

REGISTERED COMPANY NUMBER: 00541304 (England and Wales)
REGISTERED CHARITY NUMBER: 228037

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2017
FOR
SOLDEN HILL HOUSE LIMITED



Smith Hodge & Baxter
Chartered Accountants
& Statutory Auditors
Thorpe House
93 Headlands
KETTERING
Northamptonshire
NN15 6BL

SOLDEN HILL HOUSE LIMITED

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FOR THE YEAR ENDED 31 MARCH 2017

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SOLDEN HILL HOUSE LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 MARCH 2017**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2017. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

OBJECTIVES AND ACTIVITIES

Objectives and aims

Objects

The charity's objectives are:

- to provide a supportive, stimulating and safe home for adults with a wide range of disabilities by the provision of residential accommodation and of facilities for learning and recreation at the Charity's premises in Byfield in the county of Northamptonshire or elsewhere,
- to provide domiciliary care for adults with a wide range of disabilities at the Charity's premises in Byfield in the county of Northamptonshire or elsewhere,
- to help and encourage adults with a wide range of learning disabilities to develop their full potential by supporting them in achieving their goals while celebrating their individuality, particularly by the application of the principles of Rudolf Steiner.

Strategies and Activities

The philosophy of care employed to assist the charity to meet these objectives with regard to its residents are as follows:

- Provision of varied activities, both structured and in accordance with residents' wishes.
- Support of well trained and committed staff.
- A safe and secure environment.
- Co-operation with friends and families.
- Use of expertise from outside of Solden Hill House as required to improve quality of care.

The charity's policy is to consult and discuss with employees matters likely to affect their interests through staff meetings, the wellbeing group and supervisions.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance and matters likely to affect employees' interests.

The focus of our work

The objectives and services provided have been reviewed during the year as part of an updating of the Articles of Association. The charity's main objectives for the year continued to be improving the lives of all residents.

The strategies used to meet these objectives included:

- Improving community links;
- Ensuring residents have choice and control over their lives;
- Focusing all staff on completing mandatory and specific training ;
- Working in partnership with other agencies to secure the widest range of services available.

Aims, objectives and activities are reviewed each year. This review looks at what was achieved and the outcomes of work in the previous 12 months. The review looks at the success of each key activity and the benefits they have brought to residents.

The home will continue to be open without restriction to people from whatever means.

Public benefit

The Trustees have paid due regard to the Charity Commission's guidance on public benefit in deciding the activities undertaken by the charity during the year. Solden Hill House's charitable objects are enshrined within its memorandum and articles and as such the Trustees ensure that the charity's activities are carried out for the public benefit through its strategic priorities. This is done primarily through the delivery of services aimed at those with learning disabilities. This report allows us to show how charitable funds are spent, the impact and benefits that these have on those using our services and the wider impact on society.

The Trustees are satisfied that the information provided in the report and accounts meets the public benefit reporting requirements.

SOLDEN HILL HOUSE LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 MARCH 2017**

ACHIEVEMENT AND PERFORMANCE

Charitable activities

During the year under review the charity provided care for thirty residents, which was maximum capacity.

An inspection was carried out during the year by the Quality Improvement Team, Northamptonshire at Solden Hill House.

The inspection judges all aspects of our work and rates them in percentages of compliance with CQC standards. Solden Hill House's overall score was 97%.

The hard work and dedication of all staff has again maintained a tight control over expenditure, although it is recognised that there are substantial property repair costs to come in the near future. With fee income at optimum level this has given rise to an exceptional trading surplus.

The Trustees are satisfied that the objects of the charity have been achieved.

Summary of main achievements

The charity made progress on the following:

- Pathway- construction of a pathway within the grounds has allowed access to our craft and music room for residents with limited mobility. This will be extended in the new year.
- Giles registration- Giles House is now registered with CQC to provide personal care for adults with learning disabilities. This will be a supported living placement to support individuals to be more independent and have more control over their environment. This is in line with the local authorities' strategic housing plans and will provide capacity for two further adults.
- Updating houses- to ensure a homely feel throughout Solden Hill House new furniture and fittings continue to be provided throughout the residential homes;
- Developing workshops- new equipment has been purchased and this is continuing to enable positive outcomes for all residents. Different workshops are offered daily.

