

The Mulberry Bush Organisation Limited
Financial Statements
Year ended 31 August 2016

Charity registration number: 309565
Company registration number: 538828



The Mulberry Bush Organisation Limited

Financial Statements

Year ended 31 August 2016

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The Mulberry Bush Organisation Limited

Charity Reference and Administrative Details

Year ended 31 August 2016

Charity registration number	309565
Company registration number	538828
Trustees	<ul style="list-style-type: none">- Margaret Eynon (appointed 1 November 2015)Dr Gillian Forrest (resigned 1 July 2016)Nicholas GoodwinDr Ursula Howard, OBERichard Rollinson (Chair)Michael Sarrington (appointed 1 September 2015)Mark Thomas (appointed 1 September 2015)John Whitwell
Chief executive officer	John Diamond
Registered office	Greyfriars Court Paradise Square Oxford OX1 1BE
Auditor	Critchleys LLP Chartered Accountants Greyfriars Court Paradise Square Oxford OX1 1BE
Solicitor	Herbert Mallam Gowers 126 High Street Oxford
Bankers	National Westminster Plc 21 High Street Witney Oxon

The Mulberry Bush Organisation Limited

Trustees' Annual Report (Including Directors' Report and Strategic Report)

Year ended 31 August 2016

The trustees present their report and the audited financial statements of the charity for the year ended 31 August 2016. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and 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 published on 16 July 2014.

Structure, governance and management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated in October 1954 and registered as a charity on 5 January 1966. The members of the company comprise the Board of Trustees (other than those nominated by the staff) together with any other persons invited by the trustees as likely to assist in the furtherance of the objects of the company. The company has no share capital and the liability of the members is limited to £1 each in the event of the company being wound up.

The organisation is governed by its Memorandum and Articles of Association dated 2 October 1954 as subsequently amended. On 3 October 2008, the company changed its name to "The Mulberry Bush Organisation Limited".

Objectives and activities

The organisation operates both the (1) The Mulberry Bush School, (2) the 'MBOX Teaching School', and (3) a free alliance called the National Centre for Therapeutic Residential and Foster Care.

1. The school provides residential care, education, treatment and therapy for up to 31 children aged 5 to 13 who, due to early emotional deprivation, abuse and neglect, have severe social, emotional and mental health difficulties. As a result of their experiences, they are left mistrustful, impulsive, aggressive, sexualised and unable to form appropriate relationships. The aim of the school is to equip each child with personal, emotional, social and learning skills and the ability to cope within a family, local school or community environment. The school is one of the leading providers of such integrated and multi-disciplinary therapeutic services to this age group. Children are placed at the school following an assessment of needs carried out in close association with referring local authorities and the child's family. All fees are paid by the local authority.
2. The MBOX Teaching School, provides psychodynamic and attachment based outreach training, support and consultancy to Schools, Children's Homes and professionals working across the child care sector. Our Foundation degree accredited by UWE in 'therapeutic work with children and young people' is increasingly accessed by external students.
3. The mission of the National Centre mission is:

'To create a forum to share knowledge about therapeutic residential and foster care for children and young people, and to support the use of reflective practice, in order to improve service quality, and ensure excellent outcomes'.

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Trustees' Annual Report (Including Directors' Report and Strategic Report)

Year ended 31 August 2016

Public benefit statement

In setting objectives and planning activities, the Trustees have given careful consideration to the Charity Commission's general guidance on the provision of public benefit.

The public benefit of our charitable work is in providing social inclusion and reintegration of children and those who are made vulnerable by social emotional and mental health difficulties back into family, school, community and social life. Without a robust and meaningful early intervention, the children and clients who use our charitable services are at serious risk of future social marginalisation, becoming victims of criminal and gang culture, sexual exploitation, or radicalisation by extremist ideologies, and they are more likely to be on a trajectory towards long term secure- estate or psychiatric facilities. By breaking cycles of abuse, the work of the charity builds social capital, and provides significant cost saving to the taxpayer over each potential life cycle.

Trustees of the charity

The directors of the charitable company are its trustees for the purposes of charity law. The trustees who have served during the year and since the year-end are listed on page 2.

Organisational Structure

The prime responsibility of the Board of Trustees is to provide sound governance. The management of the organisation is overseen by the trustees who meet regularly and are responsible for its strategic direction and policy, including the appointment of senior personnel, the review and approval of key operational and financial policies and procedures, the overall management of fundraising and publicity and the setting of annual fees and budget. The Board also operates Education, Care and Treatment, Finance and General Purposes and such other committees as may be decided from time to time.

