

# Brandon

Live free

the learning disability charity

## Financial Statements and Highlight Report 2017/18



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# "A year of positive transformation"

## – Foreword from the Chair of the Board of Directors

This highlight report reflects a year of progress for Brandon. We have invested this year in developing the strategic foundations necessary to keep Brandon flexible, dynamic and ready to meet the needs of social care commissioners in transforming Learning Disability Services.



Our vision to see the people we support 'live free' remains at the heart of our efforts – putting both the needs and aspirations of the adults and children that we support at the centre of everything we do – and allowing individuals to choose the life they really want.

Brandon is a large, complex organisation, and making sure that we are ready and able to support these aspirations requires innovation across a range of areas.

I am particularly pleased with the strides made this year in the continued improvement of the quality of our services, a fact reflected by both the financial performance set out in this Annual Report and Financial Statements, and by 96% of our services being rated as good or outstanding by the Care Quality Commission by the end of March 2018. I'm delighted to report that in July 2018, we achieved our goal of 100% good or outstanding.

Equally important is the continued strengthening of commissioner relationships. Our mutual goal of improving the lives of those we support has allowed us to navigate some real challenges together. These relationships have enabled us to further stabilise our financial position and maintain viable and sustainable services across the organisation.

We have increased our strategic focus on our workforce, beginning a transformation agenda which puts our people at the centre of our approach. Alongside this, we have designed and executed a leadership action plan to ensure that we have the highest quality leadership possible in all key posts.

We are re-thinking our information support and systems strategy, adopting a quality-focused approach to key organisational capabilities. The aim is to build staff confidence and further develop a central "service delivery" culture to front-line staff.

So a very busy year, but a very rewarding one – and with more positive changes due to come next year, it's an exciting time to be at Brandon.

A handwritten signature in black ink, appearing to read 'Bonnie Dean'. The signature is stylized and fluid.

**Bonnie Dean - Chair of the Board of Directors**



# Directors' Report

The Directors present their annual report (incorporating the strategic report) and financial statements for the year ended 31 March 2018.

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, the Memorandum and Articles of Association, in preparing the annual report and financial statements of the charity and its subsidiary.

## Objectives & Activities

Our 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'.

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'.



## Purpose and Benefit

Brandon Trust's core business is the provision of support services across the south of England to individuals with a learning disability - predominantly to adults, with more recently some provision for children and young people.

We provide a range of support to adults and children with learning disabilities and autism, across much of the South West of England, Oxfordshire, Warwickshire and some London Boroughs. Our ethos is to support people to live as independently as possible and develop services that equip people to live in their own home.

During 2017/2018 we supported 1,482 individuals with a wide range of needs, including complex physical and health issues, mental health issues, autism and people who communicate through behaviours that can be challenging.

### During 2017/18, we supported:

- \* 261 children & families
- \* 612 people in supported living
- \* 68 people in accommodation with support
- \* 24 people in accommodation with support and nursing
- \* 45 in respite provision
- \* 68 through enabling support
- \* 214 in day opportunities and enterprises
- \* 190 in work, learning & leisure

Our funding for core services is provided by local authorities to ensure that the people we support 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.

The additional activities and opportunities we provide are mostly funded through Brandon fundraising, and in the case of some Enterprises jointly funded with commissioners.

## Achievements & KPIs

All of the charity's activities are focused on supporting people with learning disabilities in a way which encourages, supports and enables them to lead fulfilling lives. This means combining our sustainability goals from "A New Way" strategy with our vision to continue to enrich people's lives.

We reflect this in three strategic Key Performance Indicators (KPIs):

1. Achieving and sustaining financial viability
2. All our services being rated as 'good' or 'outstanding' by the CQC (see page 10)
3. 90% or more people responding positively to each key indicator in our Annual Survey (see page 7)

Over the following pages we will highlight where we have delivered on these objectives.





## A year in numbers...



A team of  
**2,360**  
staff



**92%** of people

we support told us they are  
happy with the support they  
get from Brandon.



We provided support in  
**15** Local Authorities

**96%** of our services  
rated good or  
outstanding  
by CQC.

**36**  
Brandon Dream Fund  
grants were  
awarded





Each year, we run an annual survey which has been developed with the help of people we support and family and friends. In 2017, we sent out two types of surveys to the people we support; one they could answer themselves, or an 'observational' survey that helps us get a better sense of the views of people who don't use verbal communication.

We also sent out a survey to relatives and friends of people we support.

**People we support told us directly that:**

- \* 92% of people told us they are very or quite happy with the support they get from us.
- \* 93% of people told us they feel good or very good when staff support them.
- \* 91% of people told us they are very or quite happy with the amount of control they have over daily life.
- \* 84% of people told us they see friends and family as much as they would like.

**From the results of the observational survey, we think that:**

- \* 96% of people are very or quite happy with the support they receive.

- \* 92% of people show they are happy most days or every day.
- \* 90% are very or quite happy with how often they do things they value and enjoy.