The charity has also been assisting all staff to develop and enhance new skills to support a changing client group.

FINANCIAL REVIEW

Financial position

The income for the year increased to £1,433,696 compared to £1,208,927 for the previous year. Income arises predominantly from fees for residents and the improvement arose due to maximum occupancy throughout the year. This year also included £64,131 of prior year income arising predominantly from a detailed review of accounting for fees receivable.

Costs increased only modestly to £1,161,014 (2016: £1,114,041) arising from savings in wages, agency costs and other overheads.

There was an increase in value of investments of £30,457 supported by a strong stock market compared to previous year loss of £6,649.

Recognising the need for substantial property repairs over the next 1-2 years the Trustees have put aside £150,000 into a Designated Reserve.

In addition, there were two exceptional adjustments. As required by FRS102 a provision has been made for future payments to make up the funding shortfall in the defined benefit pension scheme. These fall due annually until July 2035, being paid from current income, and the discounted present value provided for is £1,196,747 set against unrestricted reserves. The Trustees also had the freehold properties valued on an existing use basis. These were previously recorded at historical cost and the surplus was £2,699,318. This has been allocated to unrestricted and restricted reserves pro rata to the origination of the original funds used to purchase the properties.

The above resulted in a deficit for the year of £893,770 compared to the previous year with a surplus of £88,237.

Principal funding sources

The large majority of funding arises from fees charged for the provision of residential care. Depending on individual circumstance these fees are met, in varying proportions, by Local Authorities, the Department for Work and Pensions or the residents' families if privately funded.

Investment policy and objectives

The charity reviewed its investment policy during the year and appointed Gore Browne Investment Management as its advisors. The investment portfolio is under active review. Steps are also being taken to diversify its bank accounts from predominantly with Lloyds Bank PLC to minimise risk and earn some interest income.

The objective of these investments is to obtain the best financial return with an acceptable level of risk. A total return approach is being followed to generate a reliable dividend and interest stream together with capital growth thereby seeking to optimise overall returns. Sufficient cash funds are retained to meet short term needs. The Trustees deem the returns on these investments to be reasonable.

SOLDEN HILL HOUSE LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 MARCH 2017**

FINANCIAL REVIEW

Reserves policy

The Trustees have re-examined the charity's reserves policy and have assessed the requirement for unrestricted reserves on a risk based analysis of all income and expenditure. The principle risk to the organisation is occupancy level which directly impacts income, and secondary risks are the level of staff and property maintenance costs and the pension fund deficit. This assessment indicates that unrestricted reserves excluding those tied up in property cost should be maintained in the range of £625,000-£725,000.

The level of reserves held at the end of the year was £3,320,505 (2016: £1,514,957) and full details are included in note 20 to the accounts. Unrestricted reserves were £984,464 (2016: £821,401). Excluding those reserves invested in fixed assets and adding back the reserves absorbed by the pension fund deficit which is being met by annual payments to the recovery plan the available unrestricted reserves are £632,224 (2016: £369,426), i.e. held in cash, investments and working capital. It is the view of the Trustees that the company has adequate but not excessive reserves to meet its obligations as they fall due.

FUTURE PLANS

The Trustees are in the process of carrying out a strategic review to ensure that Solden Hill continues to evolve recognising the changing needs of its residents and Local Authority clients whilst continuing to achieve its objectives, being mindful of the need to maintain full capacity of resident numbers.

Specific plans include:

Animals- it is planned for Solden Hill to house a variety of animals within our grounds. Residents and staff will nurture and care for the animals, which can decrease stress, negativity and promote a caring environment.

Workshops- we will continue to develop our choices of workshops and purchase the equipment needed to ensure they meet the objectives set.

Vegetable garden- to encourage all of the residents to eat healthy and to learn basic skills to maintain a food source.

In addition, it is intended to develop the grounds to make them more accessible for people with limited mobility and to allow sporting activities to take place.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The organisation is a charitable company limited by shares, incorporated on 30 November 1954 and registered as a charity on 30 December 1963. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association.

