



Hamilton Lodge Trust Limited
Annual Report and Accounts
for the year ended 31 May 2016
Company Number: 489657

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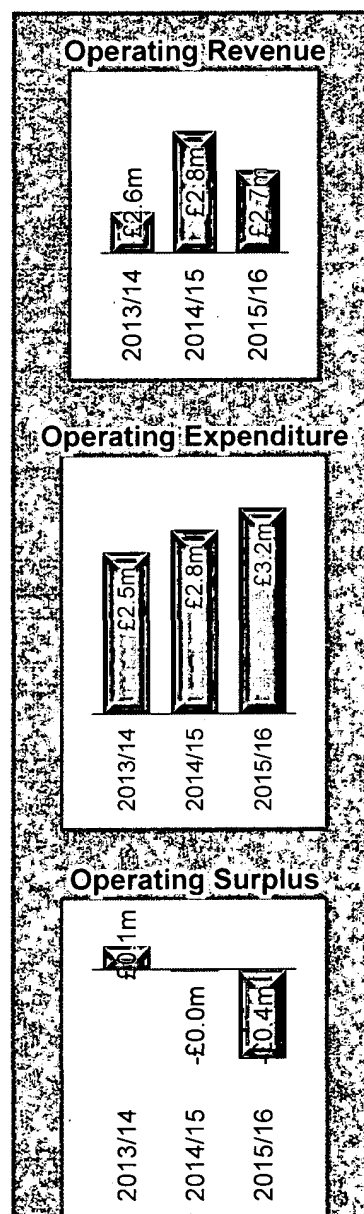
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Pages 3 to 16 comprise the Trustees' Annual Report.

YEAR AT A GLANCE

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.

The financial performance in the year reflects the impact of the challenging external environment. Operating revenue fell to £2.7m in 2015/16 from £2.8m in 2014/15. Lower occupancy levels led to suppressing growth in operating revenues. Operating expenditure increased to £3.2m in 2015/16 from £2.8m in 2014/15. A major part of this increase is due to increased labour costs. The combined impact of these factors has been an increase in the deficit to £468,000 in 2015/16 from £43,000 in 2014/15.



TRUSTEES' ANNUAL REPORT

Our trustees present their report and the audited financial statements for the year ended 31 May 2016. Our trustees and the trustees' annual report constitute the directors and the directors' report for Companies Act purposes.

These financial statements comply with the Charities Act 2011, the Companies Act 2006, the requirements of the charity's governing document and Accounting and Reporting by Charities: Statement of Recommended Practice ("SORP") 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).

OBJECTIVES AND ACTIVITIES OF THE CHARITY

Purpose

The purpose of the charity as set out in its governing document 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, 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".

Activities

Hamilton Lodge Trust Limited ("HL") provides 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.

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.

What we do (continued)

- 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 14 people with learning disabilities.

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 6 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.

STRATEGIC REPORT

Strategic direction

The strategic direction of the charity will seek to address the significant challenges which exist in the health and social care sector. The operating environment over the next few years will be affected by a number of factors:

Strategic direction (continued)

1. Changing demographics - an ageing population and medical advances means that more people are surviving serious injury with a long term disability and will need appropriate rehabilitation and reablement.
2. The likely reduction in the number of providers particular in the domiciliary and social care market where increasing numbers of companies are withdrawing due to the downward pressure on fees.
3. Economic uncertainty following Britain's decision to leave the European Union will combine with the costs associated with new National Living Wage, Apprenticeship levy and other items to make the financial climate very challenging; retention and recruitment of high quality frontline care staff will become more difficult.
4. Polarisation in the market which we identified last year is likely to continue;
 - At the more complex end of the market, the demand for residential support services remains but with shorter stays likely in specialist services, finding new ways to deliver similar results for less money within a shorter timescale – and in a variety of different settings – will be the key.
 - 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; however cost will be the primary driver for much of the commissioning in this area despite recent changes in legislation (for example the Care Act 2014 in England) which placed service user wellbeing as a priority.

In response, we have developed a strategy which will enable the charity to sustain and develop its services within a changing environment, whilst keeping our service users and their needs at the heart of everything we do.




Our key priorities for the next 4-5 years are based on the following six main strategic themes:

- Broaden our brain injury services.
- Refresh our model of support for adults with autism and physical disabilities.
- Pioneer assistive technology, drawing on research and clinical expertise.
- Enhance opportunities for staff.
- Conserve time and resources.
- Strengthen our governance.