**Friends and family told us that:**

- \* 94% of friends and family are always or mostly happy with the support their friend or relative gets from Brandon.
- \* 91% said their friend or relative is always or mostly supported to see friends and family.
- \* 88% said staff always or mostly communicate effectively with them.

## What progress have we made?

Last year we identified some key areas we wanted to work on - supporting people to stay healthy, improving outcomes for those with higher support needs, and thinking about how we involve families in planning their relative's support.

We're very happy to see improved outcomes on both health, and support for people with more complex needs.

## What are we doing next?

We know that we need to get better at communicating and building relationships with families and have plans in place to do that (see page 9).

We've still got work to do when it comes to those with complex needs - especially supporting them to make and maintain social connections. This will be a focus on our involvement work in the year ahead.



## Innovating & enhancing support

Our vision to see the people we support live free remains the driving force behind the support services we provide. In the context of increasing financial pressures across the sector, making progress towards this vision can only be achieved by working closely with our many stakeholders; people we support, their families, commissioners and housing partners being just a few.

By taking an innovative, collaborative approach we have continued to develop both our support services and wider initiatives which enhance the value of all we do.

Highlights for developments in our service provision this year include:

- \* A new service in Gloucestershire under the Transforming Care agenda, supporting an individual with complex needs to move on from a Treatment and Assessment Unit.
- \* In North Somerset a new accommodation-based respite provision for children and young people.
- \* In Cornwall we worked in partnership with an investment company to develop three bespoke housing developments, co-produced with the individuals and their families.

## An enterprising approach to employment

In April 2017, our social enterprise Banwell Pottery took on its first supported employees. The project, based in Worle, North Somerset, is a purpose-built community employment and training project which produces a unique range of colourful handmade ceramics and cards.

As well as working on all elements of the production process, the team of three employees are supported to develop new product lines.

This has included a range of incredibly popular Christmas items which were developed in collaboration with our charity retail team and flew off our shop shelves!





## Doing more to...

### ...provide good support for relationships, sex and sexuality

Lots of people with learning disabilities want to date, they want to have sex, they want to be in a relationship – but they need the right support to do so.

For this reason, we brought together managers, support staff, people we support and their families to create a new policy, guidance, and training around relationships, sex, and sexuality.

Our policy says people we support who require support with relationships,

sex and sexuality should have it. The guidance and training give lots of practical information about what staff can and can't do, including information around mental capacity and consent, the law as well as staying safe and healthy.

As well as positive feedback from members of the national 'Supported Loving' network across the country, the policy was cited as an example of good practice by the CQC in their 'outstanding' rating report for our Oxfordshire services.

## Doing more to...

### ...connect with families

While many families have strong and productive relationships with the teams that support their relative, our 2016 annual survey showed there were areas where we would do better.

To address this, we worked with families, the people we support and staff to create our new Family Charter.

The charter is a short, easy-to-understand overview on how Brandon supports people to make their own decisions, and

how we work alongside families where individuals may need some support to make decisions in their best interest.

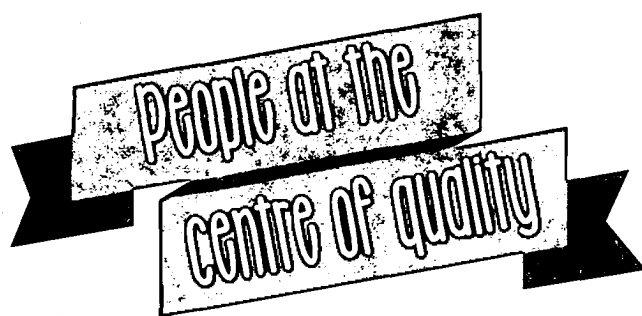
It also sets out how families can be involved appropriately in different aspects for their relative's support, from being part of staff recruitment through to contributing to our strategic direction.

Our focus for the year ahead being on maximising awareness of the charter to ensure that its benefits are felt widely.



Talk





At the end of March 2018, 96% of our services were rated good or outstanding by the CQC, over the national average for adult social care<sup>1</sup> (in comparison to the closest available data).

- \* 24 services were rated 'Good'
- \* 1 service was rated 'Outstanding'

2017 saw us review our internal Quality Assurance Programme which aims to promote grass root ownership of the provision of high quality services. (see right) We did this in consultation with our staff as well as commissioning an external audit of our assurance processes.

In addition to making the process simpler and more effective, our care audit programme in 2017 centred on striking a balance between organisational expectation and standards, and evidence that teams are generating their own unique ideas which make a difference to somebody's life. CQC recognise that services that are rated Outstanding typically have high expectations for what each person we support can achieve, and that they will clearly evidence outcomes of unique aspirational journeys.

96% of our services are  
rated good or outstanding.



## Quality belongs to everyone

Put simply, we want to empower all staff to be leaders on quality. We aim to enable them to be confident pioneers. Ultimately, it's about giving our teams the right tools and frameworks so they're able to continuously improve the lives of the people they support.

