity's financial statements in its own published consolidated financial statements.

**Statement of Financial Activities**  
**(Incorporating Income and Expenditure Account)**  
**For the year ended 31 May 2015**

	Note	Unrestricted funds £	Restricted funds £	Total funds 2015 £	Total funds 2014 £
<b>Incoming resources from generated funds</b>					
Voluntary income					
Donations and legacies	1	25	320	345	21,162
Investment income	2	10	-	10	8
		35	320	355	21,170
<b>Incoming resources from charitable activities</b>					
Fees for the provision of care		2,813,463	-	2,813,463	2,587,392
<b>Other incoming resources</b>					
Profit on sale of tangible fixed assets		-	-	-	1,500
Other income		6,961	-	6,961	-
<b>Total incoming resources</b>		<b>2,820,459</b>	<b>320</b>	<b>2,820,779</b>	<b>2,610,062</b>
<b>Resources expended</b>					
<b>Costs of generating funds</b>					
Fundraising costs of donations and gifts		-	-	-	-
<b>Net income available for charitable activities</b>		<b>2,820,459</b>	<b>320</b>	<b>2,820,779</b>	<b>2,610,062</b>
<b>Charitable activities</b>					
Improving the lives of people with disabilities	3				
Learning disability		777,032	1,278	778,310	747,883
Autism		2,031,679	-	2,031,679	1,727,034
		2,808,711	1,278	2,809,989	2,474,917
<b>Governance</b>	3(iii)	<b>15,820</b>	<b>-</b>	<b>15,820</b>	<b>18,070</b>
<b>Total resources expended</b>		<b>2,824,531</b>	<b>1,278</b>	<b>2,825,809</b>	<b>2,492,987</b>
<b>Net (outgoing)/incoming resources</b>		<b>(4,072)</b>	<b>(958)</b>	<b>(5,030)</b>	<b>117,075</b>
<b>Transfers</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net (deficit)/ income for the year</b>		<b>(4,072)</b>	<b>(958)</b>	<b>(5,030)</b>	<b>117,075</b>
<b>Other recognised gains and losses</b>					
Actuarial (loss)/gain on defined benefit pension	16	(38,000)	-	(38,000)	233,000
<b>Net movement in funds</b>		<b>(42,072)</b>	<b>(958)</b>	<b>(43,030)</b>	<b>350,075</b>
Balances brought forward at 1 June 2014		(260,625)	25,223	(235,402)	(585,477)
<b>Balances carried forward at 31 May 2015</b>	<b>13&amp;14</b>	<b>(302,697)</b>	<b>24,265</b>	<b>(278,432)</b>	<b>(235,402)</b>

All the income and expenditure shown above relate to continuing activities. All gains and losses recognised in the current and preceding financial year are included in the statement of financial activities.

The accompanying accounting policies and notes form an integral part of these financial statements.

## Balance Sheet

As at 31 May 2015

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	8	2,635,312	2,396,191
<b>Current assets</b>			
Stocks	9	7,324	6,869
Debtors	10	121,872	102,795
Cash at bank and in hand		3,742	3,203
		<u>132,938</u>	<u>112,867</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(2,802,607)</u>	<u>(2,536,351)</u>
<b>Net current liabilities</b>		<u>(2,669,669)</u>	<u>(2,423,484)</u>
<b>Total assets less current liabilities</b>		<u>(34,357)</u>	<u>(27,293)</u>
<b>Provisions for liabilities and charges</b>	12	<u>(2,075)</u>	<u>(4,109)</u>
<b>Net liabilities (excluding pension scheme liability)</b>		<u>(36,432)</u>	<u>(31,402)</u>
<b>Defined benefit pension scheme liability</b>	16	<u>(242,000)</u>	<u>(204,000)</u>
<b>Net liabilities (including pension scheme liability)</b>		<u>(278,432)</u>	<u>(235,402)</u>
<b>Funds</b>			
Restricted funds	13	<u>24,265</u>	<u>25,223</u>
Unrestricted funds	14		
- pension reserve		<u>(242,000)</u>	<u>(204,000)</u>
- general funds		<u>(60,697)</u>	<u>(56,625)</u>
<b>Total unrestricted funds</b>		<u>(302,697)</u>	<u>(260,625)</u>
<b>Total funds</b>		<u>(278,432)</u>	<u>(235,402)</u>

The financial statements were approved by the Board of Trustees on 28 September 2015 and were signed on its behalf by

  
P. J. Jackson - Chair

Company number: 489657

The accompanying accounting policies and notes form an integral part of these financial statements.

