

Company Registration No. 2365487  
Charity Registration No. 801571

# **The Brandon Trust**

## **Annual report and consolidated financial statements**

**For the Year Ended  
31 March 2016**



# **The Brandon Trust**

## **Contents**

<b>Directors' report</b>	<b>1 - 8</b>
Strategic Report	1
Structure, Governance and Management	7
Statement of Directors' responsibilities	8
<b>Auditor's report</b>	<b>9 - 10</b>
<b>Consolidated statement of financial activities</b>	<b>11</b>
<b>Consolidated balance sheet</b>	<b>12</b>
<b>Trust balance sheet</b>	<b>13</b>
<b>Statement of cash flows</b>	<b>14</b>
<b>Principal accounting policies</b>	<b>15 - 20</b>
<b>Notes to the consolidated financial statements</b>	<b>21 - 39</b>

## The Brandon Trust

### Reference and Administrative Information of the Charity

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#### Directors

J D Adams	Appointed 10 September 2014
J P Brendon	Resigned 18 August 2015
P J Colley	Resigned 18 October 2015
G R H Davies	Appointed 11 January 2012
B P Dean (Chair)	Appointed 12 January 2011
R A Fass	Resigned 29 June 2015
L J Ferguson	Appointed 9 January 2013
C W Hamshaw-Thomas	Resigned 21 October 2015
K E Kane	Resigned 21 October 2015
C P R Mahood	Appointed 9 December 2015
M J Mohan	Appointed 11 March 2016
C A Pugh	Appointed 11 September 2013
L M Rust	Resigned 15 June 2015
H P Sandilands	Appointed 9 December 2015
S J Whatley	Appointed 13 May 2009

**Secretary** H A Pearce

**Company number** 2365487

**Charity number** 801571

**Registered office** Olympus House, Britannia Road  
Patchway, Bristol BS34 5TA

**Chief Executive** L Hurst-Brown

**Executive Management Team**

H A Pearce	- Finance
J F Minall	- Operations and Development
R Rowe	- People and Resources

**Auditors** RSM UK Audit LLP, Hartwell House,  
55-61 Victoria Street, Bristol BS1 6AD

**Bankers** National Westminster Bank  
32 Corn Street, Bristol BS99 7UG

**Investment Fund Managers** CCLA Investment Management Ltd,  
Senator House, 85 Queen Victoria Street,  
London EC4V 4ET

**Solicitors** TLT Solicitors, One Redcliff Street,  
Bristol BS1 6TP

Trowers Hamlin, Sceptre Court  
40 Tower Hill, London EC3N 4DX

# **The Brandon Trust**

## **Directors' report (incorporating the strategic report) For the year ended 31 March 2016**

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### **DIRECTORS' REPORT**

The Directors present their annual report (incorporating the strategic report) and financial statements for the year ended 31 March 2016.

The Directors have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) effective 1 January 2015, and the statutory requirements of the Trust's Governing Document, in preparing the annual report and financial statements of the charity.

### **STRATEGIC REPORT**

#### **OBJECTIVES AND ACTIVITIES**

The Trust's charitable purpose is 'to benefit the public by the provision of relief to those in need by reason of any form of learning, physical, or sensory disability or mental illness, this relief being provided by all forms of support to enable them to live the lives they choose, and in particular by support in the home, by support in the community and the work place, and by the provision of residential accommodation'.

#### **Public Benefit**

The Directors confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's guidance on public benefit, 'Charities and Public Benefit'.

Our services are open to people with learning disabilities and include Supported Living, Residential Care and a wide range of Employment, Education and Leisure activities. Our mission statement is "To support and enable people to live the life they choose". We plan support for individuals in a person centred way, based on their assessed needs, how they wish these needs to be met and their aspirations for the future. Staff are recruited, trained and deployed in line with this. All the Trust's services aim to connect with and contribute to the local communities in which they operate. Our funding is received from local authorities for individuals after means testing, to ensure that individuals can access our services in line with their identified needs and regardless of their financial circumstances. A growing number of our customers choose our services via direct payments, increasing the control and choice that they exercise over their care and support.

To help the Trust achieve our objectives we have a Strategic Plan which focuses our activities and plans on seven key areas in support of the achievements of our aims and objectives.

#### **Making a Mark (Strategic Plan 2011-2016)**

The key strategic aims within the strategy relate to:

1. **Service Delivery.** We commit to innovation as a way of establishing new service models that respond directly to the realistic expectations of our stakeholders, hold fast to our core values and aim to deliver affordable and sustainable support solutions.
2. **Growth.** We commit to extending our activities to many more people with learning disabilities across the UK by growing our business significantly over the next 5 years.
3. **Workforce.** We commit to recruiting, developing, supporting and retaining skilled, motivated and flexible staff who can deliver excellent support over the next 5 years.
4. **Finance.** We commit to continually achieving business efficiencies, and aim to operate sustainable pricing practices and set and manage budgets effectively.
5. **Technology.** We commit to investing in, implementing and adopting appropriate, cost effective technologies to support all aspects of our work.
6. **Fundraising.** We commit to securing additional income streams through fundraising.
7. **Communication & Marketing.** We commit to engaging effectively together and with all our stakeholders.

# The Brandon Trust

## Directors' report (incorporating the strategic report) For the year ended 31 March 2016

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### ACHIEVEMENTS AND PERFORMANCE

All of the Trust's activities are focused on supporting people with learning disabilities in a way which encourages, supports and enables our service users to lead fulfilling lives. We employ 2000 staff to support 1300 people with learning disabilities in a variety of individualised support models. Of these 1300 people 600 of them receive 24/7 support either as 'accommodation with care' or 'supported living'.

#### Progress against Making a Mark 5 year strategy (2011-2016):

##### 1. SERVICE DELIVERY (ensuring quality, innovation and sustainability)

- **Children's Services** – In 2015 we launched our Children's Strategy. With the support of families and external agencies we have reviewed our structure, policies and procedures to ensure that our offer meets the needs of all stakeholders, that our services are resilient, and can be replicated.
- We have **Increased Choice and Control** for the residents of 16 Care Homes that have been de-registered during the last year, who are now receiving support and care in their own accommodation.
- **Better nights review** – We have reviewed the need for waking night staff in services where they are deployed. We have been able to use assistive technology to reduce the impact of monitoring of some people at night. A small number have changed to sleep-in support.
- **Community Circles & Volunteer Buddies** – We have recruited and trained Community Circles facilitators who focus on the key individual outcomes of our customers to complement the care and support provided by the professional care team, enriching their quality of life beyond the reach of funded care. We will continue to seek funding to expand this important initiative.
- **Individual Service Funds and Direct Payments** – We are providing services to a steadily increasing number of Direct Payment customers in all areas.

##### 2. GROWTH

- **Growth Target** – We more than achieved our target of 10% growth in service volume during the year with a new day service contract in Warwickshire (annual value £1.3m), which started 1<sup>st</sup> October 2015, and in Oxfordshire where we secured 14 new group supported living services (annual value £5m), which commenced 1<sup>st</sup> April 2016. We welcomed nearly 200 new employees to the Trust via TUPE transfer in these regions, and provide services to 120 new customers. The Trust also acquired a small specialist charity during the year, Children's Playlink, which allowed us to broaden our offer of children's services in the South Gloucestershire area.

##### 3. WORKFORCE

- **Remuneration strategy** – The aim is to ensure that our employees are rewarded and recognised for the essential roles that they undertake in supporting people. There have been a number of key initiatives that include the introduction of an entirely new contract of employment that allows new and existing employees to make a choice about their salary and benefits.
- **Staff Health and Wellbeing** – We developed a framework for the health and wellbeing of our employees which introduced some new key initiatives to (i) build our capacity for coaching, (ii) provide our employees with easy access to support agencies and embed prior year initiatives including area based wellbeing plans.
- **Deployment** – Effective staff deployment is becoming more and more important in our sector as margins are put under increasing pressure and as part of the Virtual Workspace we are fast tracking a rota management system to ensure that the deployment of resources is managed effectively.
- **Recruitment** – This area is one of great concern to the Trust with the issues of underfunding of the sector, low salary levels, high turnover and ever increasing agency costs. During the year we put in place a dedicated recruitment team servicing all areas. The Trustees and the Executive Management Team have closely monitored performance of this team, via regular reports which are closely scrutinised, and numbers recruited and time to hire are improving.
- **Employee Development** – Amongst our key initiatives that were implemented during the year, and of particular note we undertook a training programme for coaching and we now have a full team of internal coaches who are contributing to the support of many employees across the Trust.

# The Brandon Trust

## Directors' report (incorporating the strategic report) For the year ended 31 March 2016

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### 4. FINANCE

- **Investment Policy** - The Directors approved a new reserves policy early in 2015 which takes a focused, risk based approach to setting the minimum reserves level required. The Directors then looked at the Investment Policy, and via a risk based assessment, decided that the Trust could be more proactive with a proportion of its free reserves, with the aim to achieve a better return. An investment of £1m was made in February with CCLA who are a specialist investment firm that operate exclusively for charity clients. We will measure success against our benchmark of 3% + RPI.
- **Sustainability** - We have invested in community Enterprises which offer work experience to the people we support and either offer employment, or have the potential to do so in the near future.

### 5. TECHNOLOGY

- **The Virtual Workspace** - The Trust is investing in an IS strategy to deliver a 'Virtual Workspace' connecting our workforce and replacing inefficient manual systems of administration. We are developing a suite of mobile applications which will (i) transform the way in which our employees record and process support related information and (ii) satisfy the regulatory bodies that we work with.
- **Tools and Systems** - As planned, we relocated all our servers to cloud based solutions, giving us greater security and resilience. We also introduced Skype for Business as a universal communication tool.

### 6. FUNDRAISING

Fundraising has proved to be an exceptionally challenging venture during this period of austerity. In the light of this, we completed a comprehensive review of the fundraising function and in response have developed a new strategy and entirely restructured the central team.

- **Additional Income Streams** - We raised £276,756 (note 15) during the year for a variety of projects including the Dream Fund and Summer Camps.
- **Charity shops** - We opened 2 shops during the year and a third opened in early November 2016 (takings are shown as other income on the statement of financial activities). The level of recognition now with people in Bristol has increased and feedback from shoppers and donors is very positive.
- **Added Value** - We continued to use a significant number of volunteers via our 'Volunteer Force' Programme (often via Corporates), who undertook a wide variety of practical tasks of benefit to the people we support. We also continued to use volunteers in the fundraising team, and secured various people and resources 'pro bono' totalling approximately £25,000.

### 7. COMMUNICATIONS

- **Marketing** - We concluded our brand review, capturing it in our new strap line 'Live Free' and rolled out the new logo and language associated with it. We also ran and evaluated a student Volunteer Programme, with students from Bristol University
- **Communicating with staff** - During the year we deployed smartphones to all of our permanent workforce. This is connecting every employee through telephone, skype and email. It will enable the use of the new Brandon app as it develops.
- **Communicating with the people we support** - We have created a new Involvement Team which includes employees with learning disabilities. Customer representation has been formally established through the creation of four Members Boards who elect representatives to meet with The Executive Management Team and Trustees. The first Brandon video newsletter has been published for customers, and our range of accessible materials has been considerably increased. "100 Voices" will now become "Brandon Voices", with events held at a number of locally accessible venues so that more people, including those with more complex needs, can participate. These will then be summarised as a final event, across the organisation.
- **PR** - We continued to build our profile via a growing presence in print and social media as well as on the radio. Our number of followers on social media is growing and we are increasing the number of meaningful interactions we have with our followers.