Our approach echoes statement from the 2014 Francis Report: *'Everyone should understand and be responsible for the standards by which care should never fail'*

A critical element of our approach is our 'Quality Assurance Programme'. Based around the CQCs Key Lines of Enquiry, it is completed by teams and audited by colleagues. Feedback from our support workers has shown that this programme gives them the opportunity to understand and be involved in quality.

It feels like we're now reaping the rewards of embedding quality into the heart of all we do at Brandon.

<sup>1</sup> [https://www.cqc.org.uk/sites/default/files/20170703\\_ASC\\_end\\_of\\_programme\\_FINAL2.pdf](https://www.cqc.org.uk/sites/default/files/20170703_ASC_end_of_programme_FINAL2.pdf)



## Doing more to...

### ...enable proactive, positive support for challenging behaviours

Positively supporting people who communicate through behaviour that can be challenging can have a huge impact on their ability to live their lives to the full. Positive Behaviour Support (PBS) is an approach to supporting people with their behaviour with the overall aim of improving that person's quality of life.

For example, to provide them with more opportunities to socialise, have more choice about the things they do, and be more independent.

To ensure that we are enabling our support teams to do this in the best ways possible, we held a review of our PBS policy in 2017 and as result, recruited an Advanced Practitioner in PBS in early 2018.

As well as providing expert training and guidance, one of the aims of the role in the year ahead will be to recruit and train a network of experienced practitioners in PBS to embed best practice across the organisation.

## Doing more to...

### ...be outstanding

We began working in Oxfordshire in April 2016, providing supported living services for 59 people who live in their own homes in the county. The people we support have a range of needs, including those which are very complex.

The services achieved an 'Outstanding' rating in their Care Quality Commission (CQC) inspection which was held in June 2017, just over a year after we took over the services.

Staff were particularly praised for their caring and people-centred approach.

This view was reflected in the comments of one of our registered managers, Shirley Cuthbertson, *"During the visits we were told that we could not be more person-centred than we already were. Supporting people to live the lives they want is at the heart of all we do and it's wonderful to have that acknowledged."*

Chris Bullmore, parent:

For us it is a simple fact, if our children are happy, cared for by staff who know and love them, what more can we ask?



# Transforming the way we work



The invaluable work done day in, day out by our staff is reflected in the feedback of the people we support and our quality ratings.

However, along with other providers of social care, we face huge challenges with workforce recruitment and retention. Nationally, social care staff turnover continued to rise as financial pressures increased and competition with other sectors showed no sign of diminishing.

To address this, 2017 saw us begin a robust programme of activity to improve the recruitment, retention and development of our staff, underpinned by the wider aim of enhancing the quality of care and support that we provide.

At the heart of this transformation programme is a commitment to involving our operational staff in identifying areas for improvement and working with them to co-produce solutions that will address these.

**The programme focusses on three main areas:**

- \* Recruitment and retention
- \* Creating a flexible workforce
- \* Leadership and development.

**Initial developments as a result of the programme have included:**

- \* Implementation of a 1-2% pay uplift for all staff on standard contracts.
- \* Introduction of improved induction and exit interview processes.
- \* Co-production of a new leadership development framework (see page 13).

These are early changes in a programme that will transform the way we work and the experience of our staff for the better.

We will be closely monitoring the impact of different initiatives to ensure we maximise the potential benefits for staff and people we support.



## Doing more to...

### ...develop value-based leadership

Great teams need to be supported by great leaders. As the first stage of a project to develop an improved leadership programme, we asked our staff what behaviours they would like to see in a good leader.

A group of staff from across Brandon worked together and with their colleagues drew together as many views as they could on the subject. These were pulled together, discussed and refined into a



new set of 'leadership qualities', including 'inspires trust', 'promotes wellbeing', 'enables development', 'makes things happen' and 'communicates well'.

These qualities will form the foundation of our new programme to develop new and existing leaders which will be rolled out to our workforce in 2018/19.

## Doing more to...

### ...keep going no matter what the weather

Exceptional snowfall in early March saw contingency plans swing into action and staff across our services stepping up to go the extra mile. As the snow began to melt, we began to hear stories of their true dedication to the people we support.

Staff walked miles through the snow to make their shifts and ensure that offices were kept running so that the cover of services was coordinated. Staff and their families with vehicles that could make it through the snow provided lifts to others. A number of teams in rural locations

brought extra supplies and clothing with them knowing that they were unlikely to make it home after their shifts due to the weather.

Support workers even roped their families in to help, with one person arranging for a family member to deliver fish and chips to someone we support so there was no distressing change to a weekly routine. These efforts were an amazing reflection of the incredible commitment we see from our staff to people they support, and each other, every single day.



## Fundraising & Volunteering

Following a strategic review in February 2017, we have refocussed our fundraising activity to provide support for two main areas; firstly, our internal Dream Fund which provides grants for people we support and secondly, to fund specific beneficiary-led, development projects. We also continue to fundraise for our annual, and highly popular, young people's summer camps.