Recruitment and appointment of new trustees

Trustee vacancies are advertised. New Trustees are elected to the board by majority vote of existing Trustees after consultation with the management.

Trustees meet the management and other Trustees prior to appointment. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Organisational structure

The board of Trustees administers the charity. The board meets quarterly and in the interim is consulted by management on matters as deemed necessary. A General Manager is appointed by the Trustees to manage the day to day operations of the charity. To facilitate effective operations, the General Manager has delegated authority, within limits agreed by the board of Trustees and as required in her role as the Registered Manager of Solden Hill House.

Key management remuneration

Is noted in the financial statements. The policy for setting remuneration is at the direction of the Directors and an annual review is undertaken.

Risk management

The Trustees have assessed the major risks to which the charity is exposed. Where appropriate, systems or procedures have been established to mitigate the risks the charity faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects.

Procedures are in place to ensure compliance with health and safety of staff, volunteers, service users and visitors to the centre. These procedures are periodically reviewed to ensure that they continue to meet ongoing requirements.

The care home operations of the charity are subject to inspections by the Care Quality Commission.

The Trustees confirm the charity's commitment to the maintenance of a protection from abuse policy

SOLDEN HILL HOUSE LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 MARCH 2017**

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

00541304 (England and Wales)

Registered Charity number

228037

Registered office

Banbury Road
Byfield
Daventry
Northamptonshire
NN11 6UA

Trustees

Mrs E Horton	Chair	
Mrs W Coleman	Trustee	- appointed 10.9.2016
T R Espley	Trustee	- appointed 4.10.2016
Mrs E J Ferguson	Vice Chair	
S E Bown	Finance Director	
Mrs M Oliver	Trustee	- resigned 6.5.2016
Mrs D E Thomas	Trustee	- resigned 6.5.2016
Mrs E C Wardlaw	Trustee	
K M Westcott	Trustee	- appointed 3.2.2017

All of the Trustees are volunteers and receive no payment.

Company Secretary

Mrs M Z Lewis

Auditors

Smith Hodge & Baxter
Chartered Accountants
& Statutory Auditors
Thorpe House
93 Headlands
KETTERING
Northamptonshire
NN15 6BL

Investment Advisers

Gore Browne Investment Management

Bankers

Lloyds Bank Plc
12 High Street
Banbury
Oxfordshire
OX16 8EF

General Manager

Emma Steele

SOLDEN HILL HOUSE LIMITED

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

TRUSTEES RESPONSIBILITY STATEMENT

The trustees (who are also the directors of Solden Hill House Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping 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. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

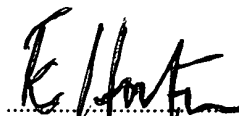
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Smith Hodge & Baxter, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 17th September and signed on its behalf by:


.....
Mrs E Horton - Chair

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SOLDEN HILL HOUSE LIMITED

We have audited the financial statements of Solden Hill House Limited for the year ended 31 March 2017 on pages eight to twenty one. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 the charitable company's 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 Trustees Responsibility Statement set out on page five, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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 Report of the Trustees 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 March 2017 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOLDEN HILL HOUSE LIMITED**

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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Smith Hodge + Baxter.

Caroline Armstrong (Senior Statutory Auditor)
for and on behalf of Smith Hodge & Baxter
Chartered Accountants
& Statutory Auditors
Thorpe House
93 Headlands
KETTERING
Northamptonshire
NN15 6BL