We believe that delivering on these strategic themes will ensure that the charity 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


Set out below, are the plans which we specified in our report for the year ended 31 May 2015 and achievements against these plans. Our achievements against the plans are graded as follows:

	Fully met
	Partly met
	Not met


Enhanced services


		<p>In 2015/16 our achievements were:</p> <ul style="list-style-type: none"> • We have continued to provide service for individuals with an ever-increasing range of complex needs. • We have further defined what our enhanced services should, could and will provide in the future.
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Growth


<p>We said:</p> <p>We will fill the remaining two vacancies within the Bristow Close Bungalows and fill the additional vacancies which have resulted from the further development of the two flats completed in June 2015.</p>		<p>In 2015/16 our achievements were:</p> <ul style="list-style-type: none"> • Following a comprehensive review of the estate and service provision, we did not progress these developments. We acknowledged that we had significant staffing vacancies and took the decision to focus on addressing this issue prior to any further growth. • Discussions with commissioners have informed our future plans for the service, including the move towards more community focused independent living arrangements.
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Achievements & performance (continued)


We said: We will promote communication with the local sponsoring authorities and proactively meet referrals.		In 2015/16 our achievements were: <ul style="list-style-type: none">• We have had a positive ongoing dialogue with commissioners to better understand their requirements.• In our strategy for 2016 / 17 we have responded to Essex County Council's feedback that they are not currently considering the commissioning of new residential services, and that they are focused on expanding supported living options that support people with complex needs.
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We said: We will complete the environmental review led by The Autism Specialist and ensure that findings are incorporated in all future refurbishment plans.		In 2015/16 our achievements were: <ul style="list-style-type: none">• We have fully reviewed the environment within Hamilton Lodge and have incorporated our findings and good practice within the strategy for 2016 / 17
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Accountability

We said: We will 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		In 2015/16 our achievements were: <ul style="list-style-type: none">• During 2015 / 16 we have continued an open dialogue with Essex County Council in relation to the fee levels for service users at Selbourne Court and Bristowe Close.
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Staff

We said: We will fill the current Service Manager void with a permanent replacement and recruit to meet full staffing establishment.		In 2015/16 our achievements were: <ul style="list-style-type: none">• After a rigorous recruitment campaign, we appointed an experienced Service Manager who started with us in October 2015.• Despite the continuous focus on recruitment, including working with our colleagues in the newly appointed central recruitment team, we continue to experience significant challenge in recruiting to the full establishment. We believe this is caused by a number of factors but most significantly, the location of the site an availability of public transport and the high number of competitors in the area.
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Plans for the future

Enhanced services

The decision has been made to merge the autism and physical disability services to create the Autism and Disability Division. As part of this, the needs of all service users will be assessed in order to ensure that we shape our strategy in the future so that our services meet each person's individual needs in the most appropriate, effective and efficient way.

Accountability and governance

Interim enhancements have been put in place for the Quality Assurance division ahead of a full review.

Staff

In 2016 / 17 we will work towards our aim of becoming an Employer of Choice for those who want to work in the not-for-profit health and social care sector and to:

- Ensure that we have the optimum structure and arrangement of our workforce to achieve our strategic objectives and to ensure we are working efficiently.
- Continue to embed our culture and values across the charity whilst focusing on continuous improvement and learning.
- Continue to develop our management and leadership capabilities to ensure a well led and managed workforce.
- Further improve our recruitment activities to minimise operational pressures by reducing the numbers of vacancies and use of agency staff. We will introduce a managed service for the supply of our agency staff to provide cost savings and better management of temporary workers.
- We will work with managers to identify talent and develop career/development pathways to retain and attract new talent, including the introduction of apprenticeships.
- Focus on the wellbeing of our staff to reduce sickness absence levels across the charity.
- Continue to manage our reward agenda within our financial constraints to remain competitive whilst absorbing the introduction of the national living wage.
- Further build and enhance our approach to learning and development by providing new staff learning and training opportunities.
- Continue to implement the new HR/Payroll IT system to enable self service for activities such as booking annual leave.

Remuneration policy

For the purposes of disclosure of the remuneration of key management personnel, the trustees consider key management personnel to be the Senior Management Team ("SMT").

Remuneration of key management personnel, who are remunerated by DT, is set by the trustees' "Remuneration and Nominations Committee". This committee comprises the Chair, the Vice Chair and up to three other trustees. The Committee meets twice a year to consider and review the remuneration package for the CEO, to consult with the CEO on recommendations for salary levels for the SMT and other recommendations made on behalf of the HL personnel employed by DT. It also considers succession planning for Trustees, CEO and other executive directors whose appointment is key to the charity.

Financial review

Total incoming resources of the charity amounted to £2.7 million in 2016 compared to £2.8 million in 2015.