Our income generation activity remains relatively small scale and is now concentrated on individual giving, community and trust fundraising. This includes fundraising which is led by our operational staff to support local initiatives.

Volunteers continue to support Brandon in a number of ways. This includes groups of corporate volunteers who provide one-off,



project-based support and a small number of individuals who volunteer regularly as part of our community circles and buddy schemes.

Our three Bristol charity shops have now been trading between one to two years. Their unique, boutique feel is becoming more established in the local market and they have seen an increase in income year on year, although it was below anticipated in line with general challenges being experienced by all high street charity retailers.

This year, our retail team have worked closely with our social enterprises to develop a range of highly popular products to sell in the shops (see page 8).

## Communications...

Taking up some of the key themes from our customer survey, our external communications activity this year has focussed on representing a wider range of people we support and the issues that are important to them.

We have also worked hard to maximise our use of multi-media, in particular video, to

make what we communicate as accessible as possible.

A key element of our work has been to support our wider recruitment and retention agenda. This has been done through taking steps to improve our internal communications, updating our recruitment marketing materials in consultation with staff and using our external communication channels to highlight the value of the work that our staff do.



## Doing more to...

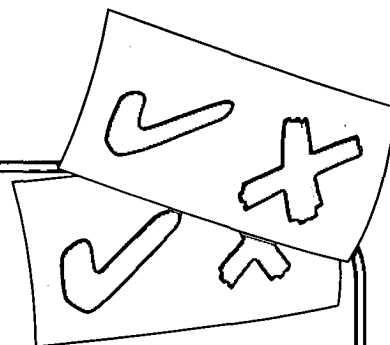
### ...make voting accessible

Research shows that only around 10% of people with learning disabilities vote, meaning a massive 1 million voices<sup>1</sup> are missing from the conversation.

The complexity of the political system and language used around is a major barrier for many of those people. We want to make politics accessible and give everyone the chance to make their voice heard.

As part of our plan to do this, we produced a series of accessible videos which were aimed at helping untangle the complexity surround voting.

As well as distributing the videos to staff and people we support, we shared them on our website and social media channels. They were shared by other high profile organisations in the sector, including Mencap and Learning Disability England.



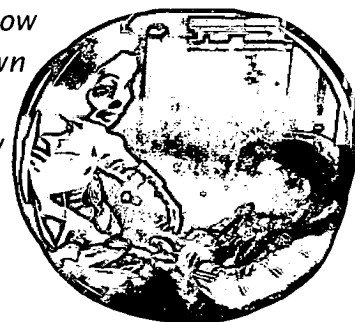
## Doing more to...

### ...enable the people we support to achieve their dreams

Darren has a learning disability. But this doesn't make him who he is. He is funny, charming and loves going out. Last year something magical happened. Darren went on a trip to Disneyland.

Support worker, Daniel, explained why this was simply life-changing for Darren. *"Darren astounded me. Watching him dance, wave his arms, nod his head and laugh. He showed us his true potential; for happiness, for communication, for adventure."*

*"Disneyland gave Darren new sensory experiences. I've seen a completely new side to Darren. When his family watched the video we made, they were blown away too. We are committed to enabling Darren to achieve the same happiness we saw in Disneyland. Now Darren has shown us what he can achieve we know what we're aiming for."*





## The year ahead

As we progress through 2018/19, we will see an exciting new chapter for Brandon as we welcome Sue Porto as our new Chief Executive. We will also be making permanent appointments to other key positions in the executive management team, including Operations and Finance Directors.

Our high quality ratings, combined with a solid financial performance in 2017/18 will provide an excellent platform for the new senior leadership team to look to the future, and refresh our strategic priorities accordingly.

People we support, and our vision to see them live the lives they choose will remain at the heart of all we do.

We will be placing a renewed focus on our involvement activity, ensuring that the people we support not only have a say in how they live their day to day lives, but that they are able to contribute to wider organisational developments, if that's what they wish to do.

We will strive to achieve our goal of all our services being rated good or outstanding by CQC by continuing to empower all our staff to be leaders in quality.

Our transformation programme will continue to drive employee-led workforce development,

as we see improvements that have been piloted through the programme being embedded throughout the organisation to the benefit of our staff.

A refreshed fundraising strategy will see our activities focusing on supporting projects and programmes that enhance the lives of the people we support, either by enabling individuals to achieve their dreams or funding development projects that will enrich our wider service offering.

We will work hard to maintain a stable and sustainable financial position within a sector which continues to experience real financial challenges. Further developing our partnership working and our innovative, flexible approach will be critical to our success as will strengthening our systems and processes.

It will no doubt be another busy year but with a creative, energetic and people-centred approach to the work we do, we believe we can make great strides and see the people we support who have a learning disability or autism truly live free.





# Risk Management

The Directors' Risk Management Policy reviews and examines risks that we face and ensure that the organisation's risk management framework identifies, monitors and mitigates them.

