

The Mulberry Bush Organisation Limited
Financial Statements
Year ended 31 August 2020

Charity registration number: 309565
Company registration number: 538828

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The Mulberry Bush Organisation Limited

Financial Statements

Year ended 31 August 2020

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The Mulberry Bush Organisation Limited

Charity Reference and Administrative Details

Year ended 31 August 2020

Charity registration number	309565
Company registration number	538828
Trustees	Margaret Eynon Zoe Lattimer Rosemary Lilley (appointed 1 March 2020) Simon Peacock Hugh Pidgeon Chris Pugh (appointed 25 September 2020) Richard Rollinson (Chair) Michael Sarrington Satvinder Sondhi Mark Thomas
Chief executive officer	John Diamond
Registered office	Abingdon Road Standlake Witney OX29 7RW
Auditor	Critchleys Audit LLP Chartered Accountants Beaver House 23 - 38 Hythe Bridge Street Oxford OX1 2EP
Solicitors	MW Solicitors 34 Bell Street Reigate Surrey RH27SL
Bankers	National Westminster Plc 21 High Street Witney Oxon OX28 6HU

The Mulberry Bush Organisation Limited

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

Year ended 31 August 2020

The trustees present their report and the audited financial statements of the charity for the year ended 31 August 2020. 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, 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, most recently in December 2019. In October 2008, the company changed its name to "The Mulberry Bush Organisation Limited". In December 2019, the Memorandum and Articles were again updated (and accepted by the Charity Commission) to extend our charitable mission:

'The MB Charity will be a leading charity for advancing the education, training, research and specialist therapeutic services for emotionally troubled and traumatised children, young people, adults their families and communities.'

Objectives and activities

The Mulberry Bush Charity operates (1) The Mulberry Bush School and (2) The Mulberry Bush Learning and Research Centre, and (3) the Mulberry Bush Third Space (MB3).

1. The Mulberry Bush 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 their local authority.
2. In 2018 we created The Mulberry Bush Learning and Research Centre, as a way to bring together and consolidate our Outreach and Research work under one organisational identity.
 - The Mulberry Bush Outreach: 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.

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Objectives and activities (continued)

- The Mulberry Bush Research: was established in September 2017 to ensure our practice is underpinned by a robust evidence base, and to extend our influence into academic networks involved in researching the needs of traumatised children, young people, their families and communities.
- 3. The Mulberry Bush Third Space (MB3): in Toddington, Gloucestershire, is being developed as a 'National Centre for Reflective Practice'. MB3 is enriched for research and study by the Planned Environment Therapy Archive, which holds collections related to the therapeutic community and progressive schools movements. It also holds the National Childcare Library. As a National Centre for Reflective Practice we are developing it as a centre for research, training, events and outdoor education.

MB3 is also the institutional base for The International Centre for Therapeutic Care, a free global alliance with networks across Africa, Europe, USA, and Australia. The mission of the International Centre is to 'to share models of therapeutic care, and to extend the influence and insights gained from our member networks, in order to improve services and outcomes for traumatised children, young people their families and communities'.

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. Our 2019 Impact Report evidences data from across our services.

The public benefit and impact of our charitable work is achieved through providing education, training, research and specialist therapeutic services, to enable the social inclusion and reintegration of children, young people, adults, their families and communities and all those who are made vulnerable by early years' trauma and mental health difficulties back into family, school, community and social life. Without a robust and meaningful early intervention, the children, young people, families 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.

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

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

Year ended 31 August 2020

Organisational Structure (continued)

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 Mulberry Bush Organisation (MBO) Charity Executive comprises John Diamond Chief Executive Officer, John Turberville Chief Operating Officer. The Charity Resource Team comprises David Bowman, Director of Finance, and Jo Mitchell Head of Marketing and Fundraising. The team works to promote and extend the charity's national and international influence, oversees the effective running of all service operations and holds responsibility for the safety and welfare of all children and young people, adults, families who use our services and our invaluable staffing groups.

Remuneration policy

The aggregated cost of employment of the MBO Charity Leadership team is £322,683 (2019 - £285,338). Remuneration for all staff is managed via an annual Salary Review, and overseen by the Finance and General Purposes Trustee sub-committee.

