

Annual Reports and Accounts 2017

Supporting people to live their lives their way



Hamilton Lodge Trust Limited

CONTENTS

Trustees' report	2
Objectives and activities of the charity	2
Strategic Report	4
Strategic direction	4
Achievements & performance	4
Plans for the future	5
Financial review	5
Principal risks and uncertainties	6
Structure, Governance and Management	8
Who's Who	10
Funds held on behalf of others	11
Trustees' Responsibilities Statement	12
Independent auditor's report to the members of Hamilton Lodge Trust Limited	13
Financial Statements	15
Statement of Financial Activities	15
Balance Sheet	16
Statement of cash flows	17
Notes to the Financial Statements	18
Legislative and Administrative Information	32

Pages 2 to 12 comprise the Trustees' Annual Report.

TRUSTEES' REPORT

Our Trustees present their report and the audited financial statements for the 18 month period ended 30 November 2017. This report addresses the various requirements under Companies and Charities Acts. Over the last 12 years, Hamilton Lodge has been unable to cover its costs. Despite the Senior Management Teams' and the Trustees' efforts in addressing the structural weaknesses, a decision was made to cease trading effective on 31 August 2017.

Described as a "very difficult decision" by the Trust, the move came after the charity concluded that the site's isolated location, in a rural area with poor public transport links, severely limited people's independence and their opportunities to have easy access to shops and leisure activities and the wider community. The remote location of the Trust also made the recruitment and retention of frontline staff challenging. The limits to people's independence, which are out of step with modern approaches to care, do not meet the local authorities' expectations for disabled people and the increased use of higher cost agency staff, have led to significant financial losses.

The Trust was originally established in the late 1940s when standards were very different and while the Trust has invested in redevelopment on the site, local authorities want to fund smaller, community based homes nearer local facilities.

Whilst preparing to cease trading, the Trust supported each Service User and their families in ensuring transfers of care to other good quality care providers were undertaken with care and compassion.

The 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).

The current accounting period is over eighteen months to 30 November 2017 whilst the comparatives are over twelve months to 31 May 2016.

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.

The charity ceased trading in August 2017 and the Trustees of HL intend to wind-up the charity during 2018/19, therefore, all activities are classified as discontinuing.

Our Mission Statement

Inspired by the potential of people with disabilities, we worked 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 endeavoured at all times to enhance their independence and promote the rights of disabled people as equal members of society.

What we did

- We were a charity that delivered leading-edge services to support people with complex and challenging disabilities;
- We provided residential services to meet the needs of individuals with Autism and Learning Disabilities;
- We monitored and, where possible, aimed to influence policy and legislative changes which would affect our service users or people with disabilities within our areas of expertise;
- We worked towards measurable quality outcomes;
- We had two services, employed almost 100 staff and supported a growing service user population across this site with provision for 16 people with autism and 14 people with learning disabilities.

Public benefit

The Trustees review the charity's aims and objectives annually. 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 reporting period;
- The success of each key activity and;
- The benefits we have brought to those groups of people we set up to help.

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

All our Trustees give their time voluntarily and receive no benefits from the charity. Any expenses claimed from the Trust are set out in Note 6 to the financial statements.

Public benefit (continued)

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 contributed to the aims and objectives we set.

STRATEGIC REPORT




Strategic direction

As a result of the downward pressure on fees, increasing numbers of providers are withdrawing from the domiciliary and social care market. The economic and political uncertainty following Britain's decision to leave the European Union combined with the costs associated with the National Living Wage, Apprenticeship Levy, Pensions Auto-Enrolment have made the financial climate very challenging and this in turn made the recruitment and retention of high quality frontline care staff more difficult.


HL is not immune to these challenges and the financial performance in the period reflects the impact of the challenging external environment. This position is untenable for the charity and it ceased trading in August 2017 with a view to winding-up the charity.