Date: 24 October 2017

SOLDEN HILL HOUSE LIMITED**STATEMENT OF FINANCIAL ACTIVITIES**
FOR THE YEAR ENDED 31 MARCH 2017

		Unrestricted funds £	Restricted funds £	Total 2017 funds £	Total 2016 funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	3	15,878	-	15,878	9,223
Other trading activities	4	1,412,081	114	1,412,195	1,193,879
Investment income	5	<u>5,623</u>	<u>-</u>	<u>5,623</u>	<u>5,825</u>
Total		1,433,582	114	1,433,696	1,208,927
EXPENDITURE ON					
Charitable activities	6				
Direct Charitable Expenditure		1,161,014	-	1,161,014	1,114,041
Other	8	<u>1,196,909</u>	<u>-</u>	<u>1,196,909</u>	<u>-</u>
Total		2,357,923	-	2,357,923	1,114,041
Net gains/(losses) on investments	14	<u>30,457</u>	<u>-</u>	<u>30,457</u>	<u>(6,649)</u>
NET INCOME/(EXPENDITURE)		(893,884)	114	(893,770)	88,237
Other recognised gains/(losses)					
Gains/(losses) on revaluation of fixed assets		<u>1,056,947</u>	<u>1,642,371</u>	<u>2,699,318</u>	<u>-</u>
Net movement in funds		163,063	1,642,485	1,805,548	88,237
RECONCILIATION OF FUNDS					
Total funds brought forward		821,420	693,556	1,514,976	1,426,739
TOTAL FUNDS CARRIED FORWARD		<u>984,483</u>	<u>2,336,041</u>	<u>3,320,524</u>	<u>1,514,976</u>

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

SOLDEN HILL HOUSE LIMITED**BALANCE SHEET**
AT 31 MARCH 2017

		2017 £	2016 £
FIXED ASSETS			
Tangible assets	13	3,842,822	1,103,420
Investments	14	<u>201,267</u>	<u>171,033</u>
		4,044,089	1,274,453
CURRENT ASSETS			
Stocks	15	3,000	5,950
Debtors	16	90,712	105,996
Cash at bank and in hand		<u>486,983</u>	<u>275,049</u>
		580,695	386,995
CREDITORS			
Amounts falling due within one year	17	<u>(107,513)</u>	<u>(146,472)</u>
NET CURRENT ASSETS		<u>473,182</u>	<u>240,523</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,517,271	1,514,976
PROVISIONS FOR LIABILITIES	18	<u>(1,196,747)</u>	<u>-</u>
NET ASSETS		<u><u>3,320,524</u></u>	<u><u>1,514,976</u></u>
FUNDS	20		
Unrestricted funds:			
General fund		974,264	821,401
Revaluation reserve		1,056,947	-
Share capital		19	19
Pension Liability Fund		(1,196,747)	-
Designated Fund		<u>150,000</u>	<u>-</u>
		984,483	821,420
Restricted funds		<u>2,336,041</u>	<u>693,556</u>
TOTAL FUNDS		<u><u>3,320,524</u></u>	<u><u>1,514,976</u></u>


The notes form part of these financial statements

SOLDEN HILL HOUSE LIMITED

BALANCE SHEET - CONTINUED
AT 31-MARCH 2017

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements were approved by the Board of Trustees on17 Sep 2017..... and were signed on its behalf by:


.....
S E Bown – Finance Director

SOLDEN HILL HOUSE LIMITED**CASH FLOW STATEMENT**
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Cash flows from operating activities:			
Cash generated from operations	1	<u>272,343</u>	<u>150,559</u>
Net cash provided by (used in) operating activities		<u>272,343</u>	<u>150,559</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(60,632)	(6,016)
Gains of fixed asset investments		<u>223</u>	<u>24,923</u>
Net cash provided by (used in) investing activities		<u>(60,409)</u>	<u>18,907</u>
Change in cash and cash equivalents in the reporting period		211,934	169,466
Cash and cash equivalents at the beginning of the reporting period		<u>275,049</u>	<u>105,583</u>
Cash and cash equivalents at the end of the reporting period		<u><u>486,983</u></u>	<u><u>275,049</u></u>

The notes form part of these financial statements

SOLDEN HILL HOUSE LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017	2016
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(893,770)	88,237
Adjustments for:		
Depreciation charges	20,386	18,895
(Gain)/losses on investments	(30,457)	6,649
Loss on disposal of fixed assets	162	-
Provision for pension contributions	1,196,747	-
Decrease in stocks	2,950	350
Decrease/(increase) in debtors	15,284	(5,214)
(Decrease)/increase in creditors	(38,959)	41,642
Net cash provided by (used in) operating activities	<u>272,343</u>	<u>150,559</u>

SOLDEN HILL HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 MARCH 2017**

1. STATUTORY INFORMATION

Solden Hill House Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Reference and Administrative Details section of the Report of the Trustees.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

- **Donations**
Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.
- **Fees & Allowances**
Local council resident fees are recognised in full in the Statement of Financial Activities in the year for which they are receivable.
- **Sundry Income**
Sundry income, including one-off payments for additional assistance for residents, is recognised on a receivable basis.
- **Investment Income**
Investment income, including dividends, are recognised in the period it is receivable.