The Board of Trustees comprises elected members of the company.

In determining the appointment of trustees, the Board of Trustees identifies such skills as may assist in the furtherance of the objects and future development of the organisation and invites new trustees with due regard to their experience and qualifications for office. New trustees are supported in their appointment through the provision of a range of information on the activities of the organisation and publications by the Charity Commission on the formal responsibilities of trustees, together with the opportunity, before their appointment, to attend trustee and other meetings and observe the day to day activity of the organisation.

The Board has appointed John Diamond as Chief Executive Officer responsible for the development and implementation of the organisation's strategic plan, the planning of new services, and the development of relationships with local authorities and other bodies.

The core activity of the organisation is the operation of a residential school at Standlake, Oxfordshire. The day to day management of the school is delegated to the school's Director and a Conducting Management Group ("CMG") comprising the senior managers of the various task areas.

Remuneration policy

The MBO Charity Leadership Team works to promote and extend the charity's national influence, oversees the effective running of all service operations and has responsibility for the safety and welfare of the children, staff and all those who use our services.

The aggregated cost of employment of the MBO Charity Leadership team is £255,367 (2015 - £249,105). Remuneration for all staff is managed via an annual Salary Review, and overseen by the Finance and General Purposes Trustee sub-committee.

The Mulberry Bush Organisation Limited

Trustees' Annual Report (Including Directors' Report and Strategic Report)

Year ended 31 August 2016

Strategic Report

Achievements and performance (including principal risks and uncertainties, development and performance and key performance indicators)

The school is currently engaged in two research projects, the first with the UCL Institute of Education completed in the Spring of 2016, and this is a quantitative study. The second project, to be completed in the autumn term 2016, is a complementary qualitative study with UEL. Both aim to evidence how our work achieves the excellent outcomes for children placed at the school.

In November 2012, the overall effectiveness of Mulberry Bush School was rated 'outstanding' by an Education Ofsted inspection. The inspection report made the following observations "The quality of teaching is outstanding. Teachers and other staff work exceptionally well together to give pupils excellent opportunities for success. The school is an outstanding safe environment within which pupils learn and thrive supported by the care, patience and encouragement of the staff. Pupils' behaviour is outstanding and the school successfully develops their confidence and self-esteem with highly effective personalised support".

In January 2016, the School also received a judgement of "outstanding" by Ofsted for the annual care standards inspection.

In April 2014, the School achieved National Teaching School Status, enabling its core skills and expertise to be used in the development of Mulberry Bush Teaching School Alliance. Due to the overlap in task in 2015 we merged our teaching school status with that of MBOX our school outreach service to become 'MBOX Teaching School'.

In November 2013, we established the National Centre for Therapeutic Residential and Foster Care, an alliance of Universities and other professional child care organisations. The National Centre continues to extend our influence across the residential and fostering sectors. The development of 'the Therapeutic Care Journal' in the summer of 2015 has enabled the National Centre to develop an on-line platform.

Principal risks and uncertainties

The Trustees have conducted a review of the major risks to which the school is exposed and maintain an up to date register of such risks and how they are managed. The trustees have identified the three principal risks as:

1. The financial dependence of the school on intermittent referrals of children by a small number of Local Authorities

Strategies to manage a downturn in referrals:

- In the eventuality of a period when there are no children placed or referred to the school, the school holds reserves that will cover 6 months' full and 6 months' half running costs. See reserves policy – page 7.
 - Maintaining and growing a broad referral base of local authorities.
2. The operational safety and welfare of children at the school and the recruitment of staff appropriate to the care of such vulnerable children.