Achievements & performance


Set out below, are the plans which we specified in our report for the year ended 31 May 2016 and achievements against these plans. Our achievements against the plans are graded as follows:

	Fully met
	Partly met
	Not met

Enhanced services

We said		In 2016/17 our achievements were:
We will merge the autism and physical disability services to create the Autism and Disability division.		<ul style="list-style-type: none">We have continued to provide service for individuals with an ever-increasing range of complex needs and successfully created the Autism and Disabilities Services (ADS)

Staff

We said: We will aim to work towards an Employer of Choice for those who want to work in the not-for-profit health and social care sector		In 2016/17 our achievements were: <ul style="list-style-type: none">• Despite the continuous focus on recruitment, including working with our colleagues in the central recruitment team, we continued to experience significant challenges in recruiting to the full establishment. We believe this is caused by a number of factors but most significantly, the location of the site and lack of public transport.
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Plans for the future

Closure of the charity

The decision has been made to cease trading, considering various options for the freehold property and winding-up the charity.

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 The Disabilities Trust (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

The results for 2016/17 are over eighteen months compared to twelve for 2015/16 and the main points are:

- Total incoming resources of the charity amounted to £3.0m in 2017 compared to £2.7m in 2016;
- Total resources expended increased from £3.2m in 2016 to £5m in 2017;
- The net deficit is £1.3m compared to £0.5m in 2016;
- A valuation of the Hamilton Lodge Estate resulted in an impairment charge of £0.2m;
- The exit valuation on the defined benefit scheme resulted in an actuarial gain of £0.7m and a pension charge in the period of £0.9m;
- The total net liabilities of the charity at 30 November 2017 were £2.1m compared to £0.8m in 2016, an increase of £1.3m.

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

Reserves

At 30 November 2017, the charity had a deficit on unrestricted reserves of £2.1m (2016: £0.8m), an increase of £1.3m.

As the current level of unrestricted general funds is in deficit, the parent charity has agreed to provide such support as is required to enable the charity to effect the closure and wind-up its operations.

Going concern

For the period ended 30 November 2017, the charity generated a net decrease in funds of £1.3m (2016: £0.5m) after an actuarial gain of £0.7m (2016: losses of £17,000) and as at 30 November 2017, the charity had a deficit on reserves of £2.1m (2016: £0.7m). Given the financial performance of the service, the Trustees have made a decision to cease trading and close the charity during 2018/19. Accordingly the Trustees have not prepared these financial statements on the going concern basis.

Market value of land and buildings

The freehold land and buildings were valued on the 19 October 2018 by an external valuer, Richard Moir from Gerald Eve LLP. The valuation was prepared in accordance with the requirements of the RICS Valuation Standards, Seventh Edition, the International Valuation Standards and FRS 102. The valuation of each property was on an open market value basis and the Trustees are of the opinion there has been no significant change in value at the balance sheet date. As a result of this valuation, an impairment charge of £0.2m was recognised in the period to bring the carrying value in line with the recoverable amount.

Principal risks and uncertainties

The Trustees acknowledge their responsibility in relation to the risks associated with the charity. The Charity continually monitors and reviews its risks at both strategic and operational level and maintains a corporate risk register which is regularly reviewed by the senior management team and the Audit Committee on behalf of the board of Trustees. The highest ranking strategic risks, derived from the charity's Risk Register are set out below.

Strategic Risk	Risk Description	Mitigation
Quality	Failure to deliver safe and effective services because of poor quality assurance.	<ul style="list-style-type: none"> • New clinical audit strategy and quality and governance committees. • Risk Register for each service. • Staff training and competencies reviewed on a quarterly basis. • SMT Governance and oversight at a bi-monthly Corporate Integrated Governance ("CIG") meeting.
People	Inability to recruit and retain key staff with appropriate skills, loss of momentum and continuity in delivering objectives.	<ul style="list-style-type: none"> • Introduction of centralised recruitment team with supporting recruitment strategy. • Effective learning and development strategy. • Improved reward and benefits package. • Response to results from staff satisfaction survey.
Strategy	Inability to deliver the agreed strategy and effectively manage the required transformational change.	<ul style="list-style-type: none"> • Transformation Board established to govern the effective implementation of the strategy; meets monthly to give project oversight, prioritise projects and report on use of resources.
Profitability	Failure to break-even or deliver a surplus to reinvest into enhancing the lives of our Service Users	<ul style="list-style-type: none"> • Effective management of staffing • Considerations to cease trading as a result of continued losses

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 the DT's Board of Trustees which meets at least six 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 including those of HL.