## **The Brandon Trust**

### **Directors' report (incorporating the strategic report) For the year ended 31 March 2016**

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#### **FINANCIAL REVIEW AND RESULTS FOR THE YEAR**

The deficit for the year from operating activities (net incoming resources from unrestricted funds before transfers) was £1,919,081 (2015: deficit £861,807). The principal incoming resources continue to be funding from Local Authorities to support the delivery of residential, supported living and work, learning and leisure services. The deficit was caused by the on-going challenges of the economic environment, which reflected this year in staff recruitment and retention difficulties in some areas and hence higher agency spend. We have a range of initiatives in place to reduce our costs and make process improvements.

The overall deficit for the year, after the movement in pensions reserves, was £3,404,913 (2015: deficit of £1,662,780). The deficit can also be split between unrestricted funds deficit of £1,919,081 (2015: deficit £864,463), pensions surplus of £326,000 (2015: deficit of £770,000) and restricted funds deficit of £1,111,832 (2015: deficit of £28,317). The cash flow statement on page 14 clearly shows the negative impact of the difficult financial performance of the trust this year.

In terms of business segment reporting in the Statement of Financial Activities, in line with our continued journey towards increased choice and control for people with learning disabilities, the activities under 'care with accommodation' have reduced (now 26% of turnover) and those under supported living' have increased (now 59% of turnover). All business segments experienced deficits this year, due to a combination of the pressures on staffing mentioned above and continued downward pressure on income and funding levels from local authorities.

A further significant item this year on the Statement of Financial Activities is £2,197,168 for 'other expenditure in the deployment of grants and donation received'. This is fully analysed in note 15, restricted funds, but £1,859,541 of this represents the 100% repayment of grant on two Croydon properties previously held in Odyssey Care Ltd and now sold.

#### **Reserves and Going Concern**

The brought forward balance of unrestricted reserves (excluding the pension reserve) at the beginning of the year was £14,040,878 (2015: £14,507,023). This coupled with the current year deficit of £1,919,081 (2015: deficit of £864,463) results in unrestricted reserves of £12,121,797 as at 31 March 2016 (2015: £14,040,878) (see note 16). This includes a total of £2,265,319 (2015: £2,670,100) of unrestricted revaluation reserves following the revaluation of properties and subsequent sales, and £26,297 (2015: £47,834) of designated reserves.

After adding restricted reserves of £2,017,132 (2014: £3,828,964) (see note 15), and adding a pension deficit of (£1,540,000) (2015: deficit of £1,866,000) the net reserves figure is £12,598,929 (2015: £16,003,842)

The Directors' overarching reserves policy is to manage risk and investment in line with the Trust's operational strategy. The Directors' have recently moved to a more focused, risk based approach to setting the level of reserves required which has resulted in minimum and maximum reserves levels being set, with the current minimum reserves target being £8,200,000. The Directors consider that in assessing the current level of reserves together with financial modelling and risk assessments, that the Trust is a going concern. However, the continued difficult financial climate that the Trust operates in means that during the coming year the Audit Committee will review the reserves policy and make recommendations to the Directors if a change in policy is deemed appropriate.

During the year the Trust's general reserves (excluding revaluation and designated reserves) decreased from £11,322,944 to £9,830,181 (see note 16) of which free reserves amounted to £8,948,829 (2015: £10,091,303). The free reserves level achieved as at 31<sup>st</sup> March 2016 therefore is above the minimum target. While the reserve policy excludes the FRS102 pension liability, the Directors are satisfied that this liability could be met if it crystallised in the short term and the Trust would remain a going concern.

## The Brandon Trust

### Directors' report (incorporating the strategic report) For the year ended 31 March 2016

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#### Retirement Benefits

Accounting standards require that the movement in the deficit on the Avon Pension Fund defined benefit scheme along with the Gloucestershire Pension Fund defined benefit scheme and the Worcestershire defined benefit scheme be shown as part of the results for the year.

The overall pensions deficit at 31 March 2016 of £1,540,000 (2015: £1,866,000) that appears in the Balance Sheet is made up of three figures. That relating to the Avon Pension Fund decreased overall for the year by £50,000, with the opening deficit of £1,094,000 reducing to £1,044,000. The figure relating to the Gloucestershire Pension Fund has improved overall for the year by £261,000, with the opening deficit of £599,000 decreasing to £338,000. Any potential deficit on this latter scheme that may exist at the end of the service delivery contract is contractually passed back to the commissioners, Gloucestershire County Council (GCC), and is not then a liability of the Trust. The service delivery contract did end on 31 March 2016, with GCC picking up any scheme liabilities. Since 01 April 2016 we are working with GCC under a framework agreement where the assets and liabilities of the scheme as at 31 March 2016 were deemed to be equal, but there is now no contractual protection against any future scheme liabilities. The liability at the year end under the Worcestershire Fund was £158,000, an improvement of £15,000 on the opening balance of £173,000.

#### Fixed Assets

Significant changes during the year are explained in note 8 to the financial statements. The Trust has disposed of two empty properties during 2015/16, with a third shown as an investment property sold shortly after the year end. Two properties were disposed of within the accounts of Odyssey Care Ltd.

#### Investment Policy

Under the Memorandum and Articles of Association, the Trust has the power to make any investments which the Directors see fit. The Trust reviewed its policy this year, as described in the section under 'Objectives and Activities', and now has a defined, risk based approach, to investing some of its free reserves in a 'managed fund' with CCLA. The rest of the Trust's free reserves are managed via a treasury management policy which invests surplus funds in short term deposits which can be accessed readily.

#### Modern Slavery and Human Trafficking Statement

The Trust recognises its responsibility to prevent slavery and human trafficking in our corporate activities, and to ensure that our supply chains are free from slavery and human trafficking. The Trust has in place a Trustee approved Statement which sets out its actions to identify, understand and eradicate this risk.

#### RISK MANAGEMENT

The Directors' Risk Management Policy is to examine the major risks that the Trust faces each financial year and to ensure that there are measures in place to monitor and control these risks and to mitigate any impact that they may have in the future. We place a key emphasis on assurance, particularly external assurance (third line of defence model) to effectively manage risk.

The Key areas of strategic potential risk identified by the Trust are:

- **Financial Sustainability** – On-going significant reduction in statutory funding due to public sector cuts forcing unviable hourly rates and/or significant loss of business. Increased pressures on pay costs from initiatives such as National Living Wage (NLW). To mitigate this risk, the Trust has a robust three year business plan and a process of continually reviewing its pricing strategy in place. The Trust also has a number of programmes in place to achieve ongoing cost reductions
- **Compliance** – Poor compliance with legal, regulatory and contractual requirements and Trust policies and standards. To mitigate this risk, the Trust has boosted resources in the Quality and Compliance team and continues to regularly review and update its policies and procedures. The Trust has responded to Duty of Candour with a Transparency Policy, and has produced a new suite of focused KPI's which are regularly reported to the Board. The Audit Committee also receives in depth reports on all aspects of our quality, health and safety and compliance at each meeting and the Trust also has ISO 9000 accreditation.
- **Service Quality** – Failure to manage staff engagement, turnover, recruitment and sickness absence leading to breakdown in quality and uncontrolled costs. To mitigate this risk the Trust has



## The Brandon Trust

### Directors' report (incorporating the strategic report) For the year ended 31 March 2016

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comprehensive HR policies in place, KPI reporting, good staff support services and a wellbeing programme and a newly created specialist recruitment team.

- **Information Systems** – Extensive breakdown of IT infrastructure (maintenance or disaster management) results in crisis in managing the business. To mitigate this risk the Trust has a competent and responsive IT team, data backup systems, regular reporting against SLA's and an IS strategy regularly reviewed by internal auditors.
- **Legal** - Data Security is compromised which leads to serious legal liabilities. To mitigate this risk the Trust has robust data protection and security policies in place, and the recommendations from a data security audit have now been fully implemented.
- **Reputational** - A major incident occurs and/or very poor frontline staff practices take place resulting in loss of business and reputation. To mitigate this risk the Trust operates best practice policies including a whistle blowing policy. Brandon Quality Standards are in place and audited regularly. We have also signed up to the *Driving Up Quality Code*. We comply with local safeguarding processes and other legislation (Deprivation of Liberty Safeguards), respond quickly to any recommendations from CQC visits, and have a comprehensive staff learning and development programme and staff supervision and appraisal
- **Financial instruments and liquidity risk**- The Trust intends that the real value of the company's investments be maintained and enhanced over the long term by investment in a portfolio comprising common investment funds, unit trusts and equities (quoted on a recognised stock exchange). The Trust manages the risks associated with these funds by establishing a suitable risk profile and targets, employment of professional fund managers and overview by the Trust's audit committee. The Trust has no long term borrowing and will make use of its short term overdraft facilities when required. If necessary, the investment portfolio could be realised at short notice.

#### PLANS FOR FUTURE PERIODS

The Trust came to the end of its's previous five year strategy, Making a Mark, on 31<sup>st</sup> March 2016. We have now, after extensive consultation and feedback from all stakeholders, launched our new five year Strategy, A New Way, for the period 2016-2021.

The strategy identifies that while the aspirations of people with learning disabilities continue to grow (in line with the well-established policy direction of personalisation), there is an ongoing reduction in what is being funded by the state. At the beginning of our last strategy, the majority of support required to progress these aspirations was funded. This has been decreasingly the case and the recent spending review has confirmed that the downward trend will continue for some time. This is opening up a 'gap' between the aspirations of those we support and what is possible for Brandon to deliver on statutory funding alone. If we are not to resort to providing core support only, we must find ways of filling this gap.

In simple terms we will need to:

- (i) Continue to deliver core services that meet customers' needs by being both high-quality and good value,
- (ii) Access solutions that enable the greater aspirations of those we support to be met (fill the 'aspiration gap').

**In conclusion, this strategy will represent a period of major adaptation for Brandon, so bringing us to a 'new normal' by significantly repositioning how we do things. This 'new normal' is what is implied by the name of this strategy; 'A New Way'.**

The new strategic aims flowing from this strategy for the period 2016-2017 are:

- **Customer Experience**. To consistently provide the support that people want in the way that they want it.
- **Quality** - To consistently meet all recognised quality standards.
- **Impact** - To powerfully demonstrate and communicate the beneficial impact/outcomes of all the different supports we provide.
- **Workforce** - To ensure that we consistently employ the right people with the right skills and attributes who are supported by an organisation that engages them optimally.
- **Financial Sustainability** - To (i) secure sufficient funds from multiple sources, (ii) maximise operational efficiency, and (iii) leverage the benefits of local communities and organisations.

## **The Brandon Trust**

### **Directors' report (incorporating the strategic report) For the year ended 31 March 2016**

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- **National Position** - To be a recognised 'thought leader' on the national stage, sharing best practice and shaping the agenda.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Trust and Group Structure**

The Trust is a company limited by guarantee, not having any share capital and was set up on 1 April 1994. The members' liability, in the event of the company being wound up, is limited to an amount not exceeding £1 each. The Directors, who may also be referred to as the Trustees, are the members.