Strategies to manage the risk of serious safeguarding incident or allegation:

- The school is committed to supporting the safety and welfare of all children through active engagement with the current safeguarding agenda. Our safeguarding policies and procedures

The Mulberry Bush Organisation Limited

Trustees' Annual Report (Including Directors' Report and Strategic Report)

Year ended 31 August 2016

were rated as 'outstanding' by OFSTED in January 2016. The school enacts its commitment to the safeguarding agenda by:

- Rigorous staff recruitment and vetting procedures. Recruitment is in accordance with the requirements of National Minimum Standards under the Care Standards Act 2000 and protocols are also reviewed by OFSTED.
- All interview panels having at least one senior staff member or trustee who has undertaken safer recruitment training.
- Ensuring the Safeguarding agenda is embedded in our policies and in direct work with children;
- The close supervision and management of children 24 hours a day;
- Encouraging independent advocacy for children, regular visits from 'Voice' advocates, and equipping each household with a direct 'childline' telephone;
- Ensuring all staff have regular supervision, consultation and training including safeguarding training to Oxfordshire Safeguarding Children's Board standard;
- Maintaining an excellent working relationship with the Oxfordshire Schools Safeguarding Team, and the Local Authority Designated Officer; and
- Maintaining an excellent reputation for working closely with parents, carers and referring authorities over safeguarding issues.
- In managing these risks, the school has developed a rigorous and well documented standard of operational policies which are required and checked procedures by the annual visits of the Office for Standards in Education (OFSTED).

3. Creating a sustainable model of service delivery:

Strategies to achieve this:

- The building of a new 52 week children's home, to extend the service offer to Local Authorities seeking specialist provision for very hard – to –place children. This will include a family finding service, and extend our offer to Local Authorities to create a broader range of flexible and 'step down' provision.
- The diversification of traded services, such as our MBOX Teaching School, to create new revenue streams for the Charity.

Financial review

The occupancy levels started at the budgeted level of 23 and rose to 29 at the end of the year. Achieving higher than budgeted occupancy plus controlling costs generated a surplus which will be invested in future service provision. The general fund income for the year in respect of the provision of education and child care services was £4,798,129 compared to £4,564,661 in the previous year.

Donated income from gifts and grants increased to £1,076,020 from £334,238. This was mainly money raised to contribute to the 52-week project but also money to fund resources and projects not covered by the local authority fees and also grants towards the costs of the school and teaching school.

The Mulberry Bush Organisation Limited

Trustees' Annual Report (Including Directors' Report and Strategic Report)

Year ended 31 August 2016

Expenditure on charitable activities increased to £4,733,592 from £4,483,966 in 2015. There was one Trustee approved transfer of £1,500,000 from designated funds to the general fund.

The total cash and bank balances as at 31 August 2016 were £6,274,407 (2015: £4,849,605) of which £413,198 is held to meet current liabilities.

Total reserves are £9,217,560 of which £3,450,650 are in restricted funds. Of the restricted funds, there is the capital fund, which includes £2,895,646, and the vehicle fund which includes £2,606 that are amounts which can only be realised by disposing of tangible fixed assets.

Reserves policy

As noted above in the principal risks and uncertainties section, the trustees have identified one of the principal risks as the financial dependence of the school on intermittent referrals of children by a number of Local Authorities. As part of the mitigation of this risk, the trustees aim to maintain unrestricted reserves equivalent to six months current running costs at full expenditure levels plus a further six months at half of full current running costs. This would allow a reasonable period of time in which to restore occupancy levels and, if that strategy were unsuccessful, to carry out an orderly restructuring which would allow the charity to operate at reduced levels of occupancy.

Based on running costs in the year ended 31 August 2016, the reserves policy requires £3.3m to be retained in unrestricted net current assets. At 31 August 2016, the charity held £5.6m in unrestricted net current assets. The £2.3m is being held to part-finance the capital cost of the extension of the charity's services through a 52-week programme.

The reserves policy is regarded as an indicator rather than as a mandatory requirement and is reviewed annually.

Investment policy

The Trustees have not felt it appropriate to invest in any assets other than cash but seek to optimise interest income through conventional short-term deposits with reputable and secure banks.

Plans for future periods

Each year, the Board of Trustees reviews with the CMG a rolling strategic plan that looks at the vision and objectives of the school. The strategic objectives of the 2016-2017 plans include:

- (i) To maximise and manage well a referral stream for the number of children referred to the School for specialist 38 and 52 week care, treatment and education.
- (ii) To develop an on-site service for up to 6 children who may be in need of 52 week provision
- (iii) To extend our offer of services to help families, by planning for a future intensive family intervention service.
- (iv) To increase the numbers of children and staff who benefit from the Mulberry Bush Teaching School services, across schools and social care.
- (v) To extend the reach and influence of the National Centre, by becoming the International Centre with active global networks.