## Notes to the Financial Statements

For the year ended 31 May 2015

### 1. Donations and legacies

	Unrestricted funds £	Restricted funds £	Total funds 2015 £	Total funds 2014 £
Legacies	-	-	-	20,000
Donations	25	320	345	1,162
	<u>25</u>	<u>320</u>	<u>345</u>	<u>21,162</u>

### 2. Investment income

	Total 2015 £	Total 2014 £
Bank deposit interest receivable	<u>10</u>	<u>8</u>

### 3. (i) Charitable activities

	Activities undertaken directly £	Support costs £	Total 2015 £	Total 2014 £
<b>Unrestricted funds</b>				
Improving the lives of people with disabilities				
Learning disability	669,186	107,846	777,032	744,191
Autism	<u>1,854,801</u>	<u>176,878</u>	<u>2,031,679</u>	<u>1,725,576</u>
<b>Total unrestricted charitable activities</b>	<u>2,523,987</u>	<u>284,724</u>	<u>2,808,711</u>	<u>2,469,767</u>
<b>Restricted funds</b>				
Learning disability	1,274	4	1,278	3,692
Autism	-	-	-	1,458
<b>Total charitable activities</b>	<u>2,525,261</u>	<u>284,728</u>	<u>2,809,989</u>	<u>2,474,917</u>

## (ii) Support costs allocation

	Learning disability £	Autism £	Total 2015 £	Total 2014 £
<b>Unit costs</b>				
Salaries, wages and training	10,751	31,457	42,208	44,763
Other	8,071	5,146	13,217	25,526
<b>Central support costs</b>				
Management and quality assurance costs	88,532	140,555	229,087	152,536
Finance	496	(280)	216	12,174
	<u>107,850</u>	<u>176,878</u>	<u>284,728</u>	<u>234,999</u>

The allocation of support costs has been made on the basis of the trustees' best estimate of time spent on supporting charitable activities during the year. The charity prepares individual budgets and management accounts and costs are directly attributed during the year; the amounts included above for "unit costs" are the support costs allocation of these directly attributable costs. The central support costs are the costs borne centrally both by the charity and its parent charity, DT.

Management and quality assurance costs represent salary costs recharged by DT for central office services including quality control, management accounting, payroll administration, budgeting, information technology and human resources.

## (iii) Governance

	Total 2015 £	Total 2014 £
Audit fees	7,500	7,500
Professional fees	8,320	10,570
	<u>15,820</u>	<u>18,070</u>

## 4. Directors and employees

Staff costs during the year were as follows:

	Total 2015 £	Total 2014 £
Wages and salaries	1,725,489	1,640,832
Social security costs	129,714	125,293
Other pension costs	80,568	61,467
	<u>1,935,771</u>	<u>1,827,592</u>
Payments made to independent third parties for the provision of staff	267,662	19,352
Total payroll and staff related costs	<u>2,203,433</u>	<u>1,846,944</u>

## Directors and employees (continued)

Payments made to independent third parties for the provision of staff relate to costs incurred as a result of staff vacancies and cover being required pending recruitment. They also include costs arising as a result of cover being required during sickness or holiday.

The average number of persons engaged in the provision of welfare services to residents of the charity during the year, analysed by category, was as follows. All are employed by the parent charity, DT.

	2015 Number	2014 Number
Provision of care	96	94
Administration	2	2
	<u>98</u>	<u>96</u>

No employee had emoluments exceeding £60,000 (2014: £60,000) in either 2015 or 2014.

## 5. Remuneration of trustees

No trustee received any remuneration or was reimbursed with any expenses during the year (2014: £nil).