**Financial Sustainability – cost growth exceeds income growth, exposing the charity to reduced margins and viability risk (the Sleep Ins issue being a good example).** To mitigate this risk, the charity has robust financial reporting and forecasting in place, a continual review of service viability, and ongoing discussions with commissioners regarding pricing levels. We have upgraded our procurement controls and are now examining our internal information systems to enhance forecasting and analysis.

**Compliance – poor compliance with legal, regulatory or contractual requirements.** We mitigate this through a dedicated Quality and Compliance team, who regularly review and update policies and procedures and actively support operational teams to drive continuous improvement. We continue to refine and develop KPIs and the Audit Committee receives in depth reports on all aspects of our quality, health and safety and compliance at each quarterly meeting. Brandon also has ISO 9000 accreditation, and we have external reports from CQC and Ofsted.

**Service Quality – our approaches, performance and culture fail to keep pace with best practice leading to a degradation of service.** To mitigate this risk, the charity has comprehensive HR policies in place, KPI reporting, good staff support services, a wellbeing programme and a specialist recruitment team – all led by the Director of Transformation.

**Workforce Risks - failure to manage staff engagement, morale, turnover, recruitment and sickness absence leading to a breakdown in quality and uncontrolled costs.** To mitigate this risk, we have dedicated significant management time and resource on a staff welfare and reward strategy, which is focuses on staff morale, performance and retention with dedicated resource and regular communication staff.

**Brand/Reputational - a major incident occurs that results in loss of confidence in Brandon's ability to deliver high quality, safe services.** To mitigate this risk, we operate a series of best practices including a whistle blowing policy, Brandon Quality Standards framework, and a Driving Up Quality Code and programme of work. We comply with local safeguarding and other legislation and respond quickly to any recommendations from CQC visits. We are transferring corporate appointeeships (DWP benefits) to independent organisations who are better positioned to provide financial deputyships for the people we support.

**Liquidity risk and use of Reserves -** we intend that the organisation's net worth is enhanced over the long term. To achieve this we manage a balanced investment position, combined short term (low interest) deposits with investments in a managed fund through a selected partner. The levels of investments are determined according to a Board risk profile (factoring in required liquidity) and valuation ranges, and the appointment of our fund management partner is via external tender on a regular cycle. We have no long term borrowing and will make use of short-term overdraft facilities when required. The investment portfolio could be realised at short notice.



# Reference & Administrative Information of the Charity

## Directors / Trustees

J D Adams	Appointed 10 September 2014
G R H Davies	Appointed 11 January 2012
B P Dean (Chair)	Appointed 15 November 2010
L J Ferguson	Resigned 1 June 2017
C P R Mahood	Appointed 9 December 2015
H E Marsden	Appointed 11 November 2016
M J Mohan	Appointed 11 March 2016
C A Pugh	Appointed 11 September 2013
H P Sandilands	Appointed 9 December 2015
G R Stenson	Appointed 12 July 2017
S J Whatley	Resigned 3 April 2018

Secretary	H Pearce	Resigned 25 August 2017
	J Eastwood	Appointed 12 October 2017

Company number	2365487
Charity number	801571

Registered office	Olympus House, Britannia Road Patchway, Bristol BS34 5TA
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Chief Executive	R Rowe (Interim) – Appointed 6 December 2016, resigned 20 June 2017 S Nicholas (Interim) – Appointed 28 September 2017, resigned 27 July 2018 S Porto – Appointed 30 July 2018
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Executive Management Team	H A Pearce	Finance - Resigned 25 August 2017
	P Saxton	Finance (Interim) - Appointed 19 September 2017, Resigned 29 March 2018
	S Whatley	Finance (Interim) - Appointed 3 April 2018
	J Minall	Operations - Resigned 22 September 2017
	I Vlam	Care & Support (Acting) - Appointed 18 September 2017
	L Walker	People (Acting) - Appointed 16 October 2017, Resigned 30 November 2017
	H Hayer	People & Transformation

Auditors	RSM UK Audit LLP, Hartwell House, 55-61 Victoria Street, Bristol BS1 6AD.
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Bankers	National Westminster Bank, 32 Corn Street, Bristol BS99 7UG
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Investment Fund Managers	CCLA Investment Management Ltd, Senator House, 85 Queen Victoria Street, London EC4V 4ET
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Solicitors	TLT Solicitors, One Redcliff Street, Bristol BS1 6TP Trowers Hamlin, Sceptre Court 40 Tower Hill, London EC3N 4DX Anthony Collins, 134 Edmund Street, Birmingham B3 2ES.
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## Financial Performance and Results for 2017/18

The surplus for the year from operating activities (net income / (expenditure) from unrestricted funds before pension movements and transfers) was £2,477,789 (2017: deficit (£2,237,086)).

This improvement was achieved through three key activity areas during the year:

- \* A dedicated programme of service viability reviews in conjunction with commissioners, leading to income adjustments and some service transfers.
- \* Increased focus and control process for the use of agency labour - which carries a much higher cost premium than staff or "bank" staffing.
- \* Increased levels of funding, focus and support for our recruitment and retention activities – increasing establishment levels and cutting back on temporary labour of all types.