Trustees' responsibilities

The trustees as directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The Mulberry Bush Organisation Limited

Trustees' Annual Report (Including Directors' Report and Strategic Report)

Year ended 31 August 2016

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors 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 company and of the net movement in funds of the charitable company for that period. In preparing these financial statements, the directors are required to:

- (i) Select suitable accounting policies and then apply them consistently;
- (ii) Make judgements and estimates that are reasonable and prudent;
- (iii) State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- (iv) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

Trustees 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.

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information. The trustees confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

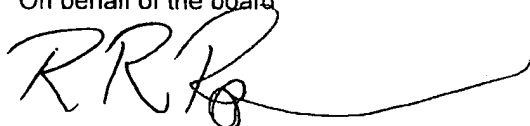
Disclosure of information to the auditors

We, the directors of the company who held office at the date of approval of these financial statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In approving the Trustees' Annual Report, we also approve the Strategic Report included therein, in our capacity as company directors.

On behalf of the board



Richard Rollinson, Chair

19 November 2016

The Mulberry Bush Organisation Limited

Independent Auditor's Report

Year 31 August 2016

Independent auditor's report to the members of the Mulberry Bush Organisation Limited

We have audited the financial statements of The Mulberry Bush Organisation Limited for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 7 & 8, the directors (who are also trustees 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

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 August 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 Directors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

The Mulberry Bush Organisation Limited

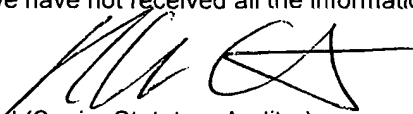
Independent Auditor's Report

Year 31 August 2016

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


Robert Kirtland (Senior Statutory Auditor)

6th December 2016

For and on behalf of Critchleys LLP

Greyfriars Court

Oxford

OX1 1BE

The Mulberry Bush Organisation Limited

Statement of Financial Activities (Including Income and Expenditure Account)

Year ended 31 August 2016

2016					2015				
		Unrestricted funds		Restricted funds	Total	Unrestricted funds		Restricted funds	Total
	Note	General £	Designated £	£	£	General £	Designated £	£	£
Income from									
Donations	2	448,226	45,394	582,399	1,076,019	258,018	36,995	39,225	334,238
Charitable activities	3	4,798,129	-	-	4,798,129	4,564,661	-	-	4,564,661
Investments	4	20,065	-	-	20,065	11,684	-	-	11,684
Total income		5,266,420	45,394	582,399	5,894,213	4,834,363	36,995	39,225	4,910,583
Expenditure on:									
Raising funds		20,309	-	-	20,309	22,910	-	-	22,910
Charitable activities	5	4,356,508	229,336	147,748	4,733,592	4,107,503	214,180	162,283	4,483,966
Total expenditure		4,376,817	229,336	147,748	4,753,901	4,130,413	214,180	162,283	4,506,876
Net income/(expenditure)		889,603	(183,942)	434,651	1,140,312	703,950	(177,185)	(123,058)	403,707
Transfers between funds		1,500,000	(1,500,000)	-	-	(194,860)	194,860	-	-
Net movement in funds	16	2,389,603	(1,683,942)	434,651	1,140,312	509,090	17,675	(123,058)	403,707
Reconciliation of funds:									
Total funds brought forward	16	3,237,993	1,823,256	3,015,999	8,077,248	2,728,903	1,805,581	3,139,057	7,673,541
Total funds carried forward	16	5,627,596	139,314	3,450,650	9,217,560	3,237,993	1,823,256	3,015,999	8,077,248

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

The Mulberry Bush Organisation Limited

Balance Sheet

Year ended 31 August 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	12	3,043,617	3,183,621
Current assets			
Debtors	13	312,734	382,880
Cash at bank and in hand		6,274,407	4,849,605
		<u>6,587,141</u>	<u>5,232,485</u>
Creditors: amounts falling due within one year	14	(413,198)	(338,858)
Net current assets		<u>6,173,943</u>	<u>4,893,627</u>
Net assets		<u>9,217,560</u>	<u>8,077,248</u>
Charity Funds			
Restricted funds	16	3,450,650	3,015,999
Unrestricted funds	16	5,766,910	5,061,249
Total charity funds	16	<u>9,217,560</u>	<u>8,077,248</u>

The financial statements were approved and authorised for issue by the Board on 19 November 2016.

Signed on behalf of the Board of Trustees



Richard Rollinson, Chair

19 November 2016

The notes on pages 14 to 21 form part of these financial statements.