Strategic Report

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

In March 2020 with the emergence of the Covid 19 pandemic, we created a transitional strategic plan to help us navigate through the crisis. We organised this in three phases 1. 'Survival and maintaining impact' (March to August 2020) 2. 'How we might emerge stronger' post Covid (Sept – Dec 2020), and 3. How we will 'future proof' our work (the new 2021 – 2026 strategic plan).

The pandemic accelerated many aspects of our organisational development. In particular, we realised the need to promote an integrated mission across all our services, and to extend our reach nationally and internationally.

This included a shift from a financial model based on all services having to cover their costs, to a model based on shared collective income, and with a new focus of increasing our charitable impact. We also decided to increase the fundraising capacity of the charity by extending the team to include two new posts, and by merging the Fundraising and Marketing/Communications functions under one team.

Across March – August of the pandemic we continued to receive full income for residential placements, but our Outreach and MB3 training and event activities were curtailed by the lockdown. This necessitated another rapid service evolution, with a move to putting all of our training online.

We have now organised delivery of our charitable impact across three headings: practice, support and influence.

Practice

The Mulberry Bush School enables us to reach up to 31 children and their families, either in 38 week 'term time' placements, and since its opening in 2018 our children's home 'The Burrow', has continued to extend our services to include 52 week care. The school continues to receive strong referrals from a broad range of Local Authorities. We now have a waiting list and our aim has been to bring in one child each month.

The Mulberry Bush Organisation Limited

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

Year ended 31 August 2020

Practice (continued)

In February 2018 the overall effectiveness of The Mulberry Bush School was again rated as 'outstanding' by a full Education Ofsted inspection, the first since 2012. In October 2019, we received a further judgement of "outstanding" by Ofsted, this time – and for the first time – under the Children's Homes Regulations.

The School continues to be accredited by the Royal College of Psychiatrists as a therapeutic community.

Support

Our Outreach team continues to provide training and consultancy to help us reach hundreds of people through our 'support' heading, mainly to mainstream and special schools, and largely now focusing on cultural change informed by therapeutic principles in order to reduce school exclusions and create a more nurturing school ethos for emotionally troubled pupils. Examples of this work have included our initiatives 'Project Nurture' and 'Project 8'. Our Foundation degree continues to be the main vehicle of training for MB staff and places are also sold to external students.

Support and influence

The Mulberry Bush Research, aims to develop and shape a research culture to influence practice within The Mulberry Bush (MB) and other schools, agencies and providers of care to vulnerable, traumatised children and their families. We collaborate with researchers in academic and other childcare settings.

Influence:

Our aim is to reach out and influence thousands of lives, through the activity of MB3, and the International Centre for Therapeutic Care.

The Mulberry Bush Third Space (MB3) is a National Centre for Reflective Practice (NCRP). A study and archive centre which holds the Planned Environment Therapy Archive and The National Childcare Library. As the NCRP this quiet rural site in Gloucestershire will run activities which will include research, training, events and outdoor activities and education opportunities.

In 2019/20 membership of the International Centre reached 370 people across our networks in the UK, Europe, Africa, Australia and the USA. Our online 'Therapeutic Care Journal' continues to be the main vehicle for communicating with these networks. Across 2019/20 we continued successful working partnerships with international organisations; International Federation of Educative Communities (FICE), Family for Every Child (FFEC), and the Institute for Recovery from Childhood Trauma (IRCT), with whom we now run an annual conference.

Principal risks and uncertainties

The Trustees have conducted a review of the major risks to which MB services are 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 and other MB services on intermittent referrals of children by Local Authorities, and for the Outreach Team through DfE grants and contracted work from our mainstream and special school client base.

Strategies to manage or prevent a downturn in referrals:

- In the event 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 9.

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

Year ended 31 August 2020

Principal risks and uncertainties (continued)

- Maintaining and growing a broad referral base of work for both the School from Local Authority referrals from across England and Wales, and for our Outreach service from schools and social care organisations both regionally and nationally. We have committed ourselves to a new financial model which regards all income as a shared charity resource, and with a new emphasis on maximising our charitable impact.
2. The operational safety and welfare of children placed at the school and for those who use our Outreach services, and the 'safer recruitment' of staff appropriate to the care of such vulnerable children and young people.