Our Trustees have delegated the day to day management of the charity to the Senior Management Team (SMT) comprising the Chief Executive Officer (CEO) and a number of executive Directors. The SMT meet 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 tailored care and support to people living in the community and at home.
- **Brain Injury Rehabilitation Trust ("BIRT")** – BIRT is a wholly-owned subsidiary of DT and a registered charity providing a range of services for people with acquired brain injury and helping people regain lost skills and independence following a serious brain injury, however caused. The charity merged with DT on the 30 November 2017.
- **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 were parties to a Cooperation Agreement regarding the operation of GNRC which provided a rehabilitation centre for people with brain injuries in Goole. GNRC ceased trading on 31 August 2017.

WHO'S WHO

Trustees

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

Mr P J Jackson (Resigned 20 November 2017) Chair

Mr S Howell (Appointed 20 November 2017) Chair

Dr P Dobrowolski

Dr C S Drugan

Mr M Green

Mr R A Hoyle

Ms E C Jackman

Mr M Rowe

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 (resigned 12 June 2017)
Mrs A Buckler	Director of BIRT (resigned 13 April 2017)
Ms N Carey	Director of Human Resources
Mr B Chidgey	Director of Finance (appointed 4 September 2017)
Ms S Clifford	Director of Communications (resigned 31 October 2018)
Dr S Copstick	Director of Clinical Services
Mr D Cunningham	Company Secretary (resigned 1 December 2017)
Mrs J Morley	Director of Community Services (resigned 31 May 2017)
Mrs C Murray-Howard	Director of BIRT, Strategy and Business Development (appointed 1 January 2017; resigned 12 October 2018)
Mr D Pilsbury	Director of Governance & Quality Assurance (appointed 28 November 2016; resigned 12 March 2018)
Ms Victoria Pilkington	Director of Governance & Quality Assurance (appointed 2 April 2018)
Mrs C Taylor	Director of Autism and Disability Services (appointed 19 March 2018; resigned 31 July 2018)

None of the above has remuneration charged to HL.

Funds held on behalf of others

At the period end, the charity, as custodian Trustees, held monies totalling £nil (2016: £6,000) 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.

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.

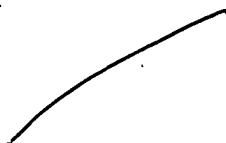
It is also our policy to maintain and develop the involvement of all employees in our affairs. Local managers provide, on a regular basis, information of concern to employees using a variety of methods such as business review meetings, briefing discussions and training sessions. The views of employees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

The Trustees' Report (including the Strategic Report) has been approved by the Board of Trustees of Hamilton Lodge Trust Limited on **19 November 2018** and signed on their behalf by:



Mr S Howell
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), 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 on 19 November 2018.



Mr S Howell

Chair

AUDITOR'S REPORT

Independent auditor's report to the members of Hamilton Lodge Trust Limited

We have audited the financial statements of Hamilton Lodge Trust Limited for the period ended 30 November 2017 which comprise the Statement of Financial Activities, the Balance sheet, 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 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.

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 30 November 2017 and of its incoming resources and application of resources including, its income and expenditure for the period 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, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report (including the Strategic Report) for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report (including the Strategic Report) has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Trustees' Annual Report (including the Strategic Report).