Principal incoming funding is from Local Authorities to support the delivery of accommodation with care, supported living and work, learning and leisure services.

The net income before other gains and losses, but after transfers, was £3,230,758 (2017: deficit of (£1,672,133)), as broken down below:

	FY 17/18	FY 16/17
Unrestricted funds	£2,697,789	(£2,237,086) <sup>1</sup>
Pensions	£776,000 <sup>2</sup>	£374,000
Restricted funds	(£243,031)	£190,753
<b>Total</b>	<b>£3,230,758</b>	<b>(£1,672,333)</b>

<sup>1</sup> Unrestricted funds include exceptional expenditure of £349,797 (note 27). These software development costs remain unviable and were disposed of during the year (note 7).

<sup>2</sup> The pension gain is largely as a result of contract negotiations involving the Avon Pension Fund (page 21), which resulted in a new admission agreement, and terms which have resulted in final liabilities passing to the local authority.

The charity has written back a provision relating to treatment of holiday pay of £382,500 made in the previous year as the Trust has now clarified its policy position on the matter and has received no claims in relation to this change of policy (note 15).

### Segmental Reporting

In line with our continued strategic journey towards increased choice and control for people with learning disabilities, the activities under 'Accommodation with Care' have further reduced and Supported Living services continue to rise:

	FY 17/18	FY 16/17
Accommodation with Care	16%	17%
Supporting Living	73%	69%
Other	11%	14%
<b>Total</b>	<b>100%</b>	<b>100%</b>



## Reserves and Going Concern

The Unrestricted reserves position (excluding pension reserve) is summarised below:

	<b>FY 17/18</b>	<b>FY 16/17</b>
B/F Unrestricted reserves	£9,884,711	£12,121,797
Current Year Surplus / (deficit)	£2,697,789	(£2,237,086)
C/F Unrestricted reserves	<b>£12,582,500</b>	<b>£9,884,711</b>

Reval. reserves included in above C/F value	£1,941,071	£1,941,071
Designated reserves included in above C/F value	£18,198	£17,309

And after adding restricted pension reserves:

	<b>FY 17/18</b>	<b>FY 16/17</b>
<b>C/F Unrestricted reserves</b>	<b>£12,582,500</b>	<b>£9,884,711</b>
C/F Restricted Reserves	£1,964,854	£2,207,885
C/F Pensions Reserve	(£151,000)	(£1,325,000)
<b>C/F Total reserves</b>	<b>£14,396,354</b>	<b>£10,767,596</b>

During the year the Trust's general reserves (excluding revaluation and designated reserves) increased from £7,926,331 to £10,623,231 (see note 17).

Of this, free reserves (unrestricted funds excluding pension fund reserve - adjusted for tangible and intangible assets, and equity interests) amounted to £9,388,442 (2017: £6,127,022).

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 Directors' reserves policy is based on a risk management strategy that considers a range of individual elements of the organisations risk profile, each with associated value ranges.

The most recent assessment of reserve levels against the risk profile has determined that the current minimum free reserves target is £6,850,000. 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.

Recognising the continued difficult financial climate that the Trust operates in the Audit Committee will review the reserves policy and the risk profile on an annual basis. In considering the going concern status of the Trust the Directors have considered the recent ruling on overnight workers, which is explained in note 26.



## 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 net pensions deficit at 31 March 2018 of (£151,000) (2017: (£1,325,000)) that appears in the Brandon accounts is made up as follows:

	Avon Pension Fund	Glos Pension Fund	Worcs Pension Fund	Total
Opening Surplus/(deficit)	(£1,159,000)	(£166,000)	-	(£1,325,000)
Change in Year	£666,000	£15,000	-	£681,000
Closing Surplus/(deficit)	(493,000)	(£151,000)	-	(£644,000)

Pension reimbursement asset recognised	£493,000	-	-	£493,000
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### Avon

During the year the Trust renegotiated its contract with North Somerset Council for Day services. Staff affected by the new contract transferred into a new admission agreement within the Avon pension scheme, and the previous agreement was closed. The results of the two admission agreements are shown separately in note 22. The new contract with North Somerset Council indemnifies the Trust against pension liabilities arising at the end of the contract, and so a pension asset has been recognised by the Trust equal to that of the pension liability of the scheme.

### Worcestershire

The Trust's contract with the County of Herefordshire was terminated during the year and the liability was transferred to new providers. Under the terms of the agreement the liabilities in the pension scheme, which is managed by Worcestershire County Council, passed to the new providers and no liability remains with the Trust. In anticipation of this a pension asset, equal to the liability, was recognised in the year ending 31 March 2017, and was released during the year. The net impact on the Statement of Financial activities during the year ended 31 March 2018 was therefore nil.

## Fixed assets

The Trust incurred costs of £220,000 in respect of refurbishment of one property during the year. These costs were met in full by a capital grant and restricted by a charge over the property (see note 16).