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

The Charity is committed to supporting the safety and welfare of all children, young people and families who use our services through active engagement with the current safeguarding agenda. Our School safeguarding policies and procedures have been rated as 'outstanding' by OFSTED. The Charity enacts its commitment to the safeguarding agenda by:

- Rigorous staff recruitment and vetting procedures. Recruitment is in accordance with the requirements of the Children's Homes Quality 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 all our service policies and in direct work with children and young people.
- The close supervision and management of children 24 hours a day;
- Encouraging independent advocacy for children, regular visits from 'Coram Voice' advocates, and equipping each household with a direct 'childline' telephone;
- Ensuring staff have regular supervision, consultation and access to our Level 5 training. Due to the vulnerability of many of our client groups, our safeguarding training is enhanced to a 2 year cycle, and is to the Oxfordshire Safeguarding Children's Board standard. We also deliver safeguarding training on behalf of the Oxon Safeguarding Board.
- Maintaining an excellent working relationship with the Oxfordshire Schools Safeguarding Team, and the Local Authority Designated Officer, and the Multi Agency Safeguarding Hub (MASH); and
- Maintaining an excellent reputation for working closely with parents, carers and referring authorities over any 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).

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3. Creating a sustainable model of service delivery:

Strategies to achieve this:

- The opening of 'The Burrow' our children's home in 2018, has successfully extended the service offer to Local Authorities who are seeking specialist provision for very hard-to-place children. We now provide a broader range of flexible 38 and 52 week specialist residential 'step down' provision.
- To establish a secondary school as part of our current strategic plan.
- For MB3 to be fully trading as a national 'Centre for Reflective Practice' offering research, training, events and outdoor education.
- The diversification of traded services, such as The Mulberry Bush Outreach service, to create new revenue streams for the Charity.

4. Impact of the Covid pandemic:

Strategies to underpin our response:

- As noted at the beginning of the Strategic Report, we have a transitional strategic plan to help us navigate through the crisis which is kept under review by Trustees.
- Operationally, management are constantly assessing the changing circumstances and requirements.

Financial review

The principal activity of the charity at present is the School at Standlake and the critical financial measure of performance is the occupancy level. Average occupancy during the year was less than we had budgeted for and less than the number we had capacity for. Consequently, income from this activity was also less than budgeted. However, the fact that we had surplus capacity meant that we were able to effectively deal with the additional requirements which were brought about by the Covid-19 pandemic from March 2020.

Income generated by the Mulberry Bush Learning and Research Centre was running short of budget but the pandemic meant that visits to schools could not take place from March 2020 with a negative impact on income, though partially offset by a lower level of income generated from on-line activities.

The Mulberry Bush Third Space had a critical role in our response to the pandemic and it was decided that rather than continuing it as a ring-fenced activity it would be integrated into the wider activities of the charity. The cumulative costs of the Third Space have been covered by a transfer from designated funds.

The general fund income for the year in respect of the provision of education and child care services was £5,340,323 compared to £5,808,674 in 2019. As noted above the decrease in activity income was affected by occupancy and can only partially be attributed to the pandemic.

Donated income from gifts and grants was £1,022,121, compared to £789,148 in the previous year. £500,000 of this was the transfer of land to the Mulberry Bush on the closure of the Planned Environment Therapy Trust (PETT).

Expenditure on charitable activities was higher at £5,948,473 compared to £5,773,474 in 2019, mostly driven by increased staff costs.

The total cash and bank balances as at 31 August 2020 were £5,618,746 (2019: £5,839,997) of which £322,669 was held to meet current liabilities. The reduction in cash and bank balances was related to the

The Mulberry Bush Organisation Limited

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

Year ended 31 August 2020

reduced level of activity. We were successful in keeping the amounts due from local authorities at a reasonably low level.

Total reserves are £12,069,096 of which £3,997,743 are in restricted funds. Of the restricted funds, there is a total of £3,541,202 held in the capital, playgrounds and vehicle funds which is an amount 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.

In addition to cash reserves, the trustees are aware that the charity occupies land at Standlake and Toddington which have the potential to generate significant value for the charity should circumstances require.

Based on the budgeted running costs for the year ending 31 August 2021, the reserves policy requires the trustees to aim for £4.8m to be retained in unrestricted net current assets. At 31 August 2020, the charity held £4.9m in unrestricted net current assets. The reserves policy is regarded as an indicator rather than as a mandatory requirement and is reviewed annually.

Fundraising

The charity is registered with the Fundraising Regulator and seeks to comply with their code in all respects, including having a complaints policy, and have received no complaints about our fundraising activities. We do not make use of professional fundraisers or commercial participants.