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

Jennifer Brown

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants, London

Date: 23 NOVEMBER 2018

FINANCIAL STATEMENTS

Statement of Financial Activities

(Incorporating Income and Expenditure Account)

For the eighteen months period ended 30 November 2017

	Note	Discontinuing		Total funds 18 months to 30 Nov 2017 £'000	Total funds 12 months to 31 May 2016 £'000
		Unrestricted funds £'000	Restricted funds £'000		
Income from:					
Donations and legacies	3	-	2	2	-
<i>Charitable activities</i>					
Improving the lives of people with disabilities	4	2,997	-	2,997	2,715
Other income		2	-	2	2
Total income		2,999	2	3,001	2,717
Expenditure on:					
<i>Charitable activities</i>					
Improving the lives of people with disabilities	5	4,957	11	4,968	3,168
Total expenditure		4,957	11	4,968	3,168
Net expenditure	6	(1,958)	(9)	(1,967)	(451)
Transfers between funds	15&16	5	(5)	-	-
		(1,953)	(14)	(1,967)	(451)
Other recognised gains / (losses):					
Actuarial gains / (losses) on defined benefit pension scheme	20	651	-	651	(17)
Net movement in funds		(1,302)	(14)	(1,316)	(468)
Reconciliation of funds:					
Total funds brought forward		(766)	20	(746)	(278)
Total funds carried forward	15&16	(2,068)	6	(2,062)	(746)

All the income and expenditure shown above relate to discontinuing 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 30 November 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Intangible assets	10	-	-
Tangible assets	11	2,213	2,586
		<u>2,213</u>	<u>2,586</u>
Current assets			
Stocks	12	-	7
Debtors	13	3	108
Cash at bank and in hand		131	5
		<u>134</u>	<u>120</u>
Creditors: amounts falling due within one year	14	(4,409)	(3,188)
Net current liabilities		<u>(4,275)</u>	<u>(3,068)</u>
Total assets less current liabilities (excluding pension liability)		(2,062)	(482)
Defined benefit pension scheme liability	20	-	(264)
Net liabilities (including pension liability)		<u>(2,062)</u>	<u>(746)</u>
The funds of the charity:			
Restricted income funds	15	6	20
Unrestricted funds	16		
- pension reserve		-	(264)
- general funds		(2,068)	(502)
Total unrestricted funds		<u>(2,068)</u>	<u>(766)</u>
Total charity funds		<u>(2,062)</u>	<u>(746)</u>

The financial statements were approved by the Board of Trustees on 19 November 2018 and were signed on its behalf by



S Howell - Chair

Company number: 489657

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

Statement of cash flows**For the eighteen month period ended 30 November 2017**

	Note	2017 £'000	2016 £'000
Cash flows from operating activities			
Net cash provided by operating activities	18	112	137
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment		14	-
Purchase of property, plant and equipment		-	(86)
Net cash provided by/(used in) investing activities		14	(86)
Increase in cash and cash equivalents in the year		126	51
Cash and cash equivalents at the beginning of the reporting period		5	(46)
Cash and cash equivalents at the end of the reporting period		131	5

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

Notes to the Financial Statements

For the eighteen months period ended 30 November 2017

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.

Going concern

For the eighteen month period ended 30 November 2017, the charity generated a net decrease in funds of £1,316,000 (twelve month period ended 31 May 2016: £468,000) after an actuarial gain of £651,000 (2016: Loss of £17,000) and as at 30 November 2017, the charity had a deficit on reserves of £2,062,000 (2016: £746,000). Given the financial performance of the service, the Trustees made a decision for HL to cease trading on the 31 August 2017.

DT, the charity's parent undertaking, has agreed to provide the support required to enable the charity to finalise its closure and wind-up its operations by deferring repayment of its loan to HL. Accordingly, the Trustees decided that the financial statements are not prepared on the going concern basis.

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.

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.

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.

As the last active member left the defined benefit scheme, operated by Essex County Council, on 25 August 2017, a valuation was carried out on an exit basis as the cessation date is deemed to be 25 August 2017. This valuation was carried out by Barnett Waddingham, qualified actuaries.

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.

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:

	2017	2016
Retail price inflation	-	2.8%
Consumer price inflation	-	1.8%
Discount rate	-	3.4%
Pension increases in payment	-	1.8%
General salary increases	-	3.7%
Expected return on assets	-	N/A
Life expectancy of male aged 65 in accounting year	-	22.9
Life expectancy of male aged 65 in 20 years from accounting year	-	25.2
Weighted average duration	-	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.