- Total resources expended increased from £2.8 million in 2015 to £3.2 million in 2016.
- The net deficit is £451,000 compared to a surplus of £11,000 in 2015.
- There is an actuarial loss on the defined benefit pension scheme of £17,000 (2015: £54,000).
- This results in £468,000 being withdrawn from reserves (2015: £43,000).
- The total net liabilities of the charity at 31 May 2016 were £746,000 an increase of £468,000 over 2015.

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 £470,000 as a result of budgeted occupancy levels not being achieved.

Reserves

The net outgoing resources and other recognised losses for the year amounts to £468,000 withdrawn from reserves (2015: £43,000 withdrawn from reserves).

At 31 May 2016, the charity had a deficit on unrestricted reserves of £766,000 (2015: £302,000), an increase of £464,000.

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 £941,000.

The current level of unrestricted general funds is in deficit by £502,000 (2015: £60,000) and does not meet this target; 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.

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 £2,581,000 (2015: £2,630,000). Due to the shortfall on general funds, the designated funds currently stand at £nil (2015: £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

For the year ended 31 May 2016, the charity generated net expenditure of £468k (2015: £43k) after an actuarial loss of £17k (2015: £54k) and as at 31 May 2016, the charity had a deficit on reserves of £746k (2015: £278k). Given the financial performance of the service, the Trustees have instructed the Chief Executive Officer to investigate the various options available regarding the level of future service provision at Hamilton Lodge.

DT, the charity's parent undertaking, has agreed to provide the support required to enable the charity to continue operating by deferring repayment of its loan to Hamilton Lodge and supplying additional finance as required whilst these options are considered to enable it to continue as a going concern for the foreseeable future being at least to 30 November 2017. Accordingly the trustees have continued to adopt the going concern basis in preparing the financial statements.

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 recent professional valuation of all the properties (which would be costly), they are unable to accurately predict the value.

Principal risks and uncertainties

The board of trustees is ultimately responsible for risk management within the charity and they are satisfied that the appropriate internal control systems and risk management processes are in place.

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.

Principal risks and uncertainties (continued)

The Audit Committee, made up of trustees and other co-opted professional members, has reviewed the corporate risks and internal controls identified by the senior management team and documented in the risk register.

During the year the senior management team reviewed the risk register and the most significant risks and mitigating actions are summarised below:

Risk	Mitigating Actions
Sustainability of the Business Model: The inability to respond effectively to increased competition and the failure to manage relationships with key commissioning groups and local authorities will lead to a failure to develop services that are appropriate for both the service users and funders which will ultimately threaten the future of the service provided by the charity.	An appropriate management structure is in place to develop the relationships required with the key commissioning groups; this is provided through the Divisional Directors working with a Customer Liaison Manager where necessary and supported by a Customer Relationship Management system.
Clinical Strategy: A lack of clarity around the charity's clinical strategy and poor or ineffective implementation of the clinical strategy will result in an erosion of the reputation the charity holds for rehabilitation. In time this will impact on the level of referrals received and reduce the fee income earned.	Regular internal meetings are held to ensure that the clinical strategy is always aligned to the needs of the service user and can be delivered by the operational teams. These include monthly clinical executive meetings and weekly meetings with the divisional directors. There are also regular visits to services. Involvement with professional bodies involved in rehabilitation and autism ensures clinical standards are updated together with joint working with multiple experts in Universities to ensure practice is up to date and researched. Consultants are linked to professional bodies, NHS forums and represent the charity on national committees.
Financial Viability: Inadequate capital funding, meaning the DT group cannot deliver on aspects of the strategic plan.	The charity currently has the funding capacity through cash and cash equivalents to finance the capital commitments identified in the strategic plan. Detailed monthly management accounts are broken down by service with variance analysis highlighting where revenues and costs have deviated from budget and in relationship to each other are produced. These are distributed monthly to all management levels from service managers to trustees.

<p>Strategic Change: Appropriate oversight is required of strategic change programmes to ensure successful implementation of these projects. Failure in this regard could have an adverse effect on our business, people, productivity and ability to respond to the needs of our service users.</p>	<p>Appropriate management structures are in place with a Change Programme Board being established to ensure the delivery of key strategic programmes.</p>
<p>Innovation: Insufficient or inappropriate technological innovation may result in new developments in digital technology being missed with opportunities lost to exploit new services. Ineffective underlying IT systems could result in inefficiencies in service delivery, ineffective use of time and resource and IT security failures.</p>	<p>An innovation centre and a transformation programme to modernise the charity has been established to ensure our digital strategy supports the strategic direction of the charity. The delivery of key business systems in areas such as HR, payroll, finance and property are being monitored to ensure the effective implementation and realisation of the identified benefits. Data breach protocols have been established and ISO 27001 accreditation is being sought.</p>
<p>Inappropriate organisational governance: A lack of a governance framework may result in non-compliance of statutory and regulatory requirements with the subsequent detrimental impact on earnings and reputation.</p>	<p>A review of the operational governance framework has been undertaken and an appropriate structure introduced whereby matters are considered at a local, divisional and corporate before referral (if required) to the senior management team and ultimately the trustees.</p>

STRUCTURE, GOVERNANCE AND MANAGEMENT

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.