Expenditure and irrecoverable VAT

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

- **Charitable Activities**
These are costs incurred on the charity's operations, including support costs and costs relating to governance of the charity apportioned to charitable activities.
- **Non-charitable Activities**
These costs include gains/losses on fixed assets disposals and charges incurred on the provision for deferred pension liability.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

SOLDEN HILL HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED **FOR THE YEAR ENDED 31 MARCH 2017**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Freehold properties are not depreciated due to long estimated remaining useful economic life and that the residual value would not be less than its carrying value.

Depreciation is provided on tangible fixed assets, other than land, at rates calculated to write off the cost on a straight line basis over their economic lives as follows:

Fixtures and fittings	- 10 years straight line
Motor vehicles	- 4 years straight line
Computer equipment	- 4 years straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Fixed asset investments

Fixed asset investments are held at market value as at the balance sheet date with movements shown in the Statement of Financial Activities.

Pension costs and other post-retirement benefits

The charitable company operates a defined benefit pension scheme and a stakeholder scheme for the benefit of its employees. The costs of contributions are written off against revenue in the year they are payable.

FRS 102 first time adoption

Solden Hill House Limited has prepared its first financial statements that comply with FRS 102 for the year ended 31 March 2017. The transition date to FRS 102 was 1 April 2016. In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. In conclusion, there were no changes in accounting policies compared to those used previously.

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet and cash flow statement comprise of cash at banks and in hand.

SOLDEN HILL HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

2. ACCOUNTING POLICIES - continued

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost/income for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the pension liability.

The Freehold Property and Land revaluation is based on reports from a Chartered Surveyor, supplemented by indices provided by the Surveyor in the intervening period. This revaluation is not depreciated on the basis that the charity continues to maintain the property, and therefore maintaining the residual value.

3. DONATIONS AND LEGACIES

	2017	2016
	£	£
Donations and gifts	15,878	5,223
Grants	-	4,000
	<u>15,878</u>	<u>9,223</u>

The income from donations and legacies was £15,878 (2016: £9,223) of which £15,878 (2016: £5,223) was unrestricted and £NIL (£4,000) was restricted.

Grants received, included in the above, are as follows:

	2017	2016
	£	£
Other grants	-	4,000

4. OTHER TRADING ACTIVITIES

	2017	2016
	£	£
Sundry Income	3,692	-
Fees & Allowances	1,344,372	1,193,879
Income under local council contracts	64,131	-
	<u>1,412,195</u>	<u>1,193,879</u>

The income from other trading activities was £1,412,195 (2016: £1,193,879) of which £1,412,081 (2016: £1,204,213) was unrestricted and £114 (2016: £NIL) was restricted.

SOLDEN HILL HOUSE LIMITED**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**
FOR THE YEAR ENDED 31 MARCH 2017**5. INVESTMENT INCOME**

	2017	2016
	£	£
Interest	27	31
Dividend	<u>5,596</u>	<u>5,794</u>
	<u><u>5,623</u></u>	<u><u>5,825</u></u>

Investment income was £5,623 (2016: £5,825) of which £5,623 (2016: £5,825) was unrestricted and £NIL (2016: £NIL) was restricted.

6. CHARITABLE ACTIVITIES COSTS

	Totals 2017 £000s	Totals 2016 £000s
Direct costs	1,155,954	1,109,821
Support costs (See note 7)	<u>5,060</u>	<u>4,220</u>
	<u><u>1,161,014</u></u>	<u><u>1,114,041</u></u>

Expenditure on charitable activities was £1,161,014 (2016: £1,114,041) of which £1,161,014 was unrestricted (2016: £1,109,732), and £0 was restricted (2016: £4,309).