The Directors at the date of approval of the annual report and consolidated financial statements are set out on the company information page. The Trust is also a charity, its governing document being its Memorandum and Articles of Association, which was last amended on 2 June 2013.

The Trust also has a wholly owned subsidiary, Odyssey Care Ltd, a Community Benefit Society, acquired on 20 April 2011 (see note 10 to the accounts). All of the trading activities and the assets and liabilities of Odyssey Care Ltd transferred into Brandon Trust on 1 November 2012 and are now operated as Brandon's East area. This was done via a legal business transfer agreement, and the staff transferred under a TUPE transfer agreement. Odyssey Care Ltd retains ownership of the registered care properties in Croydon, and the 100% NHS Properties grant that relates to them.

One of the main aims for the year was to secure sustainable business growth. On 1<sup>st</sup> December the Trust acquired the assets liabilities and trading activities of Children's Playlink (company number 4180296 and registered charity number 1085949). Children's Playlink provides inclusive play opportunities for children with special educational needs and disabilities, together with development opportunities and family support, which the trustees consider a good fit with the range of activities offered by the Trust.

##### **Governance and Management**

The Trust is administered by a board of Directors who meet quarterly. They are responsible for setting the strategy of the Trust, scrutinising and monitoring its operations in pursuit of that strategy, safeguarding its assets, and values, and supporting its work.

The day to day operation and management of the Trust is delegated to its staff, led by its Chief Executive, who in turn appoints, through the Executive Management Team, the Trust's staff.

Full details of the Directors who served in the year are provided within the Reference and Administrative Information pages at the beginning of these accounts.

##### **Election, Recruitment and Training of Directors**

Under the Code of Governance adopted by the Directors, no Director can serve for longer than nine years from the date of appointment. At the end of a three year term of office a Director is eligible for reappointment by the Board for a maximum of three periods of three years.

New Directors are actively recruited via an application and interview process and bring a range of specialist experience and expertise to the Board. They are appointed, for an initial period of three years, by a majority vote of the existing directors. All new Directors undergo an induction process and ongoing training and regular briefings are organised to ensure understanding of the role of the Trustee under charity Law and being a Director under company law. Directors are encouraged to visit our services and meet staff to provide an operational perspective. There is a regular skills audit of Directors to ensure that training needs are addressed.

##### **Related parties and co-operation with other organisations**

None of the Directors received remuneration or benefit from their work with the charity. Any connection between a Director or senior manager of the charity with organisations with which the Trust engages must be disclosed to the full board of trustees in the same way as any other contractual relationship with a third party. In the current year no such related party transactions were reported.

## **The Brandon Trust**

### **Directors' report (incorporating the strategic report) For the year ended 31 March 2016**

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#### **Pay policy for senior staff**

The executive management team are the key personnel of the charity in charge of directing and controlling and operating the Trust on a day to day basis. All directors give of their time freely and no director received remuneration in the year. Details of director's expenses are disclosed in note 5 to the financial statements. The pay of senior staff is reviewed periodically by the directors and executive management team and normally increases in line with benchmarking. In view of the nature of the charity, the directors benchmark against pay levels in similar sized charities. The remuneration bench-mark used is Croners.

#### **Employee Involvement**

The new organisational strategy was closely informed by employee feedback and workshops. Brandon has many employee forums where we seek the views of our staff in relation to a wide range of issues including financial management, employee development, the virtual workspace project etc. We also work closely with union representatives on all matters affecting the work of our employees.

#### **Disabled Persons and Equal Opportunities**

The Trust had an equality policy and an annual equality action plan alongside our commitment to the 'Positive about Disability' accreditation. Disabled people are recruited into suitable posts. Assistance is always given and, where possible, adjustments made to enable people to retain their employment and to access training. The Trust employs a number of people with a learning disability and has an accessible pre-employment clearance process and related documentation. The Trust's disabled employees and other disabled people make extensive input into our training programme, including inducting new staff.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' Annual Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Company law requires the directors 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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and group, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Statement of Disclosure of information to the Auditor**

- (a) so far as the Directors are aware, there is no relevant audit information of which the Trust's auditor is unaware, and
- (b) the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

The Directors' Report (incorporating the Strategic Report) were approved by the Board on 14 December 2016 and signed on its behalf by:



**B Dean - Director**

## **The Brandon Trust**

### **Independent auditor's report to the members of The Brandon Trust**

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We have audited the group and parent charity financial statements of The Brandon Trust ("the financial statements") for the year ended 31 March 2016 on pages 11 to 39. 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 FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

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

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors (who are also the trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on the other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## The Brandon Trust

### Independent auditor's report to the members of The Brandon Trust

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#### 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 by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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.

RSM UK audit LLP

HEATHER WHEELHOUSE (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)

Statutory Auditor

Hartwell House

55-61 Victoria Street

Bristol BS1 6AD

19 December 2016

**The Brandon Trust**

**Consolidated statement of financial activities (incorporating an Income and Expenditure Account)  
For the year ended 31 March 2016**

	Notes	Unrestricted Funds	Unrestricted Pensions Reserve	Restricted Funds	Total Funds 2016	Total Funds 2015
		£	£	£	£	£
<b>Income</b>						
<b>Donations and Legacies</b>	<b>4</b>	154,755	-	385,336	540,091	285,739
<b>Income from charitable activities:</b>						
Fees for Accommodation with Care Services		12,105,197	-	-	12,105,197	14,239,766
Fees for Work, Learning and Leisure		5,770,137	-	-	5,770,137	5,059,833
Fees for Supported Living Services		27,648,950	-	-	27,648,950	25,217,890
Investment income	<b>3</b>	49,584	-	-	49,584	65,656
Other income	<b>3a</b>	513,586	-	-	513,586	20,894
<b>Total income</b>		<b>46,242,209</b>	<b>-</b>	<b>385,336</b>	<b>46,627,545</b>	<b>44,889,778</b>
<b>Expenditure</b>						
<b>Expenditure on charitable activities:</b>						
Accommodation with Care Services Costs		12,973,110	16,687	-	12,989,797	14,295,917
-exceptional item:continuing activities	<b>24</b>	-	-	-	-	1,017,724
Work, Learning & Leisure Costs		6,084,654	7,826	-	6,092,480	4,650,964
Fees for Supported Living Services		29,149,804	37,487	-	29,187,291	25,558,306
-exceptional item:continuing activities	<b>24</b>	-	-	-	-	113,800
Other expenditure in the deployment of grants and donations received	<b>15</b>	-	-	2,197,168	2,197,168	196,847
<b>Total expenditure</b>	<b>2</b>	<b>48,207,568</b>	<b>62,000</b>	<b>2,197,168</b>	<b>50,466,736</b>	<b>45,833,558</b>
Net gain on investments	<b>9a</b>	46,278	-	-	46,278	-
<b>Net expenditure</b>		<b>(1,919,081)</b>	<b>(62,000)</b>	<b>(1,811,832)</b>	<b>(3,792,913)</b>	<b>(943,780)</b>
Transfers between funds		-	-	-	-	-
<b>Net expenditure before other gains and losses</b>		<b>(1,919,081)</b>	<b>(62,000)</b>	<b>(1,811,832)</b>	<b>(3,792,913)</b>	<b>(943,780)</b>
<b>Other Recognised Gains / (Losses)</b>						
Pension schemes actuarial gain / (loss)	<b>21</b>	-	388,000	-	388,000	(719,000)
<b>Net movement in funds</b>		<b>(1,919,081)</b>	<b>326,000</b>	<b>(1,811,832)</b>	<b>(3,404,913)</b>	<b>(1,662,780)</b>
Balances brought forward at 1 April		14,040,878	(1,866,000)	3,828,964	16,003,842	17,666,622
<b>Balances carried forward at 31 March</b>	<b>15/16</b>	<b>12,121,797</b>	<b>(1,540,000)</b>	<b>2,017,132</b>	<b>12,598,929</b>	<b>16,003,842</b>

Prior year comparatives by fund are included in note 28 to the financial statements

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above. The deficit for the year for Companies Act purposes comprises the net expenditure for the year (£3,792,913) (2015: (£943,780)).

# The Brandon Trust

## Consolidated Balance sheet As at 31 March 2016

Registered company number 02365487

	Notes	£	2016 £	£	2015 £
<b>Fixed Assets</b>					
Intangible Assets	7		236,698		93,647
Tangible assets	8		4,218,641		6,050,525
Equity interests in property	9		556,588		556,588
Investments	9a		1,046,278		-
<b>Total Fixed assets</b>			<u>6,058,205</u>		<u>6,700,760</u>
<b>Current assets</b>					
Debtors	12	4,926,033		4,734,969	
Assets held for resale	13	380,000		853,000	
Cash at bank and in hand		6,480,430		9,135,874	
<b>Total Current Assets</b>			<u>11,786,463</u>		<u>14,723,843</u>
<b>Creditors: amounts falling due within one year</b>	14	(3,705,739)		(3,554,761)	
<b>Net current assets</b>			<u>8,080,724</u>		<u>11,169,082</u>
<b>Total assets less current liabilities</b>			<u>14,138,929</u>		<u>17,869,842</u>
<b>Pension scheme liability</b>	21	(1,540,000)		(1,866,000)	
<b>Net assets including pension liability</b>			<u>12,598,929</u>		<u>16,003,842</u>
<b>Funds of the group</b>					
Restricted funds (excluding revaluation reserve)	15		891,673		843,964
Restricted revaluation reserve	15		1,125,459		2,985,000
			<u>2,017,132</u>		<u>3,828,964</u>
Unrestricted funds					
-Revaluation reserve	16		2,265,319		2,670,100
-General and Designated reserves	16		9,856,478		11,370,778
-Pension fund reserve					
-Avon Pension Fund	21		(1,044,000)		(1,094,000)
-Gloucestershire Fund	21		(338,000)		(599,000)
-Worcestershire Fund	21		(158,000)		(173,000)
<b>Total consolidated group funds including deficit on Pension Scheme Reserve</b>	17		<u>12,598,929</u>		<u>16,003,842</u>

The consolidated financial statements were approved and authorised for issue by the Board of Trustees on 14 December 2016 and signed on its behalf by:

  
B Dean - Director

# The Brandon Trust

## Trust Balance sheet As at 31 March 2016

	Notes	£	2016 £	£	2015 £
<b>Fixed Assets</b>					
Intangible assets	7		236,698		93,647
Tangible assets	8		3,093,182		3,065,525
Equity interests in property	9		556,588		556,588
Investment in subsidiary	11		1,125,459		2,328,000
Investments	9a		1,046,278		-
<b>Total Fixed assets</b>			6,058,205		6,043,760
<b>Current assets</b>					
Debtors	12	4,926,033		4,734,969	
Assets held for resale	13	380,000		853,000	
Cash at bank and in hand		6,480,430		9,135,874	
<b>Total Current Assets</b>			11,786,463		14,723,843
<b>Creditors: amounts falling due within one year</b>	14	(3,705,739)		(3,554,761)	
<b>Net current assets</b>			8,080,724		11,169,082
<b>Total assets less current liabilities</b>			14,138,929		17,212,842
<b>Pension scheme liability</b>	21	(1,540,000)		(1,866,000)	
<b>Net assets including pension liability</b>			12,598,929		15,346,842
<b>Funds of the charity</b>					
Restricted funds (excluding revaluation reserve)	15		891,673		843,964
Restricted Revaluation reserve	15		1,125,459		2,328,000
			2,017,132		3,171,964
Unrestricted funds					
-Revaluation reserve	16		2,265,319		2,670,100
-General & Designated reserves	16		9,856,478		11,370,778
-Pension fund reserve					
-Avon Pension Fund	21	(1,044,000)		(1,094,000)	
-Gloucestershire Fund	21	(338,000)		(599,000)	
-Worcestershire Fund	21	(158,000)		(173,000)	
<b>Total charity funds including deficit on Pension Scheme Reserve</b>	17		12,598,929		15,346,842