Costs of trustees' meetings amounted to £nil in the year (2014: £nil).

## 6. Net incoming resources for the year

	Total 2015 £	Total 2014 £
<b>The net incoming resources for the year is stated</b>		
After charging		
Auditors' remuneration for audit services	7,500	7,500
Auditors' remuneration for non audit services	(1,410)	3,186
Depreciation and other amounts written off tangible fixed assets	93,488	90,411
Loss on disposal of tangible fixed assets	4,494	5,855
After crediting		
Profit on sale of tangible fixed assets	<u>-</u>	<u>1,500</u>

## 7. Tax

The company is registered as a charity and its income is applied solely for charitable purposes. As a result, it is entitled to rely upon the relevant taxation exemptions and reliefs as set out in the Corporation Taxes Act 2010. Consequently no tax liability arises on the results of the year.

## 8. Tangible fixed assets

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computers £	Total £
<b>Cost</b>					
At 1 June 2014	2,637,116	79,158	371,276	30,409	3,117,959
Additions	314,660	-	23,212	139	338,011
Disposals	-	(7,799)	(16,349)	(544)	(24,692)
<b>At 31 May 2015</b>	<b><u>2,951,776</u></b>	<b><u>71,359</u></b>	<b><u>378,139</u></b>	<b><u>30,004</u></b>	<b><u>3,431,278</u></b>
<b>Depreciation</b>					
At 1 June 2014	404,074	33,835	260,504	23,355	721,768
Provided in the year	51,155	10,524	27,130	4,679	93,488
Eliminated on disposals	-	(5,676)	(13,070)	(544)	(19,290)
<b>At 31 May 2015</b>	<b><u>455,229</u></b>	<b><u>38,683</u></b>	<b><u>274,564</u></b>	<b><u>27,490</u></b>	<b><u>795,966</u></b>
<b>Net book amount at 31 May 2015</b>	<b><u>2,496,547</u></b>	<b><u>32,676</u></b>	<b><u>103,575</u></b>	<b><u>2,514</u></b>	<b><u>2,635,312</u></b>
Net book amount at 31 May 2014	<u>2,233,042</u>	<u>45,323</u>	<u>110,772</u>	<u>7,054</u>	<u>2,396,191</u>

All tangible fixed assets are utilised for the charity's charitable purposes.

## 9. Stocks

	2015 £	2014 £
Raw materials and consumables	<u>7,324</u>	<u>6,869</u>

## 10. Debtors

	2015 £	2014 £
Trade debtors	100,432	84,090
Prepayments and accrued income	19,897	18,248
Other debtors	1,543	457
	<u>121,872</u>	<u>102,795</u>

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

	2015 £	2014 £
Bank loans and overdrafts	49,329	-
Trade creditors	97,562	50,342
Amounts owed to parent charity (see below)	2,468,433	2,217,306
Taxation and social security	7,907	4,879
Accruals and deferred income	176,964	261,325
Other creditors	2,412	2,499
	<u>2,802,607</u>	<u>2,536,351</u>

Accruals and deferred income includes deferred income of £19,204 (2014: £137,406) for care to be provided after 31 May 2015. The deferred income at 31 May 2014 has been credited to the 2015 Statement of Financial Activities.

Included in amounts owed to parent charity is a loan of £2,448,000 (2014: £2,180,000). The loan is repayable on demand with no interest; however, the parent charity has agreed to provide such support as is required to enable the charity to continue operating for the foreseeable future being at least twelve months.

## 12. Provisions for liabilities and charges

	Stakeholder participation award scheme £
At 1 June 2014	4,109
Amounts provided for in the year	-
Amounts released in the year	(2,034)
<b>At 31 May 2015</b>	<u><b>2,075</b></u>

Details of the stakeholder participation award scheme are included in the accounting policies.