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 Charity Executive a rolling strategic plan that looks at the vision and objectives of the school. The strategic objectives of the 2021-2026 plan include:

Practice:

1. To continue to maximise and manage well a referral stream of children referred to the School for specialist 38 and 52 week care, treatment and education.
2. To continue to market and promote our 38 week and 52 week offer, with The Burrow as an on-site service for up to 6 children in need of 52 week provision
3. To seek a site for, and to establish a specialist therapeutic residential secondary school.
4. To extend our offer of services to help families, by further developing the Therapies and Networks Team's family support and intervention work.

The Mulberry Bush Organisation Limited

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

Year ended 31 August 2020

Plans for future periods (continued)

Support and Influence:

5. To increase the numbers of children and staff who benefit from The Mulberry Bush Outreach services across schools and social care.
6. To extend the reach and influence of the International Centre through partnerships with active global networks and organisations such as FICE and Family for Every Child.
7. To further develop the reach and influence of The Mulberry Bush Research.
8. To develop The Mulberry Bush Third Space as a National Centre for Reflective Practice.

Trustees' responsibilities

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

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) 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.

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

Year ended 31 August 2020

Trustees' responsibilities (continued)

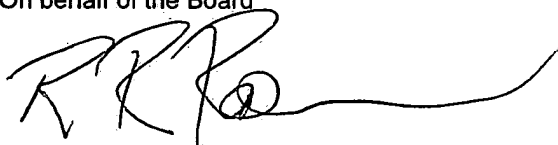
Disclosure of information to the auditors

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

A handwritten signature in black ink, appearing to be 'RRR' followed by a long horizontal flourish.

Richard Rollinson, Chair
14 November 2020

The Mulberry Bush Organisation Limited

Independent Auditor's Report

Year ended 31 August 2020

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

We have audited the financial statements of The Mulberry Bush Organisation Limited (the "Charity") for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 August 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

The Mulberry Bush Organisation Limited

Independent Auditor's Report

Year ended 31 August 2020

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the directors' report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

- sufficient accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out on page 10, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charity'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 Charity'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 Charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Robert Kirtland (Senior Statutory Auditor)



26 November 2020

For and on behalf of Critchleys Audit LLP
Beaver House
23-38 Hythe Bridge Street
Oxford
OX1 2EP

The Mulberry Bush Organisation Limited

Statement of Financial Activities (Including Income and Expenditure Account)

Year ended 31 August 2020

	Note	2020				2019			
		Unrestricted funds General £	Designated £	Restricted funds £	Total £	Unrestricted funds General £	Designated £	Restricted funds £	Total £
Income from									
Donations	2	846,329	73,884	101,908	1,022,121	315,164	115,566	358,418	789,148
Charitable activities	3	5,340,323	-	-	5,340,323	5,805,674	-	-	5,805,674
Investments	4	11,806	-	-	11,806	11,790	-	-	11,790
Total income		6,198,458	73,884	101,908	6,374,250	6,132,628	115,566	358,418	6,606,612
Expenditure on:									
Raising funds		53,176	-	-	53,176	43,782	-	-	43,782
Charitable activities	5	5,529,362	27,235	391,876	5,948,473	5,408,434	29,270	335,770	5,773,474
Total expenditure		5,582,538	27,235	391,876	6,001,649	5,452,216	29,270	335,770	5,817,256
Net income/(expenditure)		615,920	46,649	(289,968)	372,601	680,412	86,296	22,648	789,356
Transfers between funds		-	(223,296)	223,296	-	(3,901)	-	3,901	-
Net movement in funds		615,920	(176,647)	(66,672)	372,601	676,511	86,296	26,549	789,356
Reconciliation of funds:									
Total funds brought forward	16	7,391,589	240,491	4,064,415	11,696,495	6,715,078	154,195	4,037,866	10,907,139
Total funds carried forward	16	8,007,509	63,844	3,997,743	12,069,096	7,391,589	240,491	4,064,415	11,696,495

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 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	12	6,448,033	6,014,655
Current assets			
Debtors	13	324,986	295,059
Cash at bank and in hand		5,618,746	5,839,997
		<u>5,943,732</u>	<u>6,135,056</u>
Creditors: amounts falling due within one year	14	(322,669)	(453,216)
Net current assets		<u>5,621,063</u>	<u>5,681,840</u>
Net assets		<u>12,069,096</u>	<u>11,696,495</u>
Charity funds			
Restricted funds	16	3,997,743	4,064,415
Unrestricted funds	16	8,071,353	7,632,080
Total charity funds	16	<u>12,069,096</u>	<u>11,696,495</u>

The financial statements were approved and authorised for issue by the Board on 14 November 2020.