The consolidated financial statements were approved and authorised for issue by the Board of Trustees on 14 December 2016 and signed on its behalf by:

  
B Dean - Director



**The Brandon Trust**  
**Statement of Cash Flows and Consolidated statement of Cash Flows**  
**For the year ended 31 March 2016**

	<b>Note</b>	<b>2016 Group</b>	<b>2016 Trust</b>	<b>2015 Group £</b>	<b>2015 Trust £</b>
<b>Operating activities</b>					
Cash generated from operations	<b>18</b>	(738,808)	(738,808)	(1,971,927)	(1,971,927)
<b>Investing activities</b>					
Purchase of tangible fixed assets	<b>8</b>	(598,415)	(598,415)	(535,140)	(535,140)
Purchase of Intangible fixed assets	<b>7</b>	(199,602)	(199,602)	-	-
Purchase of Investments	<b>9a</b>	(1,000,000)	(1,000,000)	-	-
Receipts from sales of tangible assets		15,494	15,494	37,402	37,402
Receipts from sales of assets held for resale		471,510	471,510	275,000	275,000
Interest received	<b>3</b>	49,584	49,584	65,656	65,656
<b>Net cash (used in) investing activities</b>		(1,261,429)	(1,261,429)	(157,082)	(157,082)
<b>Net (Decrease) in cash and cash equivalents</b>	<b>19,20</b>	(2,000,237)	(2,000,237)	(2,129,009)	(2,129,009)
Cash and Cash equivalents at beginning of the year	<b>19,20</b>	9,135,874	9,135,874	11,264,883	11,264,883
Cash and cash equivalents at the end of the year	<b>19,20</b>	7,135,637	7,135,637	9,135,874	9,135,874

# **The Brandon Trust**

## **Notes to the consolidated financial statements For the year ended 31 March 2016**

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### **1 Accounting policies**

The principal accounting policies adopted, are as follows:

#### **1.1 Basis of preparation**

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 (FRS102) (effective 1 January 2015) - (Charities SORP(FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

The Trust meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

#### **1.2 Reconciliation with previous UK Generally Accepted Accounting Practice**

In preparing the accounts, the Directors have considered whether in applying the accounting policies required by FRS102 and the Charities SORP FRS102 the restatement of comparatives was required. A reconciliation is included in note 27 to the financial statements.

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits, a liability was identified for short-term compensated absence arising from employee entitlement of the Trust to paid annual leave. The initial liability at the date of entitlement carried forward and for entitlement arising in the year which was due but not taken. The Trust's holiday year is in line with the financial year and the Directors have made an assessment that these liabilities are not material and as such no restatement of comparatives was required. As a result of the new SORP the Trust has ceased its policy of revaluing its Freehold land and buildings (including those reclassified as assets held for resale), its Investments in subsidiary undertakings and Equity Interests.

A restatement of computer software was required due to reclassification from tangible to intangible fixed assets. Computer software is shown separately in note 7 and the comparative has been restated. Computer equipment in note 8 has been restated accordingly.

The Trust has restated its freehold land and buildings (including those reclassified as assets held for resale) and Equity interests to deemed cost at the date of transition. As a result, the subsequent revaluation of these assets at 31 March 2015 have been reversed. The impact of these changes is shown in note 27.

The Trust has also elected to measure its investment in its subsidiary undertaking at deemed cost, which was its carrying amount at the date of transition as determined under previous UK GAAP. As a result, the subsequent revaluation of this asset in March 2015 has been reversed.

Revised accounting for FRS102 has resulted in a change in recognition of the net interest and administration charges on the defined benefit liability so that this is recognised in the Income and expenditure account and there is a corresponding impact on the re-measurement of plan assets, in the statement of other recognised gains and losses. The overall liability is unaffected, but the effect is shown in note 27.

In prior years the Trust received grants in respect of increases of contributions of specific pension schemes. Where the Trust received grant income in excess of pension contributions payable it was the Trust's policy to provide for the difference. The Trust does not now believe that the criteria for recognising this liability were met. The impact of correcting this error has been recognised in note 27 as a prior year adjustment.

## **The Brandon Trust**

### **Notes to the consolidated financial statements For the year ended 31 March 2016**

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#### **1.3 Basis of Consolidation**

The consolidated financial statements, which are prepared on a line by line basis, incorporate the financial statements of The Brandon Trust and entities controlled by the company (its subsidiaries) made up to 31 March each year. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to benefit from its activities. Results of subsidiary undertakings are included from the effective date of acquisition. The parent company's results for the year showed incoming resources of £46,673,823 (2015: £44,889,778) and a deficit of (£3,135,913) (2015: (£895,280) after exceptional items but before other gains and losses. The Trust has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own income and expenditure account.

#### **1.4 Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligations can be measured reliably.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity. Support costs include Head and Area office costs, finance, HR, payroll and governance costs which support the activities of the Trust. They are allocated to activities on a basis proportional to the full time equivalent staffing for each area of activity.

All irrecoverable VAT on expenditure is charged to the statement of financial activities.

#### **1.5 Incoming Resources**

Income is recognised as the fair value of the consideration received or receivable, when the Trust has entitlement to the funds, and any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably. Income from government and other grants, whether 'capital' or revenues grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grant have been met and it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of a specified service is deferred until the criteria for income recognition are met (see note 14).

Interest income is accrued on a time-apportioned basis by reference to the principal outstanding at the effective interest rate.

#### **1.6 Fund Accounting**

Restricted funds are to be used for specific purposes as laid down by the provider or terms of an appeal. Expenditure that meets these criteria is allocated to the fund together with a fair allocation of management and support costs.

Unrestricted funds are donations and other income received or generated for the objects of the charity, without further specified purpose and are available as general funds.

Designated funds are established by the trustees with funds allocated for specific purposes.

## The Brandon Trust

### Notes to the consolidated financial statements For the year ended 31 March 2016

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#### 1.7 Intangible assets, Tangible fixed assets, depreciation and amortisation

Assets costing less than £1,000 per individual item or group of related items are written off in the year of acquisition. All other assets are capitalised. Intangible and Tangible fixed assets other than freehold land are stated at cost or deemed cost less depreciation /amortisation. Depreciation/ amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

##### **Tangible Assets**

Freehold land  
Freehold buildings  
Property refurbishment  
Computer equipment  
Fixtures, fittings and furniture  
Motor vehicles

##### **Depreciation**

Nil  
2% straight line basis  
25% straight line basis  
25%-33% straight line basis  
25%-33% straight line basis  
25% straight line basis

##### **Intangible Assets**

Computer software

##### **Amortisation**

25%-33% straight line basis

The directors consider the rate of amortisation of computer software to be appropriate as it reflects the useful life of the asset.

#### 1.8 Equity interests in property

The Trust retains fixed and variable equity interests in some properties sold to a housing partner. Interests are stated at deemed cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its useful life, in accordance with the policy for Freehold Buildings in 1.7.

#### 1.9 Assets held for resale

When properties are surplus to operational requirements, they are transferred to Assets held for resale and are held at the lower of deemed cost or net realisable value.

#### 1.10 Financial Instruments

##### **Investments**

The Group's Listed investments are valued initially at cost and subsequently at fair value based upon the quoted market prices (current bid price) at the balance sheet date. Realised and unrealised gains or losses on revaluation or disposal are combined in the Consolidated Statement of Financial Activities. Income from these investments is recognised in the year in which it arises.

##### **Financial assets**

Trade and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price, and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

## **The Brandon Trust**

### **Notes to the consolidated financial statements For the year ended 31 March 2016**

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#### **Financial Liabilities**

Trade and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Bank overdrafts are presented within creditors: amounts falling due within one year.

#### **1.11 Investment in subsidiary**

##### **Trust**

In the Trust accounts, interests in subsidiaries are measured at deemed cost at the date of Transition (1 April 2014) less impairment.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in the Trust's Statement of Financial activities.

#### **1.12 Cash and Cash equivalents**

Cash and cash equivalents comprise cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

#### **1.13 Pension costs and other post-retirement benefits**

##### **Defined benefit schemes**

Employees who joined the Trust under TUPE arrangements have been allowed to retain membership of their defined benefit schemes, namely the Avon Pension Fund, the Gloucestershire County Council Scheme, and the Worcestershire County Council Scheme. Contributions payable to these pension schemes are charged to the income and expenditure account so as to spread the cost of pensions over the service lives of employees in the scheme. The pension charge is calculated on the basis of actuarial advice using the projected unit credit method.

The net defined benefit asset/liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

## **The Brandon Trust**

### **Notes to the consolidated financial statements For the year ended 31 March 2016**

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The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains or losses that are recognised in the Consolidated Statement of Financial Activities:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- The cost of plan introduction, benefit changes, settlements and curtailments are recognised as incurred.
- Net interest on the net defined benefit asset/ liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by the rate used to discount the benefit obligations.
- Gains or losses that are recognised in the Consolidated Statement of Financial Activities:

Other gains and losses include:

- Actuarial gains and losses
- The difference between the interest income on the plan assets and the actual return on the plan assets.

#### **Defined contributions schemes**

Contributions payable to the Trust's group personal pension scheme are charged to the income and expenditure account in the period to which they relate. Payments in respect of other post-retirement benefits are charged to the income and expenditure account in the period to which they relate.

#### **1.14 Going concern**

The Trust meets its day-to-day working capital requirements through its internal cash generation. The current economic conditions create uncertainty, however the Trust's forecasts and projections, taking account of possible changes in operating performance show that the Trust will be able to operate within its bank facilities over the next year. Accordingly, the Trustees are satisfied that the Charity and Group have adequate resources to continue in operational existence for at least twelve months and as a result they continue to adopt the going concern basis in preparing the annual report and accounts.

#### **1.15 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 Group 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 within the next financial year are discussed below.

The net defined benefit arising on membership of defined benefit schemes represents the present value of the defined benefit obligations minus the fair value of plan assets out of which obligations are to be settled. In assessing the net defined benefit at the balance sheet date, the Directors utilise valuations provided by the pension scheme actuaries. This includes the principal assumptions for each scheme, which are disclosed in note 21 in respect of each scheme.

## **The Brandon Trust**

### **Notes to the consolidated financial statements For the year ended 31 March 2016**

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The recoverable amount of subsidiary investments and other intangible assets is based on value in use, which requires estimates in respect of allocating the value to cash generating units, the future cash flows and an appropriate discount rate. The key inputs to the value in use are the discount rate and the future earnings growth.