Constitutional provisions relating to trustees

Trustees are elected at the Annual General Meeting ("AGM") 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 the SMT comprising the Chief Executive Officer (CEO) and a number of executive directors. The SMT 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 AGM.

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.

Related parties

In addition to the trustees and senior management team detailed below, the charity has the following related parties:

- **The Disabilities Trust ("DT")** – DT is the parent charity of HL and is a registered charity providing a range of services for people with acquired physical disability and autism and provides tailored care and support to people living in the community and at home.
- **Brain Injury Rehabilitation Trust ("BIRT")** – BIRT which is a wholly-owned subsidiary of DT and a registered charity provides a range of services for people with acquired brain injury and helps people regain lost skills and independence following a serious brain injury, however caused. The company is now widely recognised as one of Europe's leading providers of brain injury rehabilitation.

Related parties (continued)

- **Rehabilitation Australia Limited ("RAL")** – RAL which is a wholly-owned subsidiary of The Disabilities Trust and a registered charity in Australia previously provided services to people with acquired brain injury but is no longer operating.
- **York House Ventures Limited ("YHV")** – DT has a 50% interest in YHV which provides a rehabilitation centre for people with brain injuries in York. YHV provides an intensive neuro-behavioural assessment and rehabilitation service for people with severe mood disturbance and challenging behaviour following a brain injury. The remaining 50% interest is held by The Retreat York.
- **Goole Neuro Rehabilitation Centre ("GNRC")** - DT and Northern Lincolnshire and Goole Hospitals NHS Foundation Trust are parties to a Cooperation Agreement regarding the operation of GNRC which provides a rehabilitation centre for people with brain injuries in Goole. GNRC provides post-acute and community integration rehabilitation for people with acquired brain injury. It also offers facilities for patients with chronic neurological illness to be admitted for short periods of assessment.

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 (retired 28 Sep 2015)	
Dr P Dobrowolski	
Dr C S Drugan	
Dr J C A Foster	
M Green	
V Hancox	
Mrs A Hancox	
R A Hoyle	
Ms E C Jackman	
M Rowe	
Mrs C Yorath	

Senior management team

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

Mrs I Sobowale	Chief Executive	
Mr B Aspland	Director of Finance	From 6 Apr 2016
Mrs S Bell	Director of Business Development	To 29 Jan 2016
Mrs A Buckler	Director of BIRT	
Ms N Carey	Director of Human Resources	
Ms S Clifford	Director of Communications	
Dr S Copstick	Director of Clinical Services	
Mr D Cunningham	Company Secretary	
Mr R Domingues	Director of Finance (Interim)	To 6 Apr 2016
Ms D Fortescue	Head of Foundation	To 4 Apr 2016
Mrs A Headley	Director of Autism/LD/Education	To 30 Nov 2015
Mrs M Hopkins	Operations Director (Strategic projects) Director of Governance & QA from 1 June 2016)	From 7 Mar 2016
Mrs J Morley	Director of Community Services	
Mr J Ratcliff	Director of Disability Lifestyles	To 30 Apr 2016
	Director of ASP (Director of ADS from 31 May 2016)	
Mrs C Taylor		From 17 Aug 2015

None of the above has remuneration charged to HL.

FUNDS HELD ON BEHALF OF OTHERS

At the year end, the charity, as custodian trustees, held monies totalling £6,000 (2015: £3,000) 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.

Employees

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

We continue to maintain and improve where appropriate, the highest possible standards. This reflects the value and contribution of all staff.

Employees (continued)

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.

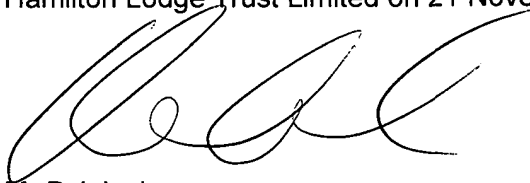
It is also our policy to maintain and develop the involvement of all employees in our affairs. Local managers provide, on a regular basis, information of concern to employees using a variety of methods such as business review meetings, briefing discussions and training sessions. The views of employees 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 21 November 2016 and signed on their behalf by:



Mr P J Jackson
Chair

TRUSTEES' RESPONSIBILITIES STATEMENT

The trustees (who are also directors of the 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), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 (FRS 102);
- 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

21 November 2016

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 2016 which comprise the balance sheet, the statement of financial activities, the statement of cash flows, 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), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 17, 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.