1. Donations and legacies

	Unrestricted Funds £'000	Restricted funds £'000	Total funds 2017 £'000	Unrestricted Funds £'000	Restricted funds £'000	Total funds 2016 £'000
Other donations and gifts	-	2	2	-	-	-
	-	2	2	-	-	-

2. Income from charitable activities

Improving the lives of people with disabilities

	Unrestricted funds 2017 £'000	Unrestricted funds 2016 £'000
Learning disability	665	563
Autism	2,332	2,152
	2,997	2,715

3. (i) Charitable activities

Improving the lives of people with disabilities

Unrestricted funds

	Activities undertaken directly £'000	Support costs £'000	Total funds 2017 £'000	Activities undertaken directly £'000	Support Costs £'000	Total funds 2016 £'000
Learning disability	1,892	66	1,958	669	79	748
Autism	2,763	236	2,999	2,169	247	2,416
	<u>4,655</u>	<u>302</u>	<u>4,957</u>	<u>2,838</u>	<u>326</u>	<u>3,164</u>

Restricted funds

	Activities undertaken directly £'000	Support costs £'000	Total funds 2017 £'000	Activities undertaken directly £'000	Support Costs £'000	Total funds 2016 £'000
Learning disability	10	-	10	4	-	4
Autism	1	-	1	-	-	-
	<u>11</u>	<u>-</u>	<u>11</u>	<u>4</u>	<u>-</u>	<u>4</u>

Total charitable activities

	<u>4,666</u>	<u>302</u>	<u>4,968</u>	<u>2,842</u>	<u>326</u>	<u>3,168</u>
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(ii) Support costs allocation

2017 Support costs allocation	Learning disability £'000	Autism £'000	Total 2017 £'000	Basis of allocation
Management & quality assurance (see note below)	50	229	279	As invoiced
Governance	16	7	23	Staff nos.
	<u>66</u>	<u>236</u>	<u>302</u>	

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>	

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.

4. Staff numbers and costs

Staff costs during the year were as follows:

	Total 2017 £'000	Total 2016 £'000
Wages and salaries	1,953	1,686
Social security costs	138	127
Cost of defined benefit pension schemes	962	47
Cost of defined contribution pension schemes	39	21
Other employee benefits	1	-
	3,093	1,881
Payments made to independent third parties for the provision of staff	885	515
Total payroll and staff related costs	3,978	2,396

Wages and salaries shown above includes £167,000 (2016: £3,000) redundancy costs and termination payments which have been fully provided in the accounts and fully funded by the charity.

Cost of defined benefit pension schemes above includes £900,000 (2016: £nil) of liabilities towards the scheme as a result of being recognised on an exit basis.

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.

	2017 Number	2016 Number
Provision of care	86	96
Administration	2	2
	88	98

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.

No employee had emoluments exceeding £60,000 in either 2017 or 2016.

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 (2016: £nil).

5. Remuneration of Trustees

No trustee received any remuneration or was reimbursed with any expenses during the year (2016: £nil).

Costs of Trustees' meetings amounted to £nil in the year (2016: £nil).

6. Net expenditure

	Total 2017 £'000	Total 2016 £'000
The net incoming resources for the period is stated after charging		
Auditors' remuneration for audit services	9	9
Depreciation	334	90
Loss on disposal of tangible fixed assets	26	46

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. Intangible fixed assets

	Computer software £'000
Cost	
At 31 May 2016 and at 30 November 2017	1
Depreciation	
At 31 May 2016 and at 30 November 2017	1
Net book amount	
At 31 May 2016 and at 30 November 2017	-

9. Tangible fixed assets

	Freehold property £'000	Motor vehicles £'000	Fixtures and fittings £'000	Computers £'000	Total £'000
Cost					
At 1 June 2016	2,963	71	394	42	3,470
Disposals	-	(64)	(133)	(24)	(221)
At 30 November 2017	2,963	7	261	18	3,249
Depreciation					
At 1 June 2016	503	47	304	30	884
Provided in the period	88	9	37	5	139
Impairment charge	195	-	-	-	195
Disposals	-	(49)	(110)	(23)	(182)
At 30 November 2017	786	7	231	12	1,036
Net book amount at 30 November 2017	2,177	-	30	6	2,213
Net book amount at 31 May 2016	2,460	24	90	12	2,586