#### **Critical areas of judgement**

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Group as lessee.

# The Brandon Trust

## Notes to the consolidated financial statements for the year ended 31 March 2016

### 2 Total resources expended

	Staff Costs	Allocated Support Costs	Other Direct Costs	Pensions Reserve Charges	Total 2016	Total 2015
Consolidated	£	£	£	£	£	£
<b>Charitable activities:</b>						
Accommodation with Care Services	8,814,208	1,229,377	2,918,081	16,687	12,978,353	14,284,840
- exceptional item: continuing operations	-	-	-	-	-	1,017,724
Work, Learning & Leisure	4,407,851	638,648	1,031,969	7,826	6,086,294	4,647,498
Supported Living Services	22,975,397	3,264,790	2,876,551	37,487	29,154,225	25,534,828
- exceptional item: continuing operations	-	-	-	-	-	113,800
Governance costs	-	50,696	-	-	50,696	38,021
Grants and donations (restricted funds)	-	306	2,196,862	-	2,197,168	196,847
	36,197,456	5,183,817	9,023,463	61,999	50,466,736	45,833,558

All allocated costs are apportioned on the basis of Full time equivalent staffing requirements of each activity

	2016 £	2015 £
<b>Other direct costs include:</b>		
Operational lease rentals - other	251,016	228,465
Operating lease rentals - land and buildings	545,717	720,801
Auditors remuneration (audit fee Statutory Accounts):		
- Parent company & Group audit fee	32,904	30,144
Legal fees	113,068	45,527

	2016 £	2015 £
<b>Other allocated support costs include:</b>		
Recruitment costs	201,003	242,237
Training costs	327,796	309,520
Transport and Travel costs	307,192	319,567
Rent, rates and utility expenditure	507,031	397,369
Insurance costs	201,329	210,587
Business development expenditure	170,552	301,610
Information systems expenditure	285,584	341,233
Professional fees	560,968	288,671
Administrative expenditure	436,849	364,910
Agency staff costs	488,366	342,513
Amortisation of intangible assets	56,551	12,876
Depreciation	503,926	475,778

### 3 Investment Income

	2016 £	2015 £
Bank interest receivable	49,584	65,656

### 3a Other income

	2016 £	2015 £
Surplus on disposal of fixed assets	351,953	-
Charity shop income	72,285	-
Training income	45,423	20,333
Other income	43,927	561
	513,588	20,894

### 4 Grants and donations

Donations, some of which are restricted, are from various sources, often bequests, to be used for explicit purposes by specific elements of the Trust. Donations include £219,612 in respect of Net assets transferred to the Trust from Children's playlink (see note 10).



## The Brandon Trust

### Notes to the consolidated financial statements for the year ended 31 March 2016

#### 5 Staff numbers, costs, trustee remuneration, and the cost of key management personnel

##### Number of employees

The average monthly number of employees during the year was:

	2016 Actual	2016 FTE	2015 Actual	2015 FTE
Management	33	30	34	31
Administration	116	93	111	89
Service delivery	1,888	1,632	1,919	1,592
	<u>2,037</u>	<u>1,755</u>	<u>2,064</u>	<u>1,712</u>

##### Employment costs

	2016 £	2015 £
Wages and salaries	32,516,516	31,018,533
Social security costs	2,318,548	2,261,708
Other pension costs	1,362,392	1,350,184
	<u>36,197,456</u>	<u>34,630,425</u>

In addition to the above, cost to the Trust of staff not directly employed by the Trust amounted to £4,437,982 (2015: £2,736,802).

The number of employees who received benefits (excluding employer pension costs) in the following ranges were:

Consolidated	2016 Number	2015 Number
£120,001 - £130,000	1	-
£110,001 - £120,000	-	1
£80,001 - £90,000	2	2
£70,001 - £80,000	2	1
£60,001 - £70,000	<u>-</u>	<u>1</u>

Pension costs are allocated to activities in proportion to the related staffing costs received. Included within the employment costs above are redundancy and termination payments totalling £8,410 (2015: £1,381). These payments are recognised as soon as the liability to the trust crystallises under the terms of the agreement with the employee. There are no liabilities that have not been recognised at the balance sheet date (2015: Nil).

The Directors were not paid nor received any other benefits from employment with the trust or its subsidiary during the year (2015: £nil). 8 Directors were reimbursed with travel expenses during the year amounting to £6,222 (2015: 7 Directors, £3,941). The other Directors received no travel expenses during the year.

The Key management personnel of the Group and the Trust, comprise the Trustees, the Chief Executive Officer of the Trust and the Executive Management Team (as set out in the reference and administrative information section of this report). The total employee benefits of these key personnel were: £410,619 (2015: £438,509).

#### 6 Taxation

The Brandon Trust is a registered charity and as such is exempt from taxation of its income and gains falling within part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objectives.

No tax charge has arisen in the year.

## The Brandon Trust

### Notes to the consolidated financial statements for the year ended 31 March 2016

#### 7 Intangible Assets

##### Consolidated and Trust

	Computer Software £	Total £
<b>Cost or Valuation</b>		
At 1 April 2015	822,797	822,797
Additions	199,602	199,602
At 31 March 2016	1,022,399	1,022,399
<b>Amortisation and Impairment</b>		
At 1 April 2015	729,150	729,150
Charge for the year	56,551	56,551
At 31 March 2016	785,701	785,701
<b>Net book value</b>		
At 31 March 2016	236,698	236,698
At 31 March 2015	93,647	93,647

Amortisation costs are charged to other allocated costs (note 2).

#### 8 Tangible fixed assets

##### Consolidated

	Freehold Land & Buildings	Property Refurbishment	Fixtures, Fittings & Furniture	Computer Equipment Restated	Motor Vehicles	Total
<b>Cost</b>	£	£	£	£	£	£
At 1 April 2015	5,349,990	1,376,085	1,339,725	1,517,924	281,341	9,865,065
Additions	327,635	156,290	5,966	92,385	7,000	589,276
Transfer from Children's Playlink	-	-	9,139	-	-	9,139
Disposals	(1,825,000)	(165,284)	(170,023)	(492,127)	(43,700)	(2,696,134)
At 31 March 2016	3,852,625	1,367,091	1,184,807	1,118,182	244,641	7,767,346
<b>Depreciation and Impairment Provisions</b>						
At 1 April 2015	-	1,303,230	1,177,092	1,082,042	252,176	3,814,540
Charge for the year	81,230	57,292	65,823	319,334	14,788	538,467
On disposals	-	(152,983)	(165,274)	(443,564)	(42,481)	(804,302)
At 31 March 2016	81,230	1,207,539	1,077,641	957,812	224,483	3,548,705
<b>Net book value</b>						
At 31 March 2016	3,771,395	159,552	107,166	160,370	20,158	4,218,641
At 31 March 2015	5,349,990	72,855	162,633	435,882	29,165	6,050,525

##### Trust only

	Freehold Land & Buildings	Property Refurbishment	Fixtures, Fittings & Furniture	Computer Equipment Restated	Motor Vehicles	Total
<b>Cost</b>	£	£	£	£	£	£
At 1 April 2015	2,364,990	1,376,085	1,339,725	1,517,924	281,341	6,880,065
Additions	327,635	156,290	5,966	92,385	7,000	589,276
Transfer from Children's Playlink	-	-	9,139	-	-	9,139
Disposals	-	(165,284)	(170,023)	(492,127)	(43,700)	(871,134)
At 31 March 2016	2,692,625	1,367,091	1,184,807	1,118,182	244,641	6,607,346
<b>Depreciation and Impairment Provisions</b>						
At 1 April 2015	-	1,303,230	1,177,092	1,082,042	252,176	3,814,540
Charge for the year	46,689	57,292	65,823	319,334	14,788	503,926
On disposals	-	(152,983)	(165,274)	(443,564)	(42,481)	(804,302)
At 31 March 2016	46,689	1,207,539	1,077,641	957,812	224,483	3,514,164
<b>Net book value</b>						
At 31 March 2016	2,645,936	159,552	107,166	160,370	20,158	3,093,182
At 31 March 2015	2,364,990	72,855	162,633	435,882	29,165	3,065,525

## The Brandon Trust

### Notes to the consolidated financial statements for the year ended 31 March 2016

#### 8 Tangible fixed assets (continued)

The comparable amounts of freehold land and buildings included above at deemed cost on transition to FRS102 determined according to the historical cost accounting rules are as follows:

	Consolidated £	Trust only £
Cost	2,190,011	1,302,635
Accumulated Depreciation	(332,741)	(220,346)
<b>Net Book Value</b>		
At 31 March 2016	<u>1,857,270</u>	<u>1,082,289</u>
At 31 March 2015	<u>3,278,511</u>	<u>771,386</u>

#### 9 Equity Interests in Property

	2016 £	2015 £
<b>Consolidated and Trust</b>		
Fixed Equity Interests in Properties at deemed cost	556,588	556,588

As part of the consideration for the sale of nine properties to Advance Housing and one joint purchase, Brandon Trust retained fixed equity interest in four of the properties and variable equity interests in another five. The variable equity interest was valued at deemed cost at 31 March 2014. The comparable amount included above at deemed cost on transition to FRS102 determined according to the historical cost accounting rules are as follows:

	2016 £	2015 £
<b>Consolidated and Trust</b>		
Fixed Equity Interests in Properties	340,022	340,022
Variable Equity Interests in Properties	894,000	894,000
Less: impairment	(588,034)	(605,914)
Accumulated Depreciation	(89,400)	(71,520)
	<u>216,566</u>	<u>216,566</u>
	<u>556,588</u>	<u>556,588</u>

#### 9a Investments

	2016 £	2016 £
<b>Cost or Valuation</b>	<b>Managed Funds</b>	<b>Total Funds</b>
At 1 April	-	-
Additions	1,000,000	1,000,000
Revaluation	46,278	46,278
<b>At 31 March</b>	<u>1,046,278</u>	<u>1,046,278</u>

Investments comprise units in charity specific managed funds. Managed funds are initially recorded at cost and are subsequently revalued to Market value at the balance sheet date.

#### 10 Acquisition

On 1st December 2015, the Trust acquired the assets and liabilities of Children's Playlink (charity number 1085949, company number 4180296) in exchange for meeting the future liabilities of Playlink Ltd to closure. At 30 November 2015 Children's Playlink had the following book value of net assets:

	£
Other fixtures, fitting and equipment	9,139
Debtors	8,022
Creditors	(41,587)
Cash	<u>244,038</u>
<b>Net assets acquired</b>	<u>219,612</u>
Total consideration	-
Surplus arising on acquisition	<u>(219,612)</u>
Shown within:	
Restricted donations (note 15)	108,580
Unrestricted donations (note 4)	<u>111,032</u>
	<u>219,612</u>

The directors believe that there are no material differences between the book value and fair value of the assets at acquisition. Children's Playlink now forms part of the Trust's Central area services. The Statement of Financial activities includes the following results for the transferred business, for the 4 months post acquisition:

<b>Statement of Financial Activities</b>	2016 £
Total Incoming Resources	83,126
Total Resources expended	<u>(37,042)</u>
<b>Net Income</b>	<u>46,084</u>

The Brandon Trust

Notes to the consolidated financial statements  
for the year ended 31 March 2016

11 Investment in Subsidiary Undertakings

On 20 April 2011, the Brandon Trust acquired control of Odyssey Care Ltd, a Community Benefit Society (24872R), by virtue of its ability to appoint membership of the Society's committee of management. Odyssey Care Ltd is a not for profit Learning Disability provider based in London. No payment was made by the trust to acquire Odyssey Care Ltd.