## 13. Restricted funds

	Movement in resources				Balance at
	Balance at 1 June 2014 £	Incoming £	Outgoing £	Transfers £	31 May 2015 £
Selborne Court	18,886	-	(901)	-	17,985
Other IT equipment	5,359	-	-	-	5,359
Other	978	320	(377)	-	921
<b>Total restricted funds</b>	<u>25,223</u>	<u>320</u>	<u>(1,278)</u>	<u>-</u>	<u>24,265</u>

#### 14. Unrestricted funds

	Movement in resources				Balance at 31 May 2015 £
	Balance at 1 June 2014 £	Incoming £	Outgoing £	Transfers £	
Pension reserve	(204,000)	-	(38,000)	-	(242,000)
General funds	(56,625)	2,820,459	(2,824,531)	-	(60,697)
<b>Total unrestricted funds</b>	<b>(260,625)</b>	<b>2,820,459</b>	<b>(2,862,531)</b>	<b>-</b>	<b>(302,697)</b>

#### 15. Analysis of net assets between funds

	Tangible fixed assets £	Other net assets/ (liabilities) £	Provisions for liabilities & charges	Pension scheme liability £	Total £
Restricted	5,359	18,906	-	-	24,265
Unrestricted:					
Pension reserve	-	-	-	(242,000)	(242,000)
General funds	2,629,953	(2,688,575)	(2,075)	-	(60,697)
	<b>2,635,312</b>	<b>(2,669,669)</b>	<b>(2,075)</b>	<b>(242,000)</b>	<b>(278,432)</b>

#### 16. Pension costs

##### (i) Defined benefit scheme

The charity participates in a defined benefit pension scheme operated by Essex County Council. The contributions are determined by Barnett Waddingham, independent qualified actuaries, on the basis of triennial valuations. Whilst the charity is a small admission body ("SAB"), Essex County Council has decided that all employees within the SAB group will be established on a standalone basis for the purpose of actuarial valuations and that future assessments of employer contributions will be on an individual employer basis and not on a grouped basis. This has resulted in the charity being required to fully adopt FRS17.

The charity's actuarial loss in respect of the pension fund in respect of its employees for the year ended 31 May 2015 has been calculated by actuaries as being £38,000 giving a total liability of £242,000 at 31 May 2015 and this has been provided in the financial statements. The valuation was carried out by Lane Clark & Peacock LLP, qualified actuaries, on the basis of information supplied by Barnett Waddingham.

## Pension costs (continued)

Principal actuarial assumptions	2015	2014
Retail price inflation	3.1%	3.2%
Consumer price inflation	2.1%	2.2%
Discount rate	3.5%	4.3%
Pension increases in payment	2.1%	2.2%
General salary increases	4.0%	4.2%
Expected return on assets	N/A	6.0%
Life expectancy of male aged 65 in accounting year	22.8	22.7
Life expectancy of male aged 65 in 20 years from accounting year	25.1	24.9

The expected return on assets is based on the long term future expected investment returns for each asset class at the beginning of the period.

Contributions during the year were £48,983 (2014: £33,436). Contributions for the next financial year are expected to be approximately £41,000.

Net liability	2015 £'000	2014 £'000
Value of scheme liabilities	(1,481)	(1,278)
Fair value of scheme assets	1,239	1,074
Deficit	(242)	(204)
Unrecognised past service cost	-	-
Amount not recognised due to asset limit	-	-
Net liability	(242)	(204)

## The pension cost charge under FRS17 to the statement of financial activities is as follows:

	Actual 2015 £'000	Actual 2014 £'000
Employer's part of current service cost	31	28
Interest cost	55	65
Expected return on scheme assets	(65)	(57)
Past service cost	-	-
Losses/(gains) on curtailments and settlements	-	-
Total expense recognised in surplus or deficit	21	36
Actuarial (loss)/gain for the year	(73)	238

The actuarial loss of £38k (2014: gain of £233k) in the SOFA is the movement in the pension liability and includes the actuarial loss detailed in the notes above of £73k (2014: gain of £238k).

## Pension costs (continued)

### Actuarial losses and gains for inclusion in the statement of financial activities

	2015 £'000	2014 £'000
Actuarial (loss)/gain for the year	<u>(73)</u>	<u>238</u>

	2015 £'000	2014 £'000
The cumulative amount of losses recognised is	<u>(111)</u>	<u>(204)</u>

### The current allocation of scheme assets is as follows:

	Current allocation	2015 £'000	Current allocation	2014 £'000
Equities	67%	831	67%	720
Bonds	14%	172	16%	172
Property	11%	136	11%	118
Other	8%	100	6%	64
Total	<u>100%</u>	<u>1,239</u>	<u>100%</u>	<u>1,074</u>

HL does not invest in property occupied by the charity.