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 2016 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 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

21 November 2016

FINANCIAL STATEMENTS

Statement of Financial Activities

(Incorporating Income and Expenditure Account)

For the year ended 31 May 2016

	Note	Unrestricted funds £'000	Restricted funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
Income from:					
<i>Charitable activities</i>					
Improving the lives of people with disabilities	3	2,715	-	2,715	2,821
Other income		2	-	2	-
Total income		2,717	-	2,717	2,821
Expenditure on:					
<i>Charitable activities</i>					
Improving the lives of people with disabilities	4	3,164	4	3,168	2,810
Total expenditure		3,164	4	3,168	2,810
Net (expenditure)/ income	7	(447)	(4)	(451)	11
Other recognised losses:					
Actuarial (loss) on defined benefit pension scheme	20	(17)	-	(17)	(54)
Net movement in funds		(464)	(4)	(468)	(43)
Reconciliation of funds:					
Total funds brought forward		(302)	24	(278)	(235)
Total funds carried forward	15&16	(766)	20	(746)	(278)

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 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Intangible assets	9	-	-
Tangible assets	10	2,586	2,635
		<u>2,586</u>	<u>2,635</u>
Current assets			
Stocks	11	7	8
Debtors	12	108	122
Cash at bank and in hand		5	4
		<u>120</u>	<u>134</u>
Creditors: amounts falling due within one year	13	(3,188)	(2,803)
Net current liabilities		<u>(3,068)</u>	<u>(2,669)</u>
Total assets less current liabilities		(482)	(34)
Provisions for liabilities	14	-	(2)
Net liabilities (excluding pension liability)		<u>(482)</u>	<u>(36)</u>
Defined benefit pension scheme liability	20	(264)	(242)
Net liabilities (including pension liability)		<u>(746)</u>	<u>(278)</u>
The funds of the charity:			
Restricted income funds	15	20	24
Unrestricted funds	16		
- pension reserve		(264)	(242)
- general funds		(502)	(60)
Total unrestricted funds		<u>(766)</u>	<u>(302)</u>
Total charity funds		<u>(746)</u>	<u>(278)</u>

The financial statements were approved by the Board of Trustees on 21 November 2016 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.

Statement of cash flows
For the year ended 31 May 2016

	Note	2016 £'000	2015 £'000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	18	137	288
		<hr/>	<hr/>
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment		-	1
Purchase of property, plant and equipment		(86)	(338)
		<hr/>	<hr/>
Net cash provided by/(used in) investing activities		(86)	(337)
		<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents in the year		51	(49)
Cash and cash equivalents at the beginning of the reporting period		(46)	3
		<hr/>	<hr/>
Cash and cash equivalents at the end of the reporting period		5	(46)

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 2016

1. Principal Accounting Policies

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

Basis of preparation

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

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the financial Reporting Standard applicable in the UK and Ireland (FRS 102)) and the Companies Act 2006.

HL meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

No restatements were required.

Going concern

For the year ended 31 May 2016, the charity generated net expenditure of £468k (2015: £43k) after an actuarial loss of £17k (2015: £54k) and as at 31 May 2016, the charity had a deficit on reserves of £746k (2015: £278k). Given the financial performance of the service, the Trustees have instructed the Chief Executive Officer to investigate the various options available regarding the level of future service provision at Hamilton Lodge.

DT, the charity's parent undertaking, has agreed to provide the support required to enable the charity to continue operating by deferring repayment of its loan to Hamilton Lodge and supplying additional finance as required whilst these options are considered to enable it to continue as a going concern for the foreseeable future being at least to 30 November 2017. Accordingly the trustees have continued to adopt the going concern basis in preparing the financial statements.

Principal accounting policies (continued)

Incoming resources

Voluntary income including donations, gifts, legacies and grants are recognised where there is entitlement, probability 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. Any amount received in advance of services being provided is included as deferred income. The majority of our funding is received from Local Authorities.

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.

- Raising funds

Costs of raising 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. They include direct costs, support costs and governance costs as detailed below.

- Direct costs

These include the cost of direct service delivery including all staff and other directly attributable costs.

- 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.

- 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.

Principal accounting policies (continued)

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
Computers	25% per annum
Fixtures and fittings	15% per annum
Motor vehicles	33.3% per annum on high mileage vehicles
Motor vehicles	15% per annum on people carriers.

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.

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.

Debtors

Trade and other debtors are recognised at the transaction amount, net of trade discounts and are reduced by amounts which are not considered to be recoverable.

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors

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

Provisions for liabilities

The charity has initiated a discretionary deferred stakeholder participation award scheme to aid the retention of skilled staff.