On 1 November 2012 the majority of the assets and liabilities (with the exception of Croydon Registered care properties) were transferred to the Brandon Trust and became the East operating area.

The results can be found within the financial statements of Odyssey Care Ltd, these are summarised below:

Statement of Financial Activities	2016 £	2015 £
Total Incoming Resources	-	-
Total Resources expended	(1,859,541)	(48,500)
Net outgoing resources before recognised gains and losses	(1,859,541)	(48,500)
Other gains/(losses)	-	-
Net outgoing resources for the year	(1,859,541)	(48,500)
<b>Summary Balance Sheet</b>	<b>2016 £</b>	<b>2015 £</b>
Total Assets	1,125,459	2,985,000
Total Liabilities	-	-
Net Funds	1,125,459	2,985,000
Total resources expended comprise restricted expenditure as follows:		
	2016 £	
Depreciation charge	34,541	
Loss on disposal of Fixed assets	1,825,000	
Odyssey Care Ltd - expenditure on NHS Property Services Ltd Fund	1,859,541	
Trust Loss on disposal - NHS Property Services Fund (note 15)	138,750	
Consolidated Loss on NHS Property Services Ltd Fund (note 15)	1,998,291	

The losses represents the proceeds from the sale of fixed assets repayable to NHS Property Services Ltd. In previous years the Trust and Subsidiary received monies from NHS Property Services to fund the purchase of freehold properties. As the Proceeds are payable only in the event that the Trust and subsidiary sell the properties, and in this event can be controlled, the liability is recognised as a contingent liability and recognised as a loss when it crystallises. The Trust has recognised the original monies received as restricted funds.

The interests in Odyssey Care Ltd were valued at deemed cost at the date of Transition (1 April 2014):

	2016 £	2015 £
Investment at deemed cost less impairment	1,125,459	2,328,000
<b>12 Debtors</b>	<b>2016 £</b>	<b>2015 £</b>
<b>Consolidated and Trust</b>		
Trade debtors	3,362,509	3,066,102
Other debtors	65,222	65,809
Prepayments	479,145	672,324
Accrued income	1,019,157	930,734
	4,926,033	4,734,969
<b>13 Assets held for resale</b>	<b>2016 £</b>	<b>2015 £</b>
<b>Properties - Consolidated and Trust</b>		
Cost at beginning of year	853,000	275,000
Transfer from tangible fixed assets	-	853,000
Disposed of during year	(473,000)	(275,000)
Cost at end of year	380,000	853,000

Assets held for resale are recorded at the lower of deemed cost and net realisable value.

The comparable amounts of freehold land and buildings included above at deemed cost on transition to FRS102, determined according to the historical cost accounting rules are as follows:

	Consolidated and Trust £
Cost	135,200
Accumulated Depreciation	(43,264)
Net Book Value	
At 31 March 2016	91,936
At 31 March 2015	213,640

# The Brandon Trust

## Notes to the consolidated financial statements for the year ended 31 March 2016

### 14 Creditors: amounts falling due within one year

Consolidated and Trust	2016 £	2015 £
Bank overdraft	1,793	-
Trade creditors	466,822	517,119
Taxes and social security costs	774,710	834,632
Accruals	1,914,040	1,892,610
Deferred income	548,374	310,400
	<u>3,705,739</u>	<u>3,554,761</u>

Deferred income primarily results from the timing of invoicing Local Authorities. Most require invoicing on a rolling four weekly cycle and as a result income may be deferred at the year end.

Movements in deferred income comprise:	2016 £	2015 £
Balance at 1 April	310,400	508,971
Released during the year	(310,400)	(508,971)
Income deferred during the year	548,374	310,400
Balance at 31 March	<u>548,374</u>	<u>310,400</u>

### 15 Restricted Funds

Consolidated	Balance 1 April 2015 £	Incoming Resources £	Expenditure / Transfers	Transferred from Children's playlink (note 10) £	Balance 31 March 2016 £
NHS Property Services Ltd	3,626,250	-	(1,998,291)	-	1,627,959
Employment projects Cornwall	53,238	-	(40,226)	-	13,012
Innovation Grant - Assistive Technology	5,026	-	(2,718)	-	2,308
Donation - Work, Learning and Leisure	25,470	105,321	(51,328)	108,580	188,043
Donation - Accommodation with Care Services	11,416	2,411	(5,686)	-	8,141
Donation - Supported Living	12,423	18,660	(11,715)	-	19,368
Donations - other	33,689	92,527	(67,523)	-	58,693
Donations - Dream Fund	61,452	57,837	(19,681)	-	99,608
	<u>3,828,964</u>	<u>276,756</u>	<u>(2,197,168)</u>	<u>108,580</u>	<u>2,017,132</u>

**Notes to the consolidated financial statements  
for the year ended 31 March 2016**

**15 Restricted Funds (continued)**

	Balance 31 March 2015	Incoming Resources	Expenditure / Transfers	Transferred from Children's playlink (note 10)	Balance 31 March 2016
	£	£	£	£	£
<b>Trust only</b>					
NHS Property Services Ltd	641,250	-	(138,750)	-	502,500
Subsidiary investment (note 11)	2,328,000	-	(1,202,541)*	-	1,125,459
Employment Projects- Cornwall	53,238	-	(40,226)	-	13,012
Innovation Grant - Assistive Technology	5,026	-	(2,718)	-	2,308
Donation - Work, Learning and Leisure	25,470	105,321	(51,328)	108,580	188,043
Donation - Accommodation with Care Services	8,497	2,411	(5,686)	-	5,222
Donation - Supported Living	15,342	18,660	(11,715)	-	22,287
Donations - corporate	33,689	92,527	(67,523)	-	58,693
Donations (dream fund)	61,452	57,837	(19,681)	-	99,608
	<u>3,171,964</u>	<u>276,756</u>	<u>(1,540,168)</u>	<u>108,580</u>	<u>2,017,132</u>

Employment Project - is a specific employment project originally funded by the European Social Fund, and this year by Cornwall Job Outcomes. The remaining funds have been allocated for expenditure on employment related projects.

The Innovation Grant was for use on a specific assistive technology project at Clifton Park Family Assessment Centre. The project finished with an underspend, with the Trust intending to spend in the spirit of the original grant. Suitable projects are approved.

Donations are from various sources, often bequests, to be used for specific purposes by specific elements of the Trust.

The Dream Fund raises money for the purpose of enhancing the lives of people that we support, during the year significant funds were raised directly for this purpose.

The NHS Property services fund represents monies previously received from NHS Property Services Ltd to fund the purchase of freehold properties. The proceeds are payable in the event that the Trust and subsidiary sells the properties and as such the funds received have been treated as restricted (note 11). The Subsidiary investment reserve represents the equivalent restricted income in the Subsidiary.

\* The Investment has been impaired because of the sale of two properties in Odyssey Care Ltd.

**16 Unrestricted funds**

	Revaluation Reserve £	Designated Reserve £	General Reserve £	Total Excluding Pension Reserve £	Pension Reserve £	Total Including Pension Reserve £
<b>Consolidated and Trust</b>						
Balance at 1 April 2015 Restated	2,670,100	47,834	11,322,944	14,040,878	(1,866,000)	12,174,878
Deficit for the year before transfers	-	(21,537)	(1,897,544)	(1,919,081)	326,000	(1,593,081)
Transferred between reserves on sale of properties	(404,781)	-	404,781	-	-	-
Balance at 31 March 2016	<u>2,265,319</u>	<u>26,297</u>	<u>9,830,181</u>	<u>12,121,797</u>	<u>(1,540,000)</u>	<u>10,581,797</u>

During the year designated funds had costs of £21,537. The balance of designated funds at 31 March 2016, relates to an Employment Strategy project.

**17 Analysis of net assets between funds**

	Unrestricted Funds	Restricted Funds	Pension Reserve	Total Funds
	£	£	£	£
<b>Consolidated</b>				
Fund balances at 31 March 2016 are represented by:				
Intangible fixed assets	236,698	-	-	236,698
Tangible fixed assets	3,093,182	1,125,459	-	4,218,641
Investments	1,046,278	-	-	1,046,278
Equity interests in property	556,588	-	-	556,588
Current assets	10,894,790	891,673	-	11,786,463
Current liabilities	(3,705,739)	-	-	(3,705,739)
Long Term liabilities	-	-	(1,540,000)	(1,540,000)
Total Net Assets	<u>12,121,797</u>	<u>2,017,132</u>	<u>(1,540,000)</u>	<u>12,598,929</u>
<b>Trust only</b>				
Fund balances at 31 March 2016 are represented by:				
Intangible fixed assets	236,698	-	-	236,698
Tangible fixed assets	3,093,182	-	-	3,093,182
Investments	1,046,278	-	-	1,046,278
Investment in subsidiary	-	1,125,459	-	1,125,459
Equity interests in property	556,588	-	-	556,588
Current assets	10,894,790	891,673	-	11,786,463
Current liabilities	(3,705,739)	-	-	(3,705,739)
Long Term liabilities	-	-	(1,540,000)	(1,540,000)
Total Net Assets	<u>12,121,797</u>	<u>2,017,132</u>	<u>(1,540,000)</u>	<u>12,598,929</u>

# The Brandon Trust

## Notes to the consolidated financial statements for the year ended 31 March 2016

### 18 Reconciliation of net income and expenditure to net cash (outflow) from operating activities

	Group 2016	Trust 2016	Group 2015	Trust 2015
	£	£	£	£
<b>Consolidated</b>				
Net (outgoing) expenditure	(3,792,913)	(2,478,913)	(943,780)	(895,280)
Net gain on investments	(46,278)	(46,278)	-	-
FRS102 Pension charge	62,000	62,000	51,000	51,000
Release of pension provision (note 27)	-	-	(54,595)	(54,595)
Depreciation of tangible assets	538,467	503,926	475,778	427,278
Amortisation of intangible assets	56,551	56,551	12,876	12,876
Investment income	(49,584)	(49,584)	(65,656)	(65,656)
(Profit)/Loss on disposal of fixed assets and assets held for resale	1,877,828	52,828	(27,469)	(27,469)
Impairment of investment in subsidiary	-	1,202,541	-	-
Reduction in impairment in the period	657,000	-	-	-
(Increase) in debtors	(191,064)	(191,064)	(1,209,279)	(1,209,279)
Increase/(decrease) in creditors within one year	149,185	149,185	(210,802)	(210,802)
Net cash (outflow) from operating activities	(738,808)	(738,808)	(1,971,927)	(1,971,927)

### 19 Analysis of cash and cash equivalents

	1 April 2015	31 March 2016
	£	£
<b>Consolidated</b>		
Net cash:		
Cash at bank and in hand	9,135,874	6,480,430
Bank overdraft	-	(1,793)
Total of cash and cash equivalents	9,135,874	6,478,637

### 20 Reconciliation of net cash flow to movement in net funds

	2016	2015
	£	£
<b>Consolidated</b>		
(Decrease) in cash and cash equivalents in the year	(2,901,275)	(2,129,009)
Net cashflow arising on acquisition	244,038	-
Movement in cash and cash equivalents in the year	(2,657,237)	(2,129,009)
Opening cash and cash equivalents	9,135,874	11,264,883
Closing cash and cash equivalents	6,478,637	9,135,874

## The Brandon Trust

### Notes to the consolidated financial statements for the year ended 31 March 2016

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#### 21 Retirement benefits

The Group participates in a number of pension schemes. The total pension operating cost for the Group was £1,362,392 (2015: £1,350,184). This figure includes £175,698 (2015: £167,440) of outstanding contributions at the balance sheet date.