Analysis of direct costs	Total 2017 £000s	Total 2016 £000s
Staff costs	826,372	806,303
Depreciation and impairment	20,386	18,895
Catering	63,396	64,256
Household and laundry	28,126	24,431
Medical	1,358	1,011
Educational and leisure	12,781	9,186
Insurance	11,772	8,882
Motor Expenses	15,653	12,319
Light, heat and water	57,269	53,135
Computer costs	20,087	19,921
Repairs and maintenance	31,797	55,823
Legal and professional	15,599	7,078
Marketing and advertising	1,756	504
Sundry expenses	12,547	3,369
Bank charges and interest	1,101	983
Rates	7,805	7,524
Staff training	4,744	3,967
Auditors' fees for non-audit work	<u>23,405</u>	<u>12,234</u>
Total direct costs	<u><u>1,155,954</u></u>	<u><u>1,109,821</u></u>

All of the charity's expenditure on charitable activities for both the current and previous periods was for its operations.

SOLDEN HILL HOUSE LIMITED**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**
FOR THE YEAR ENDED 31 MARCH 2017**7. SUPPORT COSTS**

Analysis of support costs	Total 2017 £000s	Total 2016 £000s
Auditors' remuneration - audit	4,440	3,600
Trustees insurance	620	620
Total direct costs	5,060	4,220

8. OTHER

	2017 £	2016 £
Loss on sale of assets	162	-
Provision for deferred pension liability	1,196,747	-
	1,196,909	-

9. NET INCOME/(EXPENDITURE)

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

	2017 £	2016 £
Auditors' remuneration - audit	4,440	3,600
Auditors' remuneration – non-audit	23,405	12,234
Depreciation - owned assets	20,386	18,896
Deficit on disposal of fixed asset	162	-

SOLDEN HILL HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

10. TRUSTEES' REMUNERATION AND BENEFITS

All of the Trustees are volunteers and received no remuneration in the year ended 31 March 2017 nor 31 March 2016.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2017 nor for the year ended 31 March 2016.

Trustees' indemnity insurance

There was payment of trustees' indemnity insurance during the year of £620 (2016:£620).

11. STAFF COSTS

	2017	2016
	£	£
Wages and salaries	612,992	603,169
Social security costs	44,161	45,699
Other pension costs	23,451	24,824
	<u>680,604</u>	<u>673,692</u>

The total employee benefits of the key management personnel of the Charity were £105,420 (2016: £94,712)

The average monthly number of employees during the year was as follows:

2017	2016
<u>37</u>	<u>38</u>

No employees received emoluments in excess of £60,000.

12. PENSIONS

Other resources expended include £1,196,747 (2016: £Nil) in respect of the recognition of the charitable company's share of its liability under a recovery plan for the Mercury Provident Pension Scheme (Further details are provided at Note 18 to the financial statements). The recovery plan was formally agreed by the scheme's trustees in December 2016 and the future contributions, which are payable until July 2035, have been discounted to arrive at their present value as at 31 March 2017.

SOLDEN HILL HOUSE LIMITED**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**
FOR THE YEAR ENDED 31 MARCH 2017**13. TANGIBLE FIXED ASSETS**

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION					
At 1 April 2016	1,070,682	389,351	50,026	10,698	1,520,757
Additions	-	42,726	-	17,906	60,632
Disposals	-	(1,441)	-	-	(1,441)
Revaluations	<u>2,699,318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,699,318</u>
At 31 March 2017	<u>3,770,000</u>	<u>430,636</u>	<u>50,026</u>	<u>28,604</u>	<u>4,279,266</u>
DEPRECIATION					
At 1 April 2016	-	379,833	32,156	5,348	417,337
Charge for year	-	6,548	11,342	2,496	20,386
Eliminated on disposal	<u>-</u>	<u>(1,279)</u>	<u>-</u>	<u>-</u>	<u>(1,279)</u>
At 31 March 2017	<u>-</u>	<u>385,102</u>	<u>43,498</u>	<u>7,844</u>	<u>436,444</u>
NET BOOK VALUE					
At 31 March 2017	<u>3,770,000</u>	<u>45,534</u>	<u>6,528</u>	<u>20,760</u>	<u>3,842,822</u>
At 31 March 2016	<u>1,070,682</u>	<u>9,518</u>	<u>17,870</u>	<u>5,350</u>	<u>1,103,420</u>

The charitable company's freehold property was revalued in the year by Goldsmiths, a firm of Chartered Surveyors regulated by RICS. The basis of the valuation was Existing Use Value.