Signed on behalf of the Board of Trustees



Richard Rollinson, Chair
14 November 2020

The notes on pages 17 to 25 form part of these financial statements.

Company registration number: 538828

The Mulberry Bush Organisation Limited

Statement of Cash Flow

Year ended 31 August 2020

	Note	2020 £	2019 £
Cash flow from operating activities	18	51,344	1,953,256
Interest paid		-	-
Net cash flow from operating activities		<u>51,344</u>	<u>1,953,256</u>
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(284,401)	(172,970)
Interest received		11,806	12,791
Net cash flow from investing activities		<u>(272,595)</u>	<u>(160,179)</u>
Net cash flow from financing activities		<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		(221,251)	1,793,077
Cash and cash equivalents at 1 September 2019		5,839,997	4,046,920
Cash and cash equivalents at 31 August 2020		<u>5,618,746</u>	<u>5,839,997</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		3,618,746	3,839,997
Short term deposits		2,000,000	2,000,000
Cash and cash equivalents at 31 August 2020		<u>5,618,746</u>	<u>5,839,997</u>

The Mulberry Bush Organisation Limited

Notes to the Financial Statements

Year ended 31 August 2020

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.

(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 charity receives government grants in respect of both The Mulberry Bush School and Outreach. 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 Mulberry Bush Organisation Limited

Notes to the Financial Statements

Year ended 31 August 2020

(c) Income recognition (continued)

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.

Fundraising 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 2020

(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

	2020 £	2019 £
Gifts	675,793	473,984
Grants	346,328	315,164
	<u>1,022,121</u>	<u>789,148</u>

3 Income from charitable activities

	2020 £	2019 £
Mulberry Bush School	5,179,893	5,645,356
Mulberry Bush Learning & Research Centre	286,147	370,145
Mulberry Bush Third Space	10,964	3,901
International Centre	12,951	5,886
Less intra-charity charges	<u>(149,632)</u>	<u>(219,614)</u>
	<u>5,340,323</u>	<u>5,805,674</u>

The Mulberry Bush Organisation Limited

Notes to the Financial Statements

Year ended 31 August 2020

4 Income from investments

	2020 £	2019 £
Interest receivable	<u>11,806</u>	<u>11,790</u>

5 Analysis of expenditure on charitable activities

2020	Activities undertaken directly £	Support costs £	Total £
Mulberry Bush School - Practice	4,545,977	947,585	5,493,562
Mulberry Bush Learning and Research Centre - Support	371,664	46,708	418,372
Mulberry Bush Third Space - Influence	142,038	44,133	186,171
Less intra-charity charges	(149,632)	-	(149,632)
	<u>4,910,047</u>	<u>1,038,426</u>	<u>5,948,473</u>
2019	Activities undertaken directly £	Support costs £	Total £
Mulberry Bush School - Practice	4,377,868	1,063,540	5,441,408
Mulberry Bush Learning and Research Centre - Support	393,697	47,035	440,732
Mulberry Bush Third Space - Influence	90,082	20,866	110,948
Less intra-charity charges	(219,614)	-	(219,614)
	<u>4,642,033</u>	<u>1,131,441</u>	<u>5,773,474</u>

6 Allocation of support costs

2020	Basis of allocation	Raising funds £	Practice £	Support £	Influence £	Total £
Staff	Actual	-	213,135	-	-	213,135
Premises	Actual	-	170,469	29,035	30,924	230,428
IT support	Per head	-	72,542	4,411	3,262	80,215
Insurance	Per head	-	40,367	2,349	-	42,716
Office	Per head	-	83,988	4,887	-	88,875
Marketing	Per head	-	38,420	2,236	-	40,656
Professional fees	Per head	-	58,782	3,421	-	62,203
Other	Per head	-	6,495	369	-	6,864
Depreciation	Actual	-	263,387	-	9,947	273,334
Disposals	Actual	-	-	-	-	-
Total		-	<u>947,585</u>	<u>46,708</u>	<u>44,133</u>	<u>1,038,426</u>