##### a) Defined contributions scheme

- i) The Trust operates a defined contribution ("money purchase") pension scheme with Aegon. The contributions relating to each member (less investment and administrative expenses) are invested until retirement when the value of the member's accumulated investment account is available to purchase a pension under an annuity contract or take a cash option within HMRC limits. The assets of the scheme are held separately from those of the trust in an independently administered fund. The pension costs charge which represents contributions payable by the Group to these schemes amounted to £437,110 (2015: £397,115).
- ii) The company commenced pensions auto-enrolment on 1 September 2013 via the National Employment Savings Trust (NEST) defined contribution pension scheme. The contribution rate for the employer is initially set at 1%, and the contributions for the year were: £71,868 (2015: £66,247).

##### b) Defined benefit schemes

- i) The Trust contributes to the NHS pension scheme which is a final salary scheme. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2012. The next valuation was at 31 March 2016 and this will set contribution rates from 1 April 2019. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme. However contributions are paid into a notional fund and further information about the funding position can be found at [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/319413/NHS\\_final\\_report\\_final\\_09June14.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/319413/NHS_final_report_final_09June14.pdf). Brandon has no liability for other employers obligations to the multi-employer scheme. As the scheme operates on a pay as you go basis there is no liability to recognise in respect of past service deficits.

The pension cost charge represents contributions payable by the fund net of recharges and amounted to £557,648 (2015: £679,863) (£681,859 actual contributions net of £124,211 from the Department of Health Funding).

- ii) The Trust contributes to a further pension scheme providing benefits based on final pensionable pay, the Avon Fund, which is administered by Bath and North East Somerset Council. The Trust's involvement in the scheme commenced on 1 September 2001. The assets of the scheme are held separately from those of the Trust and hence fuller disclosure under FRS102 is required. The amounts charged to the SOFA are the current service costs and gains and losses on settlements and curtailments. They are included as part of the staff costs. Contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 31 March 2013. The contributions payable by the group to the fund amounted to £47,917 (2015: £53,327). For actuarial assumptions and composition of the scheme see page 30.
- iii) The Trust contributes to a further pension scheme providing benefits based on final pensionable pay, which is administered by Gloucestershire County Council. The Trust's involvement in the scheme commenced on 1 April 2006. The assets of the scheme are held separately from those of the Trust and hence fuller disclosure under FRS102 is required. The amounts charged to the SOFA are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 31 March 2011. The contributions payable by the group to the fund amounted to £52,156 (2015: £60,219). For actuarial assumptions and composition of the scheme see page 32.
- iv) The Trust and formerly Odyssey Care Ltd makes contributions to the London Borough of Southwark Pension Scheme. The employers contributions are however set in relation to the current service period only, consequently the contributions have been accounted for as if it were a defined contribution scheme. The pension charge payable to the fund from the Trust amounted to £49,563 (2015: £55,512).
- v) The Trust contributes to a further pension scheme providing benefits based on final pensionable pay, which is administered by Worcestershire County Council. The Trust's involvement in the scheme commenced on 1 September 2014. The assets of the scheme are held separately from those of the Trust and hence fuller disclosure under FRS102 is required. The amounts charged to the SOFA are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 31 March 2013. The contributions payable by the group to the fund amounted to £60,356 (2015: £38,301 7 months). For actuarial assumptions and composition of the scheme see page 34.
- vi) The Trust contributes to a further pension scheme providing benefits based on final pensionable pay, which is administered by Warwickshire County Council. The Trust's involvement in the scheme commenced on 1 September 2015. The pension liability remains attributable to Warwickshire County Council under the terms of the contract and as such the employees contributions are set in relation to the current service period only. As a result the contributions have been accounted for as if it were a defined contribution scheme. The pension charge payable to the fund from the Trust amounted to £85,774 for 7 months (2015: £nil).



# The Brandon Trust

## Notes to the consolidated financial statements for the year ended 31 March 2016

### 21 Retirement Benefits benefits (continued)

#### Composition of the Avon Pension Fund Scheme

##### Consolidated and Trust

The Principal assumptions used in the calculation of the valuation of the plan assets and the present value of the defined benefit obligation include:

	2016	2015
Future salary increases	3.5%	3.5%
Future pension increases	2.0%	2.0%
Discount rate	3.5%	3.2%
Inflation assumption - CPI	2.0%	2.0%

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	2016	2015
male (female) future pensioner aged 65	25.9 (28.9) years	25.8 (28.8) years
male (female) current pensioner aged 65	23.5 (26.0) years	23.4 (25.9) years

Amounts recognised in the statement of financial activities of the defined benefit schemes is as follows:

	2016 £000s	2015 £000s
Current Service Cost	(56)	(59)
Administration expenses	(1)	(1)
Net interest cost	(35)	(31)
Pension cost recognised	<u>(92)</u>	<u>(91)</u>

	2016 £000s	2015 £000s
<b>Changes in Benefit Obligation during period</b>		
Benefit obligation at beginning of period	5,787	4,960
Current service cost	56	59
Interest on pensions liabilities	183	215
Member contributions	11	14
Remeasurements (liabilities)/gain on assumptions	(293)	743
Benefits/transfers paid	<u>(195)</u>	<u>(204)</u>
Benefit obligation at end of period	<u>5,549</u>	<u>5,787</u>

	2016 £000s	2015 £000s
<b>Changes in Plan Assets during the period</b>		
Fair value of plan assets at beginning of period	4,693	4,257
Interest on plan assets	148	184
Remeasurements (assets)	(199)	389
Administration expenses	(1)	(1)
Employer contributions	48	54
Member contributions	11	14
Benefits/transfers paid	<u>(195)</u>	<u>(204)</u>
Fair value of plan assets at end of period	<u>4,505</u>	<u>4,693</u>

# **The Brandon Trust**

## **Notes to the consolidated financial statements for the year ended 31 March 2016**

### **21 Retirement Benefits benefits (continued)**

#### **Composition of the Avon Pension Fund Scheme (continued)**

	2016 £000s	2015 £000s
Actual Return on Plan Assets	<u>(52)</u>	<u>573</u>
The analysis of the scheme assets at the reporting date were as follows:		
	2016 %	2015 %
Equities	53.8	58.7
Government Bonds	8.0	14.0
Other Bonds	12.4	8.8
Property	9.3	8.4
Cash/Liquidity	1.3	2.4
Other	<u>15.2</u>	<u>7.7</u>
	<u>100.0</u>	<u>100.0</u>

Estimated Employer's contributions for the year to 31 March 2017 will be approximately £52,000.

Any potential net deficit on this scheme that may exist at the point of the service delivery contract ending that is in excess of £1.3m, is contractually passed back to the commissioners, North Somerset CC, and is not a liability of the Trust.

# The Brandon Trust

## Notes to the consolidated financial statements for the year ended 31 March 2016

### 21 Retirement Benefits benefits (continued)

#### Composition of the Gloucestershire County Council Scheme

##### Consolidated and Trust

The Principal assumptions used in the calculation of the valuation of the plan assets and the present value of the defined benefit obligation include:

	2016	2015
Salary increase rate *	3.7%	3.8%
Pension/inflation increase rate	2.2%	2.4%
Discount rate	3.5%	3.2%

\* Salary increases are assumed to be 1% p.a. until March 2015 before reverting to long term assumption above.

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	2016	2015
male (female) future pensioner aged 65	22.5 (24.6) years	22.5 (24.6) years
male (female) current pensioner aged 65	24.4 (27.0) years	24.4 (27.0) years

Amounts recognised in the statement of financial activities of the defined benefit schemes is as follows:

	2016 £000s	2015 £000s
Current Service Cost	(33)	(36)
Net interest cost	(19)	(16)
Pension cost recognised	<u>(52)</u>	<u>(52)</u>
	<b>2016 £000s</b>	<b>2015 £000s</b>
<b>Changes in Benefit Obligation during period</b>		
Benefit obligation at beginning of period	2,911	2,365
Current service cost	33	36
Interest on pensions liabilities	93	102
Member contributions	6	8
Remeasurements (liabilities)/gain on assumptions	(302)	439
Remeasurements (liabilities) - other experience	(31)	(18)
Benefits/transfers paid	(56)	(21)
Benefit obligation at end of period	<u>2,654</u>	<u>2,911</u>
	<b>2016 £000s</b>	<b>2015 £000s</b>
<b>Changes in Plan Assets during the period</b>		
Fair value of plan assets at beginning of period	2,312	1,972
Interest income on plan assets	74	86
Remeasurements - return on assets excluding amounts shown in net interest	(72)	207
Employer contributions	52	60
Member contributions	6	8
Benefits/transfers paid	(56)	(21)
Fair value of plan assets at end of period	<u>2,316</u>	<u>2,312</u>

## The Brandon Trust

### Notes to the consolidated financial statements for the year ended 31 March 2016

#### 21 Retirement Benefits benefits (continued)

##### Composition of the Gloucestershire County Council Scheme (continued)

	2016	2015
	£000s	£000s
Actual Return on Plan Assets	82	293

The analysis of the scheme assets at the reporting date were as follows:

	2016	2015
	%	%
Equities	70.0	74.0
Government Bonds	21.0	17.0
Property	8.0	7.0
Cash/Liquidity	1.0	2.0
	100.0	100.0

Estimated Employer's contributions for the year to 31 March 2017 will be approximately £52,000.