Company registration number: 538828

The Mulberry Bush Organisation Limited

Statement of Cash Flow

Year ended 31 August 2016

	Note	2016	2015
Cash flow from operating activities	18	1,449,683	510,947
Interest paid		-	-
Net cash flow from operating activities		<u>1,449,683</u>	<u>510,947</u>
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(51,466)	(10,000)
Receipts from sales of tangible fixed assets		6,520	6,446
Interest received		20,065	11,684
Net cash flow from investing activities		<u>(24,881)</u>	<u>8,130</u>
Net cash flow from financing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		1,424,802	519,077
Cash and cash equivalents at 1 September 2015		4,849,605	4,330,528
Cash and cash equivalents at 31 August 2016		<u>6,274,407</u>	<u>4,849,605</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		4,274,407	2,849,605
Short term deposits		2,000,000	2,000,000
Cash and cash equivalents at 31 August 2016		<u>6,274,407</u>	<u>4,849,605</u>

The Mulberry Bush Organisation Limited

Notes to the Financial Statements

Year ended 31 August 2016

1 Summary of significant accounting policies

(a) General information and basis of preparation

The Mulberry Bush Organisation Limited is a charitable company registered in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 2 of these financial statements. The nature of the charity's operations and principal activities is the provision of residential care, education, treatment and therapy and an outreach and training service.

The charity constitutes a public benefit entity as defined by FRS 102. 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), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice effective 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention. The financial statements are prepared in sterling which is the functional currency of the charity.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The charity adopted SORP (FRS 102) in the current year and an explanation of how transition to SORP (FRS 102) has affected the reported financial position and performance is given in note 23.

(b) Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds is charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

(c) Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained, then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102).

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

The Mulberry Bush Organisation Limited

Notes to the Financial Statements

Year ended 31 August 2016

The charity receives government grants in respect of both the Mulberry Bush School and the MBOX Teaching School. Income from government and other grants is recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement were not met, then the amounts would be deferred.

Interest income is recognised in the period in which it is earned.

(d) Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes the relevant proportion of salary costs, the cost of events and the cost of collecting income.
- Expenditure on charitable activities includes the direct costs of running and promoting the school and teaching school plus an allocation of support costs.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

(e) Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

The analysis of these costs is included in note 6.

(f) Leased assets

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are recognised as resources expended as incurred.

(g) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold land	Nil
Freehold buildings	40 years
Furniture and equipment	20% on cost
Motor vehicles	25% on the reducing balance method

The Mulberry Bush Organisation Limited

Notes to the Financial Statements

Year ended 31 August 2016

(h) Creditors payable within one year

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.

(i) Employee benefits

The charity operates defined contribution plans for the benefit of its non-teaching staff and contributions are expensed as they become payable. Teaching staff are members of the Teachers' Pension Scheme which is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the charity in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

(j) Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

(k) Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

2 Income from donations

	2016 £	2015 £
Gifts	638,793	118,936
Grants	448,226	215,302
	<u>1,076,019</u>	<u>334,238</u>

3 Income from charitable activities

	2016 £	2015 £
Mulberry Bush School	4,700,893	4,403,114
MBOX Teaching School	179,661	161,547
National Centre	-	-
Less intra-charity charges	(82,425)	-
	<u>4,798,129</u>	<u>4,564,661</u>

The Mulberry Bush Organisation Limited

Notes to the Financial Statements

Year ended 31 August 2016

4 Income from investments

	2016 £	2015 £
Interest receivable	20,065	11,684

5 Analysis of expenditure on charitable activities

	Activities undertaken directly £	Support costs £	Total £
Mulberry Bush School	3,620,411	887,826	4,508,237
MBOX Teaching School	267,603	40,177	307,780
National Centre	-	-	-
Less intra-charity charges	(82,425)	-	(82,425)
	3,805,589	928,003	4,733,592

6 Allocation of support costs

	Basis of allocation	Raising funds £	Mulberry Bush School £	MBOX Teaching School £	Total £
Premises	Area	-	262,004	2,647	264,651
Office	Per head	-	40,847	3,194	44,041
Staff	Actual	-	281,808	20,053	301,861
IT support	Per head	-	30,234	2,365	32,599
Insurance	Per head	-	34,902	2,730	37,632
Travel	Actual	-	37,856	5,932	43,788
Depreciation	Area	-	189,555	1,915	191,470
Gain on sale of vehicle	Actual	-	(6,520)	-	(6,520)
Other	Per head	-	17,140	1,341	18,481
Total		-	887,826	40,177	928,003