The Mulberry Bush Organisation Limited

Notes to the Financial Statements

Year ended 31 August 2020

6 Allocation of support costs (continued)

2019

	Basis of allocation	Raising funds	Practice	Support	Influence	Total
		£	£	£	£	£
Staff	Actual	-	208,528	-	-	208,528
Premises	Actual	-	204,330	28,531	19,826	252,687
IT support	Per head	-	66,518	3,871	-	70,389
Insurance	Per head	-	42,255	2,459	-	44,714
Office	Per head	-	62,903	3,660	-	66,563
Public relations	Per head	-	69,130	4,023	-	73,153
Professional fees	Per head	-	68,062	3,961	-	72,023
Other	Per head	-	9,115	530	-	9,645
Depreciation	Actual	-	332,699	-	1,040	333,739
Disposals	Actual	-	-	-	-	-
Total		-	1,063,540	47,035	20,866	1,131,441

7 Governance costs

	Note	2020 £	2019 £
Trustee remuneration	10	-	-
Trustee expenses		1,088	718
Auditor's remuneration (including expenses)	9	7,800	7,560
Auditor's non-audit remuneration		3,482	2,352
		<u>12,370</u>	<u>10,630</u>

8 Net income/(expenditure) for the year

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

	2020 £	2019 £
Depreciation of tangible fixed assets	<u>273,334</u>	<u>333,739</u>

9 Auditor's remuneration

	2020 £	2019 £
Fees payable to the charity's auditor to audit the annual accounts	<u>7,800</u>	<u>7,560</u>
Fees payable to the charity's auditor for other services:		
Audit-related assurance	1,770	1,680
Other services	<u>1,712</u>	<u>552</u>
	<u>3,482</u>	<u>2,352</u>

The Mulberry Bush Organisation Limited

Notes to the Financial Statements

Year ended 31 August 2020

10 Trustees' and key management personnel remuneration and expenses

The trustees neither received nor waived any remuneration during the year (2019 - Nil).

The total amount of employee benefits received by key management personnel was £322,683 (2019 - £285,338). The Trust considers its key management personnel comprise its trustees and charity leadership team.

The reimbursement of trustees' expenses was as follows:

	2020 Number	2019 Number	2020	2019
Travel	2	2	1,088	718

11 Staff costs and employee benefits

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

	2020 Number	2020 FTE	2019 Number	2019 FTE
Raising funds	1	0.5	1	0.4
Charitable activities:				
Mulberry Bush School	108	105.5	109	101.1
Mulberry Bush Learning & Research	8	6.6	8	7.0
Mulberry Bush Third Space	4	2.8	1	0.7
	121	115.4	119	109.2

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

	2020 £	2019 £
Wages and salaries	3,928,311	3,629,239
Social security	394,695	360,915
Apprenticeship levy	4,732	3,192
Defined contribution pension costs	248,387	213,876
	<u>4,576,125</u>	<u>4,207,222</u>

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

	2020 Number	2019 Number
£60,001 - £70,000	2	2
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
£90,001 - £100,000	1	1

The Mulberry Bush Organisation Limited

Notes to the Financial Statements

Year ended 31 August 2020

12 Tangible fixed assets

	Freehold land and buildings £	Furniture and equipment £	Motor vehicles £	Total £
Cost or valuation:				
At 1 September 2019	7,275,659	570,357	125,370	7,971,386
Additions	616,050	90,662	-	706,712
Disposals	-	-	-	-
At 31 August 2020	<u>7,891,709</u>	<u>661,019</u>	<u>125,370</u>	<u>8,678,098</u>
Depreciation:				
At 1 September 2019	1,432,451	438,699	85,581	1,956,731
Charge for the year	213,580	49,807	9,947	273,334
Disposals	-	-	-	-
At 31 August 2020	<u>1,646,031</u>	<u>488,506</u>	<u>95,528</u>	<u>2,230,065</u>
Net book value:				
At 31 August 2020	<u>6,245,678</u>	<u>172,513</u>	<u>29,842</u>	<u>6,448,033</u>
At 31 August 2019	<u>5,843,208</u>	<u>131,658</u>	<u>39,789</u>	<u>6,014,655</u>

13 Debtors

	2020 £	2019 £
Trade debtors	277,513	250,514
Prepayments	36,989	32,092
Other debtors	10,484	12,453
	<u>324,986</u>	<u>295,059</u>

14 Creditors: amounts falling due within one year

	2020 £	2019 £
Operating creditors	62,091	70,281
Creditors in respect of fixed assets	85,657	163,347
Other tax and social security	102,333	98,013
Accruals and deferred income	725	1,500
Pensions liability	34,868	42,967
Other creditors	36,995	77,108
	<u>322,669</u>	<u>453,216</u>

15 Contingent liabilities

There were no contingent liabilities at 31 August 2020 (2019 – Nil).