The carrying value of the freehold property at 31 March 2017 is £3,770,000 (2016: £1,070,682), comprising historical cost £1,070,682 (2016: £1,070,682) and revaluation in 2017 £2,699,318 (2016: £Nil).

14. FIXED ASSET INVESTMENTS

	Listed investments £
MARKET VALUE	
At 1 April 2016	171,033
Revaluations	30,457
Cash movement	<u>(223)</u>
At 31 March 2017	<u>201,267</u>
NET BOOK VALUE	
At 31 March 2017	<u>201,267</u>
At 31 March 2016	<u>171,033</u>

There are investment assets held inside and outside the UK.

SOLDEN HILL HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

15. STOCKS

	2017	2016
	£	£
Stocks	<u>3,000</u>	<u>5,950</u>

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade debtors	43,413	45,085
Other debtors	38,717	49,779
Prepayments and accrued income	<u>8,582</u>	<u>11,132</u>
	<u>90,712</u>	<u>105,996</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade creditors	28,134	17,768
Social security and other taxes	(2,203)	-
Other creditors	43,145	91,603
Accruals and deferred income	<u>38,437</u>	<u>37,101</u>
	<u>107,513</u>	<u>146,472</u>

Accruals and deferred income include £Nil (2016: £322) in respect of pension contributions.

18. PROVISIONS FOR LIABILITIES

	2017	2016
	£	£
Pension liability	<u>1,196,747</u>	<u>-</u>

SOLDEN HILL HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

18. PROVISIONS FOR LIABILITIES - continued

The company participates in a funded defined benefit pension scheme, providing benefits based on final pensionable earning which is the basic salary. The scheme has equal pension rights with respect to members of either sex. The assets of the scheme are held in separate trustee administered (multi-employer) fund. The assets and liabilities of the fund are not wholly attributable to the company, as the fund includes the pensions of employees of other participating organisations.

The most recent formal actuarial valuation was undertaken by an independent professionally qualified actuary as at 31 March 2016 using the attained age method, using both the Statutory Funding Objective (SFO) basis and a buy-out solvency basis. At 31 March 2016 under the SFO basis the scheme had a funding shortfall of £19,944,000 and under the buy-out basis there was a shortfall of £25,897,000.

The principal assumptions which have the most significant effect on the valuation are those related to the rate of return on investments (assumed to be 2.3% pre and post-retirement, based on the return on Government gilts, bonds and equities) and the rates of increase in earnings (assumed to be 2.4%) and pensions (assumed to be in the range of 1.9% to 2.2%). These assumptions have been derived from the market yields applying at the valuation date.

As a result of the funding shortfall a recovery plan has been put in place in December 2016 to eliminate the shortfall, which requires the employers to make contributions at a rate of £960,003 per annum increasing each January by 5% compound, for a period from 1 January 2017 to 31 July 2035.

The discounted present value of Solden Hill House Limited's share of the contributions over this period is £1,196,747, and full provision has been made in these accounts accordingly.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Fixed assets	1,549,006	2,293,816	3,842,822	1,103,420
Investments	201,267	-	201,267	171,033
Current assets	538,470	42,225	580,695	386,995
Current liabilities	(107,513)	-	(107,513)	(146,472)
Provision for liabilities	(1,196,747)	-	(1,196,747)	-
	<u>984,483</u>	<u>2,336,041</u>	<u>3,320,524</u>	<u>1,514,976</u>

SOLDEN HILL HOUSE LIMITED**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**
FOR THE YEAR ENDED 31 MARCH 2017**20. MOVEMENT IN FUNDS**