7 Governance costs

	Note	2016 £	2015 £
Trustee remuneration	10	-	-
Trustee expenses		1,306	920
Auditor's remuneration (including expenses)	9	6,900	6,900
Auditor's non-audit remuneration		2,052	2,487
		10,258	10,307

8 Net income/(expenditure) for the year

Net income/(expenditure) is stated after charging/(crediting):

	2016 £	2015 £
Depreciation of tangible fixed assets	191,470	184,587
Gain on sale of tangible fixed assets	(6,250)	(2,756)

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Notes to the Financial Statements

Year ended 31 August 2016

9 Auditor's remuneration

	2016 £	2015 £
Fees payable to the charity's auditor for the audit of the charity's annual accounts	6,900	6,900
Fees payable to the charity's auditor for other services:		
Audit-related assurance	840	1,620
Other services	1,212	492
	<u>2,052</u>	<u>2,112</u>

10 Trustees' and key management personnel remuneration and expenses

The trustees neither received nor waived any remuneration during the year (2015 - Nil).

The total amount of employee benefits received by key management personnel was £230,529 (2015 - £224,979). The Trust considers its key management personnel comprise its trustees and charity management team.

The reimbursement of trustees' expenses was as follows:

	2016 Number	2015 Number	2016	2015
Travel	4	4	1,306	920

11 Staff costs and employee benefits

The average monthly number of employees and full time equivalent (FTE) during the year was as follows:

	2016 Number	2016 FTE	2015 Number	2015 FTE
Raising funds	1	0.5	1	0.5
Charitable activities:				
Mulberry Bush School	92	76.7	91	75.7
MBOX Teaching School	7	6	7	6
National Centre	-	-	-	-
	<u>100</u>	<u>83.2</u>	<u>99</u>	<u>82.2</u>

The total staff costs and employees' benefits was as follows:

	2016 £	2015 £
Wages and salaries	2,920,603	2,820,891
Social security	272,770	272,387
Defined contribution pension costs	174,520	160,911
	<u>3,367,893</u>	<u>3,254,189</u>

The number of employees who received total employee benefits (excluding employer pension costs of more than £60,000 is as follows:

	2016 Number	2015 Number
£60,001 - £70,000	3	2
£70,001 - £80,000	1	1
	<u>4</u>	<u>3</u>

The Mulberry Bush Organisation Limited

Notes to the Financial Statements

Year ended 31 August 2016

12 Tangible fixed assets

	Freehold land and buildings £	Furniture and equipment £	Motor vehicles £	Total £
Cost or valuation:				
At 1 September 2015	3,737,833	385,306	98,909	4,222,048
Additions	7,134	10,308	34,024	51,466
Disposals	-	-	(29,620)	(29,620)
At 31 August 2016	<u>3,744,967</u>	<u>395,614</u>	<u>103,313</u>	<u>4,243,894</u>
Depreciation:				
At 1 September 2015	896,462	77,061	64,904	1,038,427
Charge for the year	94,873	79,123	17,474	191,470
Eliminated on disposals	-	-	(29,620)	(29,620)
At 31 August 2016	<u>991,335</u>	<u>156,184</u>	<u>52,758</u>	<u>1,200,277</u>
Net book value:				
At 31 August 2016	<u>2,753,632</u>	<u>239,430</u>	<u>50,555</u>	<u>3,043,617</u>
At 31 August 2015	<u>2,841,371</u>	<u>308,245</u>	<u>34,005</u>	<u>3,183,621</u>

13 Debtors

	2016 £	2015 £
Trade debtors	301,808	365,785
Prepayments	10,203	12,505
Other debtors	723	4,590
	<u>312,734</u>	<u>382,880</u>

14 Creditors: amounts falling due within one year

	2016 £	2015 £
Operating creditors	120,508	86,690
Other tax and social security	73,722	71,596
Accruals and deferred income	46,000	-
Other creditors	<u>172,968</u>	<u>177,572</u>
	<u>413,198</u>	<u>338,858</u>

15 Contingent liabilities

There were no contingent liabilities at 31 August 2016 (2015 – Nil).