The movements during the year are shown in note 8 to the financial statements.



## 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 has an investment policy with a defined, value-protection approach, and invests free reserves in a 'managed fund' with CCLA.

	Investment Made	Value at March 18	Investment Gain/(Loss)	Total Gain/Loss %
Tranche 1 - Jan 2016	£1,000,000			
Tranche 2 - Jun 2016	£200,000			
<b>Total</b>	<b>£1,200,000</b>	<b>£1,564,901</b>	<b>£364,901</b>	<b>26.3% *</b>

\*reported by our broker 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

Brandon 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 charity has in place a Trustee approved Statement which sets out its actions to identify, understand and eradicate this risk. The statement highlights risk assessments done to establish which elements of our supply chain are most at risk from modern slavery. These higher-risk supply chain areas have been identified as;

- \* Agency staff providers,
- \* IT equipment and service providers,
- \* Property landlords; and,
- \* Building, cleaning, maintenance contractors.

Brandon's Board of Directors have approved a series of enhanced organisational controls and policies to specifically address Modern Slavery risks, including:

- \* Recruitment Policy
- \* Procurement Policy
- \* Whistleblowing Policy.

## Risk Management

The Directors' Risk Management Policy is to examine the major risks (as disclosed on page 17) that the charity 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.



## Trust and Group Structure

Brandon was formed as a company limited by guarantee in 1994. The Directors, who may also be referred to as the Trustees, are the members. The Directors at the date of approval of this annual report and consolidated financial statements are provided within the Reference & Administrative Information on page 18. The Trust is also a charity, and its governing document is its Memorandum and Articles of Association, which was last amended on 2 June 2013.

The Trust has a wholly owned subsidiary, Odyssey Care Ltd, 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 are now transferred to Brandon Trust and are operated as Brandon's "East" area. Odyssey Care Ltd retains ownership and reports on 2 properties in Croydon, including the 100% NHS Properties grant attached to them.

## Governance and Management

The charity is administered by a Board of Directors who meet no less than quarterly. They are responsible for setting the strategy of the charity, scrutinising and monitoring its operations in pursuit of that strategy, safeguarding its assets, and values, and supporting its work. The Board has the following sub-committees, each with specific terms of reference:

- \* Governance & Nominations Committee - meets no less than bi-annual.
- \* Audit Committee - meets no less than quarterly.
- \* HR Committee - meets no less than quarterly.
- \* Fundraising, Communications & Marketing Committee - meets no less than quarterly.

The day to day operation and management of the Trust is delegated to the Executive Management Team, led by the Chief Executive.

## 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 two periods of three years. New Directors are actively recruited via a recruitment, application and interview process managed by the Governance and Nominations Committee (GNC), and bring a range of specialist experience and expertise to the Board.

Directors are appointed by a majority vote and all new Directors undergo a tailored induction and training programme designed to ensure that they have the understanding and skills to fulfil the role of the Trustee under charity and company law. There is a regular skills audit of Directors to ensure that training needs are addressed, along with an annual review of Board and Chair's performance. Directors are committed to visiting three services each year, to meet staff and gain a genuine understanding and insight into the support that Brandon provides and the difference that we make to people's lives.



## **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/senior manager and organisations with which the charity engages must be disclosed to 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.

## **Setting Pay and Reward for Management**

The executive management team are charged with directing and managing the charity 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 the Chief Executive is reviewed periodically by the directors, with Executive Management Team pay reviewed by the Chief Executive and Directors – pay levels are normally expected to move in line with benchmarking for similar organisations.

## **Employee involvement**

The "New Way" 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, and organisational design. We also work closely with union representatives on all matters affecting the work of our employees.

## **Disabled Persons and Equal Opportunities**

The charity 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 charity employs a number of people with a learning disability and has an accessible pre-employment process and related documentation. The charity's disabled employees and other disabled people make extensive input into our training programme, including inducting new staff.

## **Fundraising**

We are registered with the Fundraising Regulator and follow their Code of Fundraising Practice to ensure our fundraising activities meet best practice standards. We do not use professional fundraisers or commercial participators. We received no complaints about our fundraising activities during 2017/18. To ensure that we are protecting vulnerable people and others from unreasonable intrusion on their privacy, unreasonably persistent approaches or undue pressure to give, we have:

- \* Followed robust processes for updating records of consent.
- \* Limited postal contact to a maximum of two per active donor during the year.
- \* Have only emailed those who have given us permission to do so.
- \* We have not undertaken any telephone fundraising activity during the year.





## Statement of Director's Responsibilities

The directors are responsible for preparing the Directors' Annual Report (and the incorporated strategic report) and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice). The sections containing Financial Performance, Risk Management, Achievements comprise the Strategic Report for the purposes of the companies legislation.

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 19 September 2018 and signed on its behalf by:



**Bonnie Dean - Chair of the Board of Trustees**



# The Brandon Trust

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

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### Opinion

We have audited the financial statements of The Brandon Trust (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2018 which comprises the Consolidated Statement of Financial Activities incorporating an Income and Expenditure Account, the Consolidated and Trust Balance Sheets, the Consolidated and Trust Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- \* give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2018 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.