Principal accounting policies (continued)

Employee benefits

Short term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Redundancy costs are recognised as an expense in the period in which the charity becomes irrevocably committed to incurring the costs and the main features of the plans have been announced to affected employees.

Pension costs

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 FRS102 Section 28.

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 income 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.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the trustees have made the following judgements:

Impairment

Determine whether there are indicators of impairment of the charity's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating service, the viability and expected future performance of that service.

Intangible fixed assets

Intangible fixed assets are depreciated over their estimated useful lives.

Tangible fixed assets

Tangible fixed assets, other than freehold land, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Defined benefit pension scheme

The following actuarial assumptions have been made in determining the liability under the defined benefit pension scheme:

	2016	2015
Retail price inflation	2.8%	3.1%
Consumer price inflation	1.8%	2.1%
Discount rate	3.4%	3.5%
Pension increases in payment	1.8%	2.1%
General salary increases	3.7%	4.0%
Expected return on assets	N/A	N/A
Life expectancy of male aged 65 in accounting year	22.9	22.8
Life expectancy of male aged 65 in 20 years from accounting year	25.2	25.1
Weighted average duration	16	16

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.

3. Income from charitable activities

Improving the lives of people with disabilities

	Unrestricted funds 2016 £'000	Unrestricted funds 2015 £'000
Learning disability	563	717
Autism	2,152	2,104
	<u>2,715</u>	<u>2,821</u>

4. (i) Charitable activities

Improving the lives of people with disabilities

Unrestricted funds

	Activities undertaken directly £'000	Support costs £'000	Total funds 2016 £'000	Activities undertaken directly £'000	Support costs £'000	Total funds 2015 £'000
Learning disability	669	79	748	673	101	774
Autism	2,169	247	2,416	1,891	144	2,035
	<u>2,838</u>	<u>326</u>	<u>3,164</u>	<u>2,564</u>	<u>245</u>	<u>2,809</u>

Restricted funds

	Activities undertaken directly £'000	Support costs £'000	Total funds 2016 £'000	Activities undertaken directly £'000	Support costs £'000	Total funds 2015 £'000
Learning disability	4	-	4	1	-	1
Total charitable activities	<u>2,842</u>	<u>326</u>	<u>3,168</u>	<u>2,565</u>	<u>245</u>	<u>2,810</u>

(ii) Support costs allocation

2016 Support costs allocation	Learning disability £'000	Autism £'000	Total 2016 £'000	Basis of allocation
Management & quality assurance (see note below)	67	246	313	As invoiced
Governance	12	1	13	Staff nos.
	<u>79</u>	<u>247</u>	<u>326</u>	

Support costs allocation (continued)

2015 Support costs allocation	Learning disability £'000	Autism £'000	Total 2015 £'000	Basis of allocation
Management & quality assurance (see note below)	89	140	229	As invoiced
Governance	12	4	16	Staff nos.
	<u>101</u>	<u>144</u>	<u>245</u>	

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

5. Staff numbers and costs

Staff costs during the year were as follows:

	Total 2016 £'000	Total 2015 £'000
Wages and salaries	1,686	1,725
Social security costs	127	130
Cost of defined benefit pension schemes	47	32
Cost of defined contribution pension schemes	21	32
Other employee benefits	-	1
	<u>1,881</u>	<u>1,920</u>
Payments made to independent third parties for the provision of staff	515	268
Total payroll and staff related costs	<u>2,396</u>	<u>2,188</u>

Wages and salaries shown above includes £3,000 (2015: £6,000) redundancy costs and termination payments which have been fully provided in the accounts and fully funded by the charity.

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.

	2016 Number	2015 Number
Provision of care	96	96
Administration	2	2
	<u>98</u>	<u>98</u>

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.

Staff numbers and costs (continued)

No employee had emoluments exceeding £60,000 (2015: £60,000) in either 2016 or 2015.

The trustees consider that, along with themselves, members of the Senior Management Team (as detailed in the trustees' Report) are the charity's key management personnel. The total amount of employee benefits paid to members of the Senior Management Team in respect of their services to HL (including remuneration, employer's pension contributions and other benefits) was £nil (2015: £nil).

6. Remuneration of trustees

No trustee received any remuneration or was reimbursed with any expenses during the year (2015: £nil).

Costs of trustees' meetings amounted to £nil in the year (2015: £nil).

7. Net income

	Total 2016 £'000	Total 2015 £'000
The net incoming resources for the year is stated after charging		
Auditors' remuneration for audit services	9	8
Depreciation and other amounts written off tangible fixed assets	90	93
Loss on disposal of tangible fixed assets	<u>46</u>	<u>4</u>

8. 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.