The Mulberry Bush Organisation Limited

Notes to the Financial Statements

Year ended 31 August 2016

16 Fund reconciliation

Unrestricted funds

	Balance at 1 September 2015	Income	Expenditure	Transfers	Balance at 31 August 2016
	£	£	£	£	£
General	3,237,993	5,266,420	4,376,817	1,500,000	5,627,596
Designated:					
Reserve fund	1,500,000	-	-	(1,500,000)	-
Maintenance	100,000	-	92,632	-	7,368
MBOX	100,000	-	37,927	-	62,073
Training	50,000	-	50,000	-	-
Additional resources	73,256	45,394	48,777	-	69,873
	<u>5,061,249</u>	<u>5,311,814</u>	<u>4,606,154</u>	<u>-</u>	<u>5,766,910</u>

Restricted funds

	Balance at 1 September 2015	Income	Expenditure	Transfers	Balance at 31 August 2016
	£	£	£	£	£
Existing building	2,989,092	-	93,446	-	2,895,646
New building	7,545	539,853	-	-	547,398
Capital	<u>2,996,637</u>	<u>539,853</u>	<u>93,446</u>	<u>-</u>	<u>3,443,044</u>
Shifford sensory room	9,308	19,546	28,854	-	-
Paths	5,000	-	-	-	5,000
Cabins	-	20,738	20,738	-	-
Library	-	2,262	2,262	-	-
Vehicle	3,909	-	1,303	-	2,606
E-books	1,145	-	1,145	-	-
	<u>3,015,999</u>	<u>582,399</u>	<u>147,748</u>	<u>-</u>	<u>3,450,650</u>

Fund descriptions

a) Unrestricted funds are held to help fulfil the Mulberry's charitable objects and underpin its risk management.

b) Designated funds are unrestricted funds earmarked by the trustees for particular projects and resources not funded by local authority fees. The reserve fund was created by transfers from general fund in accordance with the school's previous reserve policy. It is not required by the current approach to reserves. Transfers were also made to contribute towards costs of maintenance, training and to under-write the establishment of the MBOX teaching school.

c) Restricted funds have restrictions on their use imposed by the donor or through the terms of an appeal.

The Capital fund is credited with income to be used for major development and improvement to the organisation's infrastructure.

The Shifford sensory room fund was to contribute to the cost of sensory equipment.

The Paths fund is available to contribute to the cost of pathway improvement.

The Vehicle fund contributed to the purchase of a vehicle and a portion of the depreciation of that vehicle is charged to the fund each year.

The E- books fund was used for the purchase of e-books.

The Mulberry Bush Organisation Limited

Notes to the Financial Statements

Year ended 31 August 2016

17 Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Restricted funds £	Total £
Fixed assets	145,365	-	2,898,252	3,043,617
Cash at bank and in hand	5,582,696	139,313	552,398	6,274,407
Other net current assets	(100,464)	-	-	(100,464)
Total	5,627,597	139,313	3,450,650	9,217,560

18 Reconciliation of net income to net cash flow from operating activities

	2016 £	2015 £
Net income for the year	1,140,312	403,707
Interest receivable	(20,065)	(11,684)
Depreciation of tangible fixed assets	191,470	184,587
Surplus on disposal of fixed assets	(6,520)	(2,756)
Decrease in debtors	70,146	16,983
Decrease in creditors	74,340	(79,890)
Net cash flow from operating activities	1,449,683	510,947

19 Pensions and other post-retirement benefits

The charity operates defined contribution pension plans for its employees. The amount recognised as an expense in the period was £174,520 (2015 - £160,911).

20 Financial commitments

The charity has an operating lease related to an off-site facility under which £21,600 was paid in the year and a further £10,800 is payable within one year (2015 - £32,400).

21 Events after the end of the period

In September 2016, the Trustees awarded a contract for the buildings which will house the 52 week service and student accommodation. The cost of the facility is expected to be between £3m and £3.5m which is expected to be part-funded by free reserves and part-funded by gifts.

22 Related party transactions

The following trustees were paid the noted travel expenses during the year: Ursula Howard, £125; Richard Rollinson, £124; Michael Sarrington, £493; John Whitwell, £564. Richard Rollinson is trustee of a charity, PETT, which was paid a £5,000 donation and £2,677 for archiving space.

23 First-time adoption of SORP (FRS 102)

The charity has adopted the SORP (FRS 102) for the first time in the year ended 31 August 2016. There were no changes to accounting policies and no restatement of prior year amounts.