The Mulberry Bush Organisation Limited

Notes to the Financial Statements

Year ended 31 August 2020

16 Fund reconciliation

Unrestricted funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers £	Balance at 31 August 2020 £
General	7,391,589	6,198,458	5,582,538	-	8,007,509
Designated:					
Additional resources	240,491	73,884	27,235	(223,296)	63,844
	<u>7,632,080</u>	<u>6,272,342</u>	<u>5,609,773</u>	<u>(223,296)</u>	<u>8,071,353</u>

Restricted funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers £	Balance at 31 August 2020 £
Original buildings	2,615,308	-	93,446	-	2,521,862
The Burrow	1,056,435	-	83,919	-	972,516
Capital	3,671,743	-	177,365	-	3,494,378
Vehicles	14,841	-	4,377	-	10,464
Playgrounds	58,602	-	12,120	-	46,482
Refurbishment	400,398	5,360	-	27,161	432,919
Library	10,019	-	6,519	-	3,500
Family weekend work	-	10,000	-	-	10,000
Training support	11,000	11,000	22,000	-	-
Mulberry Bush	(107,047)	75,548	164,636	196,135	-
Third Space International Centre	4,859	-	4,859	-	-
	<u>4,064,415</u>	<u>101,908</u>	<u>391,876</u>	<u>223,296</u>	<u>3,997,743</u>

Fund descriptions

a) Unrestricted funds are held to help fulfil The Mulberry Bush charitable objects and underpin its risk management and reserves policy.

b) Designated funds are unrestricted funds earmarked by the trustees for particular projects and resources not funded by local authority fees.

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 and charged with the depreciation of the buildings paid for from the fund. The Vehicles fund is used for the purchase vehicles and the related depreciation is charged to the fund each year.

The Playgrounds fund is available to contribute to the cost of playgrounds improvement.

The refurbishment fund will be used for site improvements and refurbishment. Initially, this was set up with money raised by the 70th anniversary appeal. Use of the money has been delayed by the pandemic.

The Library fund has money which was given for a library for the children at the School.

The Mulberry Bush Organisation Limited

Notes to the Financial Statements

Year ended 31 August 2020

Fund descriptions (continued)

The family weekend fund was used for work with the families of children at Mulberry.
The training support fund was used to fund some of the training required for Mulberry staff.
The Mulberry Bush Third Space fund was originally intended to cover the first three years of its operation. The activities there are now being incorporated into the ongoing activities of the whole charity.
The International Centre fund was used for the development of the International Centre as a charitable activity.

17 Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Restricted funds £	Total £
Fixed assets	2,906,831	-	3,541,202	6,448,033
Cash at bank and in hand	5,012,704	63,844	542,198	5,618,746
Other net current assets	87,974	-	(85,657)	2,317
Total	8,007,509	63,844	3,997,743	12,069,096

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

	2020 £	2019 £
Net income for the year	372,601	789,356
Interest receivable	(11,807)	(11,790)
Depreciation of tangible fixed assets	273,334	333,739
Gift in kind	(500,000)	-
Decrease/(increase) in debtors	(29,927)	828,422
Increase/(decrease) in creditors	(52,857)	13,529
Net cash flow from operating activities	51,344	1,953,256

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 £248,387 (2019 - £213,842).

20 Financial commitments

The charity has an operating lease related to an office and meeting room facility, used principally as the Learning & Research Centre, under which £23,040p.a. is payable by monthly instalments until the lease expires on 25 February 2025, subject to rent review and break clauses effective in 2021 and 2023. £11,520 was paid during the year; £23,040 is payable within one year; and £80,690 is payable in 1-5 years.

21 Related party transactions

Travelling expenses totalling £1,088 were paid to two trustees (2019 - £648 to two trustees). Mulberry Bush received the assets of the Planned Environment Therapy Trust (PETT), comprising £500,000 in land and £75,548 in liquid funds. One trustee was also trustee of PETT until its closure in September 2020.