# The Brandon Trust

## Notes to the consolidated financial statements for the year ended 31 March 2016

### 21 Retirement Benefits benefits (continued)

#### Composition of the Worcestershire county Council Scheme

##### Consolidated and Trust

The Principal assumptions used in the calculation of the valuation of the plan assets and the present value of the defined benefit obligation include:

	2016	2015
Rate of increase in salaries	3.6%	3.6%
Rate of increase in pensions in payment	2.1%	2.1%
Discount rate	3.7%	3.4%
Inflation assumption - CPI	2.1%	2.1%

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	2016	2015
male (female) future pensioner aged 65	25.8 (28.2) years	25.6 (28.1) years
male (female) current pensioner aged 65	23.5 (25.9) years	23.4 (25.8) years

Amounts recognised in the statement of financial activities of the defined benefit schemes is as follows:

	2016 £000s	2015 £000s
Current Service Cost	(81)	(44)
Administration expenses	(1)	(1)
Net interest cost	(5)	(2)
Pension cost recognised	<u>(87)</u>	<u>(47)</u>

	2016 £000s	2015 £000s
<b>Changes in Benefit Obligation during period</b>		
Benefit obligation at beginning of period	1,129	-
Current service cost	81	44
Interest on pensions liabilities	39	22
Member contributions	18	11
Remeasurements- (Gain)/loss on assumptions	(95)	132
Business combinations	-	920
Benefit obligation at end of period	<u>1,172</u>	<u>1,129</u>

	2016 £000s	2015 £000s
<b>Changes in Plan Assets during the period</b>		
Fair value of plan assets at beginning of period	956	-
Interest on plan assets	-	20
Administrative expenses	(1)	(1)
Interest on plan assets	34	-
Remeasurements (assets)	(53)	48
Employer contributions	60	38
Member contributions	18	11
Business combinations	-	840
Fair value of plan assets at end of period	<u>1,014</u>	<u>956</u>

## The Brandon Trust

### Notes to the consolidated financial statements for the year ended 31 March 2016

#### 21 Retirement Benefits benefits (continued)

##### Composition of the Worcestershire county Council Scheme (continued)

	2016 £000s (18)	2015 £000s 68
Actual Return on Plan Assets		
The analysis of the scheme assets at the reporting date were as follows:		
	2016 %	2015 %
Equities	84.4	92.6
Government Bonds	-	-
Other Bonds	6.2	6.1
Property	4.6	-
Cash/Liquidity	1.1	1.3
Other	3.7	-
	<u>100.0</u>	<u>100.0</u>

Estimated Employer's contributions for the year to 31 March 2017 will be approximately £60,000.

## The Brandon Trust

### Notes to the consolidated financial statements for the year ended 31 March 2016

#### 22 Financial commitments

At 31 March 2016 the Group the total future minimum lease payments under non-cancellable operating leases was as follows:

Consolidated and Trust	Land and buildings		Other	
	2016	2015	2016	2015
	£	£	£	£
Expiry date:				
Within one year	416,253	305,242	239,531	214,922
Between two and five years	413,119	301,057	249,321	250,438
In over five years	11,416	-	-	3,840
	<u>840,788</u>	<u>606,299</u>	<u>488,852</u>	<u>469,200</u>

#### 23 Capital commitments

##### Consolidated and Trust

Capital expenditure contracted for but not provided in the financial statements

2016	2015
£	£

<u>-</u>	<u>59,702</u>
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#### 24 Exceptional Item

During the year the group incurred charges totalling £nil (2014:£1,128,058) which the Directors consider to be exceptional.

	2016	2015
	£	£
Net recompense charges	<u>-</u>	<u>1,128,058</u>

##### Recompense charges

##### Gloucestershire

During the year the Trust made payments of £nil (2015: £1,014,258) to compensate staff in the Gloucestershire Area for changes to their terms and conditions. The changes were achieved with the full co-operation of Gloucestershire County Council, with whom we operate under a long term block funded contract to deliver services in the County, as well as with full consultation with the staff and the union representatives. The recompense model in Gloucestershire was one of up to two years pay protection, with lump sum payments in June 2013 and also in June 2014. The Council, by maintaining the contract price, contributed to this recompense for staff, and as such for the first two years there was no 'cost' for Brandon.

The block contract ended in March 2016 and the changes to the terms and conditions for staff was necessary to ensure that we can be a viable option for those we support (via personal budgets) from that point onwards, therefore sustaining the future of our workforce in the area.

## **The Brandon Trust**

### **Notes to the consolidated financial statements for the year ended 31 March 2016**

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#### **24 Exceptional Item (continued)**

##### **Devon**

Devon Services transferred from Devon County Council to the Trust in January 2011, with a four year contract terminating in January 2015. With the end of the staffing contract changes were necessary so that the Devon framework rate could be achieved and our workforce sustained in the area. A lump sum payment totalling £nil (2015: £113,800) was made to compensate staff in the Devon Area for changes to their terms and conditions. This was done in full consultation with Staff, the Council and union representatives.

These changes across the Trust have been necessary in order to respond to funding pressures and, most importantly, to bring the pay of the workforce in line with market rates for the social care sector. This will help to ensure a sustainable future for our employees and the people we support.

The Directors considered both of these costs to be exceptional in the year ended 31 March 2015.

#### **25 Related Party Transactions**

No related party transactions took place during the year (2015:£Nil)

#### **26 Contingent Liability**

Proceeds from the sale of certain properties held by Odyssey Care Limited and the Trust amounting to £1,627,959 (2015:£3,626,250) are repayable to NHS Property Services Limited upon the sale of these tangible fixed assets.



The Brandon Trust

Notes to the consolidated financial statements  
for the year ended 31 March 2016

27 First time adoption of FRS102

Reconciliation of Consolidated Funds	1 April 2014	31 March 2015
	£	£
Consolidated funds as reported under previous UK GAAP	15,742,334	15,128,777
Restatement of freehold land and buildings to deemed cost at 31 March 2014	975,895	975,895
Remove impact of revaluation on freehold land and buildings at 31 March 2015 *	-	(975,895)
Restatement of Equity Interest to deemed cost at 31 March 2014	127,923	127,923
Remove impact of revaluation on equity interests at 31 March 2015 *	-	(127,923)
Reduction in staff costs and accruals from release of pension provision - by charitable activity +		
-Accommodation with Care Services Costs	262,929	280,425
-Work, Learning & Leisure Costs	85,453	91,139
-Fees for Supported Living Services	472,088	503,501
	820,470	875,065
Consolidated funds reporting under FRS102	<u>17,666,622</u>	<u>16,003,842</u>
Reconciliations of Consolidated Statement of financial activities		Year ended 31 March 2015
		£
Consolidated net expenditure as reported under previous UK GAAP		(947,375)
Change in recognition of net interest and administration costs for defined benefit pension schemes		(51,000)
Reduction in staff costs and accruals from release of pension provision - by charitable activity+		
-Accommodation with Care Services Costs		17,496
-Work, Learning & Leisure Costs		5,686
-Fees for Supported Living Services		31,413
		54,595
Consolidated net expenditure reporting under FRS102		<u>(943,780)</u>
Reconciliation of Trust Funds	1 April 2014	31 March 2015
	£	£
Trust funds as reported under previous UK GAAP	15,742,334	15,128,777
Restatement of freehold land and buildings to deemed cost at 31 March 2014	975,895	270,395
Remove impact of revaluation on freehold land and buildings at 31 March 2015 *		(270,395)
Restatement of Equity Interest to deemed cost at 31 March 2014 *	127,923	127,923
Restatement of Investment in subsidiary to deemed cost at 31 March 2014 \$		(657,000)
Remove impact of revaluation on equity interests at 31 March 2015 *		(127,923)
Reduction in staff costs and accruals from release of pension provision - by charitable activity+		
-Accommodation with Care Services Costs	262,929	280,425
-Work, Learning & Leisure Costs	85,453	91,139
-Fees for Supported Living Services	472,088	503,501
	820,470	875,065
Trust funds reporting under FRS102	<u>17,666,622</u>	<u>15,346,842</u>
Reconciliations of Trust Statement of financial activities		Year ended 31 March 2015
		£
Trust net expenditure as reported under previous UK GAAP		(898,875)
Change in recognition of net interest and administration costs for defined benefit pension schemes		(51,000)
Reduction in staff costs and accruals from release of pension provision - by charitable activity+		
-Accommodation with Care Services Costs		17,496
-Work, Learning & Leisure Costs		5,686
-Fees for Supported Living Services		31,413
		54,595
Trust net expenditure under FRS102		<u>(895,280)</u>

These movements are explained in note 1.2, accounting policies.

Prior year adjustments

Included within the adjustments above are two adjustments which are technically prior year adjustments:

- 1) Items denoted \* - The Trust and its subsidiary have restated its freehold land and buildings (including those held for resale) and equity interests to deemed cost at the date of Transition under FRS102. As a result, the subsequent revaluation of these assets at 31 March 2015 has been reversed to reflect this change in policy.
- 2) Items denoted + - The Trust received grants in prior years, in respect of specific pension schemes. Where the Trust received grant income in excess of pension contributions payable, it was the Trust's policy to provide for the difference. The Trust now believes (and has taken legal advice) that the criteria for recognising this liability were not met, and as the liability was recognised in previous years then the Trust has corrected for this as a prior year adjustment.
- 3) Items denoted \$ - The Trust has elected to measure the investment in its subsidiary at deemed cost at the date of Transition under FRS102. The deemed cost is the carrying value at that date as determined under previous UK GAAP, and subsequently less impairment.

**The Brandon Trust**  
**28 Prior year primary statement comparatives by fund**

**Consolidated statement of financial activities (incorporating an Income and Expenditure Account  
for the year ended 31 March 2015**

	Notes	Unrestricted Funds	Unrestricted Pensions Reserve	Restricted Funds	Total Funds Restated 2015
		£	£	£	£
<b>Income</b>					
<b>Donations and Legacies</b>	<b>4</b>	71,365	-	214,374	285,739
<b>Income from charitable activities:</b>					
Fees for Residential Services		14,239,766	-	-	14,239,766
Fees for Work, Learning and Leisure		5,059,833	-	-	5,059,833
Fees for Supported Living Services		25,217,890	-	-	25,217,890
Investment income	<b>3</b>	65,656	-	-	65,656
Other income		20,894	-	-	20,894
<b>Total income</b>		<b>44,675,404</b>	<b>-</b>	<b>214,374</b>	<b>44,889,778</b>
<b>Expenditure</b>					
<b>Expenditure on charitable activities</b>					
Residential Services Costs	<b>2</b>	14,231,036	16,381	48,500	14,295,917
Work, Learning & Leisure Costs	<b>2</b>	4,645,634	5,330	-	4,650,964
Fees for Supported Living Services	<b>2</b>	25,529,017	29,289	-	25,558,306
Exceptional item: continuing operations		1,131,524	-	-	1,131,524
Other expenditure in the deployment of grants and donations received		-	-	196,847	196,847
<b>Total expenditure</b>	<b>2</b>	<b>45,537,211</b>	<b>51,000</b>	<b>245,347</b>	<b>45,833,558</b>
<b>Net expenditure</b>		<b>(861,807)</b>	<b>(51,000)</b>	<b>(30,973)</b>	<b>(943,780)</b>
<b>Transfer between funds</b>		<b>(2,656)</b>	<b>-</b>	<b>2,656</b>	<b>-</b>
<b>Net expenditure before other gains and losses</b>		<b>(864,463)</b>	<b>(51,000)</b>	<b>(28,317)</b>	<b>(943,780)</b>
<b>Other Recognised Losses</b>					
Pension schemes remeasurements	<b>21</b>	-	(719,000)	-	(719,000)
<b>Net movement in funds</b>		<b>(864,463)</b>	<b>(770,000)</b>	<b>(28,317)</b>	<b>(1,662,780)</b>
Balances brought forward at 1 April 2014		14,084,871	(1,096,000)	3,857,281	16,846,152
Effect of Prior year adjustment	<b>27</b>	820,470	-	-	820,470
Balances brought forward as restated		14,905,341	(1,096,000)	3,857,281	17,666,622
<b>Balances carried forward at 31 March 2015</b>	<b>15/16</b>	<b>14,040,878</b>	<b>(1,866,000)</b>	<b>3,828,964</b>	<b>16,003,842</b>

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above. The (deficit) for the year for Companies Act purposes comprises the net (expenditure) for the year and was (£943,780)