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

Tangible fixed assets (continued)

The freehold land and buildings were valued on the 19 October 2018 by an external valuer, Richard Moir from Gerald Eve LLP. The valuation was prepared in accordance with the requirements of the RICS Valuation Standards, Seventh Edition, the International Valuation Standards and FRS102. The valuation of each property was on an open market value basis and the Trustees re of the opinion there has been no significant change in value at the balance sheet date. As a result of the valuation, an impairment charge of £195,000 was recorded in the current period.

10. Stocks

	2017 £'000	2016 £'000
Raw materials and consumables	-	7

11. Debtors

	2017 £'000	2016 £'000
Trade debtors	2	39
Prepayments and accrued income	1	68
Other debtors	-	1
	<u>3</u>	<u>108</u>

12. Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	-	38
Amounts owed to parent charity (see below)	3,835	2,902
Taxation and social security	-	8
Accruals and deferred income	47	225
Other creditors	<u>527</u>	<u>15</u>
	<u>4,409</u>	<u>3,188</u>

Accruals and deferred income includes deferred income of £nil (2016: £21,000). The deferred income at 31 May 2016 has been credited to the 2017 Statement of Financial Activities.

Included in amounts owed to parent charity is a loan of £3,002,000 (2016: £2,527,000). 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 finalise its closure and wind-up.

Other creditors include pension liabilities of £512,000 (2016: £1,000).

13. Restricted income funds

	Movement in resources				Balance at 30 November 2017 £'000
	Balance at 1 June 2016 £'000	Incoming £'000	Outgoing £'000	Transfers £'000	
Selbourne Court	14	2	(11)	(5)	-
IT equipment	5	-	-	-	5
Other	1	-	-	-	1
Total restricted funds	20	2	(11)	(5)	6

14. Unrestricted funds

	Movement in resources				Balance at 30 November 2017 £'000
	Balance at 1 June 2016 £'000	Incoming £'000	Outgoing £'000	Transfers £'000	
Pension reserve	(264)	-	264	-	-
General funds	(502)	2,999	(4,570)	5	(2,068)
Total unrestricted funds	(766)	2,999	(4,306)	5	(2,068)

15. 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	1	-	-	6
Unrestricted:					
Pension reserve	-	-	-	-	-
General funds	2,207	(4,275)	-	-	(2,068)
	2,212	(4,274)	-	-	(2,062)

16. Reconciliation of net expenditure to net cash flow from operating activities

	2017 £'000	2016 £'000
Net expenditure for the reporting period as per the statement of financial activities	(1,967)	(451)
Adjustments for:		
Depreciation charges	333	90
Loss on sale of tangible fixed assets	26	46
Difference between net pension expense and cash contribution	905	5
Decrease in stocks	7	1
Decrease in debtors	105	14
Increase in creditors	703	434
Decrease in provisions	-	(2)
Net cash provided by operating activities	112	137

17. Analysis of cash and cash equivalents

	2017 £'000	2016 £'000
Cash in hand	131	5
Net cash and cash equivalents	131	5

18. 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 gains in respect of the pension fund in respect of its employees for the period ended 30 November 2017 has been calculated by actuaries as being £651,000 giving a total liability of £512,000 at 30 November 2017 and this has been provided in the financial statements. The valuation was carried out by Barnett Waddingham, qualified actuaries, on an exit basis as the cessation date is deemed as 25 August 2017 when the last active member left the scheme.

Contributions during the period were £65,000 (2016: £41,000). Contributions for the next financial year are expected to be £nil (2016: £46,000).