9. Intangible fixed assets

	Computer software £'000
Cost	
At 31 May 2015 and at 31 May 2016	<u>1</u>
Depreciation	
At 31 May 2015 and at 31 May 2016	<u>1</u>
Net book amount	
At 31 May 2015 and at 31 May 2016	<u>-</u>

10. Tangible fixed assets

	Freehold property £'000	Motor vehicles £'000	Fixtures and fittings £'000	Computers £'000	Total £'000
Cost					
At 1 June 2015	2,951	71	378	29	3,429
Additions	57	-	16	13	86
Disposals	(45)	-	-	-	(45)
At 31 May 2016	2,963	71	394	42	3,470
Depreciation					
At 1 June 2015	454	38	275	27	794
Provided in the year	49	9	29	3	90
At 31 May 2016	503	47	304	30	884
Net book amount at 31 May 2016	2,460	24	90	12	2,586
Net book amount at 31 May 2015	2,497	33	103	2	2,635

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

11. Stocks

	2016 £'000	2015 £'000
Raw materials and consumables	7	8

12. Debtors

	2016 £'000	2015 £'000
Trade debtors	39	100
Prepayments and accrued income	68	20
Other debtors	1	2
	108	122

13. Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Bank loans and overdrafts	-	49
Trade creditors	38	98
Amounts owed to parent charity (see below)	2,902	2,468
Taxation and social security	8	8
Accruals and deferred income	225	177
Other creditors	15	3
	3,188	2,803

Creditors: amounts falling due within one year (continued)

Accruals and deferred income includes deferred income of £21,000 (2015: £19,000) for care to be provided after 31 May 2016. The deferred income at 31 May 2015 has been credited to the 2016 Statement of Financial Activities.

Included in amounts owed to parent charity is a loan of £2,527,000 (2015: £2,448,000). The loan is repayable on demand with no interest; however, DT, the charity's parent undertaking, has agreed to provide the support required to enable the charity to continue operating by deferring repayment of its loan to Hamilton Lodge and supplying additional finance as required whilst options are considered to enable it to continue as a going concern for the foreseeable future being at least to 30 November 2017.

Accruals and other creditors include pension contributions of £1,000 (2015: £1,000).

14. Provisions for liabilities

Stakeholder
participation
award
scheme
£'000

At 1 June 2015	2
Amounts released in the year	(2)
At 31 May 2016	-

15. Restricted income funds

	Balance at 1 June 2015 £'000	Movement in resources		Balance at 31 May 2016 £'000
		Incoming £'000	Outgoing £'000	
Selborne Court	18	-	(4)	14
IT equipment	5	-	-	5
Other	1	-	-	1
Total restricted funds	24	-	(4)	20

16. Unrestricted funds

	Movement in resources				Balance at 31 May 2016 £'000
	Balance at 1 June 2015 £'000	Incoming	Outgoing	Transfers	
		£'000	£'000	£'000	
Pension reserve	(242)	-	(17)	(5)	(264)
General funds	(60)	2,717	(3,164)	5	(502)
Total unrestricted funds	(302)	2,717	(3,181)	-	(766)

17. Analysis of net assets between funds

	Tangible fixed assets £'000	Other net assets/ (liabilities) £'000	Provisions for liabilities £'000	Pension scheme liability £'000	Total £'000
Restricted	5	15	-	-	20
Unrestricted:					
Pension reserve	-	-	-	(264)	(264)
General funds	2,581	(3,083)	-	-	(502)
	2,586	(3,068)	-	(264)	(746)

18. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2016 £'000	2015 £'000
Net (expenditure)/income for the reporting period as per the statement of financial activities	(451)	11
Adjustments for:		
Depreciation charges	90	93
Loss on sale of tangible fixed assets	46	4
Difference between net pension expense and cash contribution	5	(16)
Decrease/(increase) in stocks	1	-
Decrease/(increase) in debtors	14	(19)
Increase in creditors	434	217
(Decrease) in provisions	(2)	(2)
Net cash provided by operating activities	137	288

19. Analysis of cash and cash equivalents

	2016 £'000	2015 £'000
Cash in hand	5	4
Overdraft facility repayable on demand	-	(50)
Net cash and cash equivalents	5	(46)

20. 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 FRS102 Section 28.

The charity's actuarial loss in respect of the pension fund in respect of its employees for the year ended 31 May 2016 has been calculated by actuaries as being £17,000 giving a total liability of £264,000 at 31 May 2016 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.

Contributions during the year were £42,000 (2015: £49,000). Contributions for the next financial year are expected to be approximately £46,000.