	At 1.4.16 £	Net movement in funds £	Transfers between funds £	At 31.3.17 £
Unrestricted funds				
General fund	821,401	302,863	(150,000)	974,264
Revaluation reserve	-	1,056,947	-	1,056,947
Share capital	19	-	-	19
Pension Liability Fund	-	(1,196,747)	-	(1,196,747)
Designated Fund	-	-	150,000	150,000
	<u>821,420</u>	<u>163,063</u>	<u>-</u>	<u>984,483</u>
Restricted funds				
Apps House Fund	416,389	-	-	416,389
Giles House Fund	72,396	-	-	72,396
Innes House Fund	147,655	-	-	147,655
Pottery Fund	14,544	-	-	14,544
Generator Fund	464	-	-	464
F J Apps Training Fund	34,931	-	-	34,931
Welfare Fund	6,388	-	-	6,388
Sensory Fund	789	114	-	903
Revaluation reserve	-	1,642,371	-	1,642,371
	<u>693,556</u>	<u>1,642,485</u>	<u>-</u>	<u>2,336,041</u>
TOTAL FUNDS	<u><u>1,514,976</u></u>	<u><u>1,805,548</u></u>	<u><u>-</u></u>	<u><u>3,320,524</u></u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	1,433,582	(1,161,176)	30,457	302,863
Pension Liability Fund	-	(1,196,747)	-	(1,196,747)
Revaluation reserve	-	-	1,056,947	1,056,947
	<u>1,433,582</u>	<u>(2,357,923)</u>	<u>1,087,404</u>	<u>163,063</u>
Restricted funds				
Sensory Fund	114	-	-	114
Revaluation reserve	-	-	1,642,371	1,642,371
	<u>114</u>	<u>-</u>	<u>1,642,371</u>	<u>1,642,485</u>
TOTAL FUNDS	<u><u>1,433,696</u></u>	<u><u>(2,357,923)</u></u>	<u><u>2,729,775</u></u>	<u><u>1,805,548</u></u>

SOLDEN HILL HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED **FOR THE YEAR ENDED 31 MARCH 2017**

20. MOVEMENT IN FUNDS - continued

The General Fund represents the free funds which have not been designated for particular purposes.

The Designated Fund is for the anticipated expenditure on property maintenance.

The Revaluation Reserves represent the difference between the carry value of tangible fixed assets and their historical cost. These reserves were created in the year of the revaluation of the charitable company's freehold property in February 2017.

The following Restricted Funds are fully invested in fixed assets:

The Apps House Fund (formally the "New Building Funds 1986/1987") was set up in 1986 by way of donations specifically for the building and furnishing of a new residential block to house 11 residents, thus enabling the greater use of single accommodation in both main houses. The new house was called Apps House.

The Giles House Fund was set up in 1991 as the result of donations received in memory of a deceased resident, at the request of his family. The aim of the project was to renovate the old disused pottery for use as a three-bedroom staff house.

The Innes House Fund was set up in 1994 to receive donations for the extension of Flora Innes House following an appeal to parents and friends. The extension provided single accommodation for all residents in the house. The fund also provided for the purchase of a house in Fairbrother Close to provide temporary accommodation for these residents who were displaced while work was in progress at Innes House. The house in Fairbrother Close was sold in June 1999.

The Pottery Fund was set up in 1991 as the result of a donation. A new pottery was set up in the lower level of Apps House to provide a permanent workshop for the use of residents.

The Generator Fund was established by a donation of £13,000 received from the David Solomons Trust towards the cost of a generator to be installed on the main site.

The following Restricted Funds have balances held in current assets for future investment:

The F J Apps Training Fund was established in March 1999 as the result of donations in memory of F J Apps, Principal of Solden Hill House, who died on 13 March 1999. It provides funding for staff to undertake training and development in accordance with the principles of Rudolph Steiner.

The aim of the Welfare Fund is to enable service users who experience financial hardship to be able to access funding to use for their personal benefit for whatever purpose is considered appropriate, e.g. outings, holidays etc. An initial donation of £500 was received in the year ended 31 March 2008. Further donations will be encouraged and promoted.

The Sensory Room was established by a grant received from TMF of £4,000. Part of the conditions of the grant was that expenditure was restricted on the creation of the Sensory Room, which £903 remains unspent.

21. RELATED PARTY DISCLOSURES

During 2017 Solden Hill House Limited made a purchase from a company owned by the General Manager's Father. The transaction was worth £120.

22. SHARE CAPITAL

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
19 Ordinary shares of £1 each	<u>19</u>	<u>19</u>