### Reconciliation of scheme liabilities

	2015 £'000	2014 £'000
Opening scheme liabilities	<u>(1,278)</u>	<u>(1,444)</u>
Employer's part of current service cost	(31)	(28)
Interest cost	(55)	(65)
Contributions by scheme participants	(8)	(6)
Actuarial gains/(losses)	(157)	218
Benefits paid	48	47
Closing scheme liabilities	<u>(1,481)</u>	<u>(1,278)</u>

## Pension costs (continued)

### Reconciliation of fair value of scheme assets

	2015 £'000	2014 £'000
Opening fair value of scheme assets	1,074	1,007
Expected return on scheme assets	65	57
Actuarial gains	84	20
Contributions by the employer	56	31
Contributions by scheme participants	8	6
Benefits paid	(48)	(47)

### Closing fair value of scheme assets

	1,239	1,074
Actual return on scheme assets	165	77

	Actual 2015 £'000	Actual 2014 £'000
Employer contributions to the scheme	56	31
Employee contributions (regular)	8	6
Total contributions to the scheme	64	37

### Amounts to be shown for the current and previous periods

	2015 £'000	2014 £'000	2013 £'000
Value of scheme liabilities	(1,481)	(1,278)	(1,444)
Fair value of scheme assets	1,239	1,074	1,007
Deficit	(242)	(204)	(437)

### Experience adjustments on scheme assets

	2015 £'000	2014 £'000
Amount of gain	84	20
Percentage of scheme liabilities	7%	2%

### Pension costs (continued)

Experience adjustments on scheme liabilities	2015 £'000	2014 £'000
Amount of gain	-	143
Percentage of scheme (liabilities)/assets	0%	11%

#### Defined contribution schemes

There is also a defined contribution pension scheme for the benefit of employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

Pension contributions charged during the year were £31,585 (2014: £28,031).

### 17. Capital commitments

- (i) Capital commitments at the end of the financial year for which no provision has been made:

	2015 £	2014 £
Contracted but not provided	66,025	-
Authorised but not contracted	974,568	1,181,269
	<u>1,040,593</u>	<u>1,181,269</u>

The capital commitments above are phased up to and including 2016/17 with £340,593 (2014: £1,181,269) falling due within one year.

- (ii) Annual commitments under non-cancellable operating leases:

The charity had no commitments at 31 May 2015 or 31 May 2014 under non-cancellable operating leases.

### 18. Funds held as custodian trustees

At the year end, the charity held monies totaling £3,121 (2014: £5,043) on behalf of its clients. These monies are not included within the balance sheet and are held separately in clearly identifiable bank accounts.

## **19. Related party transactions**

The charity is a wholly owned subsidiary of DT. The charity has taken advantage of the exemptions contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

## **20. Ultimate parent undertaking**

The largest, and only, group in which the results of the charity are consolidated is that headed by The Disabilities Trust, registered in England and Wales which is the ultimate parent undertaking.

The consolidated financial statements for the group are available from the charity's Central Support Office, First Floor, 32 Market Place, Burgess Hill, Sussex, RH15 9NP.

## LEGISLATIVE AND ADMINISTRATIVE INFORMATION

### Registration

Company registration number: 489657

Charity registration number: 306080

Registered office: First Floor  
32 Market Place  
Burgess Hill  
West Sussex  
RH15 9NP

Trustees: P J Jackson  
Mrs M Bartholomew  
Dr P Dobrowolski  
Dr C S Drugan  
Dr J C A Foster  
M Green  
V Hancox  
Mrs A Hancox  
S Howell  
R A Hoyle  
Ms E C Jackman  
M Rowe  
Mrs C Yorath

Secretary: Mr D Cunningham

Bankers: Barclays Bank plc  
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