The plan assets and defined benefit obligation are as follows:	2016 £'000	2015 £'000
Value of scheme liabilities	(1,480)	(1,481)
Fair value of scheme assets	1,216	1,239
Deficit	(264)	(242)

Expense recognised in net income:	Actual 2016 £'000	Actual 2015 £'000
Employer's part of current service cost	38	31
Running costs	1	1
Interest expense	8	8
Total expense recognised in net income	47	40

Pension costs (continued)

Expense recognised in other recognised losses:

Actuarial loss on defined benefit pension scheme	17	54
Amount to recognise in other recognised losses	<u>17</u>	<u>54</u>

Plan assets

	Current allocation	2016 £'000	Current allocation	2015 £'000
Equities				
Bonds	68%	823	67%	831
Property	8%	94	14%	172
Other	12%	145	11%	136
	12%	154	8%	100
Total	<u>100%</u>	<u>1,216</u>	<u>100%</u>	<u>1,239</u>

HL does not invest in property occupied by the charity.

Movement in the net balance sheet position:

	Actual 2016 £'000	Actual 2015 £'000
Opening net liabilities	(242)	(204)
Expense recognised in net income	(47)	(40)
Expense recognised in other recognised losses	(17)	(54)
Employer contributions	42	56
Closing net liabilities	<u>(264)</u>	<u>(242)</u>

Movement in present value of defined benefit obligation

	2016 £'000	2015 £'000
Opening scheme liabilities	<u>(1,481)</u>	<u>(1,278)</u>
Employer's part of current service cost	(38)	(31)
Interest cost	(51)	(55)
Contributions by scheme participants	(8)	(8)
Actuarial gains/(losses)	51	(157)
Benefits paid	47	48
Closing scheme liabilities	<u>(1,480)</u>	<u>(1,481)</u>

Pension costs (continued)

Movement in present value of plan assets	2016 £'000	2015 £'000
Opening fair value of scheme assets	1,239	1,074
Interest on plan assets	43	47
Actual return on plan assets less interest on plan assets	(68)	103
Contributions by the employer	42	56
Contributions by scheme participants	8	8
Running costs	(1)	(1)
Benefits paid	(47)	(48)
Closing fair value of scheme assets	1,216	1,239

Principal actuarial assumptions	2016	2015
Retail price inflation	2.8%	3.1%
Consumer price inflation	1.8%	2.1%
Discount rate	3.4%	3.5%
Pension increases in payment	1.8%	2.1%
General salary increases	3.7%	4.0%
Expected return on assets	N/A	N/A
Life expectancy of male aged 65 in accounting year	22.9	22.8
Life expectancy of male aged 65 in 20 years from accounting year	25.2	25.1
Weighted average duration	16	16

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.

(ii) 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 £21,000 (2015: £32,000.)

21. Capital commitments

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

	2016 £'000	2015 £'000
Contracted but not provided	-	66
Authorised but not contracted	-	975
	<u>-</u>	<u>1,041</u>

The capital commitments shown for 2015 were phased up to and including 2016/17 with £341,000 falling due within one year.

22. Commitments as lessee

The charity had no commitments at 31 May 2016 or 31 May 2015 under non-cancellable operating leases.

23. Funds held as custodian trustees

At the year end, the charity held monies totalling £6,000 (2015: £3,000) on behalf of its clients. These monies are not included within the balance sheet and are held separately in clearly identifiable bank accounts.

24. Related party transactions

The Disabilities Trust

During the year the company paid to /(received from) its parent company, DT, the following transactions:

	2016 £'000	2015 £'000
Staff costs	1,925	1,921
Management charge	209	126
Share of autism central costs	134	103
Gas & electricity	20	24
Insurance	13	18
Credit card charges	35	31
Motor and travel expenses	1	14
Other	<u>68</u>	<u>15</u>

At 31 May 2016 £2,902,000 (2015: £2,500,000) was owed to DT.

There are no other related party transactions.

25. Ultimate parent undertaking

The largest, and only, group in which the results of the charity are consolidated is that headed by The Disabilities Trust which is the ultimate parent undertaking. DT is registered as a company number 2334589 (England & Wales) and as a charity numbers 800797 (England & Wales) and SCO38972 (Scotland). Control is exercised through the power to appoint or remove the majority of trustees.

DT is a leading charity that delivers leading edge-services to support people with complex and challenging disabilities. Its purpose as set out in its governing document is "the provision of specialist housing and high quality care, rehabilitation and support for people with physical disabilities, autism, acquired brain injury and learning disabilities".

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.

Registration

Name of the charity Hamilton Lodge Trust Limited

Company registration number: 489657

Charity registration number: 306080

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

Principal office: Rectory Road
Parsons Hill
Great Bromley
Colchester
Essex
CO7 7JB

Trustees:

	P J Jackson
	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

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