The plan assets and defined benefit obligation are as follows:	2017 £'000	2016 £'000
Value of scheme liabilities	-	(1,480)
Fair value of scheme assets	-	1,216
Deficit	-	(264)

Expense recognised in net income:	Actual 2017 £'000	Actual 2016 £'000
Employer's part of current service cost	838	38
Running costs	-	1
Interest expense	17	8
Total expense recognised in net income	855	47

Pension costs (continued)

Expense recognised in other recognised losses:

Actuarial (gains)/losses on defined benefit pension scheme	(651)	17
Amount to recognise in other recognised (gains) / losses	<u>(651)</u>	<u>17</u>

Plan assets

	Current allocation	2017 £'000	Current allocation	2016 £'000
Equities				
Bonds	-	-	68%	823
Property	-	-	8%	94
Other	-	-	12%	145
	-	-	12%	154
Total	<u>-</u>	<u>-</u>	<u>100%</u>	<u>1,216</u>

HL does not invest in property occupied by the charity.

Movement in the net balance sheet position:

	Actual 2017 £'000	Actual 2016 £'000
Opening net liabilities	(264)	(242)
Expense recognised in net income	(855)	(47)
Expense recognised in other recognised losses	557	(17)
Settlement prices payable	512	-
Employer contributions	50	42
Closing net liabilities	<u>-</u>	<u>(264)</u>

Opening scheme liabilities	<u>(1,480)</u>	<u>(1,481)</u>
Employer's part of current service cost	(47)	(38)
Interest cost	(78)	(51)
Contributions by scheme participants	(9)	(8)
Change in financial assumptions	(1)	51
Change in demographic assumptions	51	-
Experience gains on defined benefit obligations	257	-
Liabilities extinguished on settlement	1,323	-
Past service costs including curtailments	(68)	-
Benefits paid	52	47
Closing scheme liabilities	<u>-</u>	<u>(1,480)</u>

Pension costs (continued)

Movement in present value of plan assets	2017 £'000	2016 £'000
Opening fair value of scheme assets	1,216	1,239
Interest on plan assets	61	43
Actual return on plan assets less interest on plan assets	266	(68)
Other actuarial gains	78	-
Contributions by the employer	50	42
Contributions by scheme participants	9	8
Running costs	-	(1)
Benefits paid	(52)	(47)
Settlement prices paid	(1,628)	-
Closing fair value of scheme assets	-	1,216

Principal actuarial assumptions	2017	2016
Retail price inflation	-	2.8%
Consumer price inflation	-	1.8%
Discount rate	-	3.4%
Pension increases in payment	-	1.8%
General salary increases	-	3.7%
Expected return on assets	-	N/A
Life expectancy of male aged 65 in accounting year	-	22.9
Life expectancy of male aged 65 in 20 years from accounting year	-	25.2
Weighted average duration	-	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 period were £39,000 (2016: £21,000.)

19. Capital commitments

There were no capital commitments made at 30 November 2017 or 31 May 2016.

20. Commitments as lessee

The charity had no commitments at 30 November 2017 or 31 May 2016 under non-cancellable operating leases.

21. Funds held as custodian Trustees

At the period end, the charity held monies totaling £nil (2016: £6,000) on behalf of its clients. These monies are not included within the balance sheet and are held separately in clearly identifiable bank accounts.

22. Related party transactions

The Disabilities Trust

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

	2017 £'000	2016 £'000
Staff costs	2,786	1,925
Management charge	195	209
Share of autism central costs	83	134
Gas & electricity	32	20
Insurance	10	13
Credit card charges	35	35
Motor and travel expenses	14	1
Other	<u>23</u>	<u>68</u>

At 30 November 2017, £3,835,000 (2016: £2,903,000) was owed to DT.

There are no other related party transactions.

23. 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.

LEGISLATIVE AND ADMINISTRATIVE INFORMATION

Registration

Name of the charity:	Hamilton Lodge Trust Limited
Company registration number:	489657
Country of Incorporation:	United Kingdom
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:	Mr S Howell Dr P Dobrowolski Dr C S Drugan Mr M Green Mr R A Hoyle Ms E C Jackman Mr M Rowe
Secretary:	Mr D Cunningham (resigned 1 December 2017)
Bankers:	Barclays Bank plc Level 28 1 Churchill Place London E14 5HP

Solicitors:

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Auditor:

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