### Basis for opinion

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

### Conclusions relating to going concern

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

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



# The Brandon Trust

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

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### Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

- \* the information given in the Directors' Report and the incorporated Strategic Report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- \* the Directors' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report and the incorporated Strategic Report.

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 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.



# The Brandon Trust

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

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### Responsibilities of trustees

As explained more fully in the Statement of Directors responsibilities set out on page 25, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the 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.

*RSM UK Audit LLP*

KEVIN BARWICK (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Hartwell House, 55-61 Victoria St, Bristol BS1 6AD

*24 September 2018*



# The Brandon Trust

## Consolidated statement of financial activities (incorporating an Income and Expenditure Account) For the year ended 31 March 2018

	Notes	Unrestricted Funds	Unrestricted Pensions Reserve	Restricted Funds	Total Funds 2018	Total Funds 2017
		£	£	£	£	£
<b>Income</b>						
Donations and Legacies	2	19,774	-	124,875	144,649	455,678
<b>Income from charitable activities:</b>						
Fees for Accommodation with Care Services		7,879,007	-	-	7,879,007	8,574,594
Fees for Work, Learning and Leisure		5,393,283	-	-	5,393,283	6,301,363
Fees for Supported Living Services		36,686,148	-	-	36,686,148	34,896,384
<b>Income from other trading activities:</b>						
Charity Shop Income		248,157	-	-	248,157	182,851
Investment income	3	16,208	-	-	16,208	20,679
Other Income	3a	42,379	-	-	42,379	238,241
<b>Total income</b>		<b>50,284,956</b>	<b>-</b>	<b>124,875</b>	<b>50,409,831</b>	<b>50,669,790</b>
<b>Expenditure</b>						
<b>Expenditure on raising funds:</b>						
Charity shop expenditure	4	298,383	-	-	298,383	274,609
<b>Expenditure on charitable activities:</b>						
Accommodation with Care Services Costs	4	7,403,786	(107,521)	34,541	7,330,806	8,480,538
Work, Learning & Leisure Costs	4	5,009,719	(70,776)	-	4,938,943	6,456,620
Fees for Supported Living Services	4	35,175,638	(597,703)	-	34,577,935	36,845,963
Other expenditure in the deployment of grants and donations received		-	-	113,365	113,365	172,860
Exceptional item: continuing operations	27	-	-	-	-	349,797
<b>Total expenditure</b>	4	<b>47,887,526</b>	<b>(776,000)</b>	<b>147,906</b>	<b>47,259,432</b>	<b>52,580,387</b>
Net gain on investments	9a	80,359	-	-	80,359	238,264
<b>Net income/(expenditure)</b>		<b>2,477,789</b>	<b>776,000</b>	<b>(23,031)</b>	<b>3,230,758</b>	<b>(1,672,333)</b>
Transfers between funds		220,000	-	(220,000)	-	-
<b>Net income/(expenditure) before other gains and losses</b>		<b>2,697,789</b>	<b>776,000</b>	<b>(243,031)</b>	<b>3,230,758</b>	<b>(1,672,333)</b>
<b>Other Recognised Gains / (Losses)</b>						
Pension schemes actuarial gain / (loss)	22	-	386,000	-	386,000	(377,000)
Remeasurement of reimbursement asset	22	-	12,000	-	12,000	218,000
<b>Net movement in funds</b>		<b>2,697,789</b>	<b>1,174,000</b>	<b>(243,031)</b>	<b>3,628,758</b>	<b>(1,831,333)</b>
Balances brought forward at 1 April		9,884,711	(1,325,000)	2,207,885	10,767,596	12,598,929
<b>Balances carried forward at 31 March</b>	16/17	<b>12,582,500</b>	<b>(151,000)</b>	<b>1,964,854</b>	<b>14,396,354</b>	<b>10,767,596</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 surplus/deficit for the year for Companies Act purposes comprises the net income/(expenditure) for the year and was £3,230,758 (2017: (£1,672,333)).



# The Brandon Trust

Consolidated Balance sheet  
As at 31 March 2018

Registered company number 02365487

	Notes	£	2018 £	£	2017 £
<b>Fixed Assets</b>					
Intangible Assets	7		85,292		138,850
Tangible assets	8		4,110,217		4,157,500
Equity interests in property	9		547,926		552,257
Investments	9a		1,564,901		1,484,542
<b>Total Fixed assets</b>			<u>6,308,336</u>		<u>6,333,149</u>
<b>Current assets</b>					
Debtors due within one year	11	7,035,491		5,723,592	
Debtors due after more than one year	11	493,000		-	
Cash at bank and in hand		5,669,499		4,804,515	
<b>Total Current Assets</b>		<u>13,197,990</u>		<u>10,528,107</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(4,465,972)</u>		<u>(3,991,160)</u>	
<b>Net current assets</b>			<u>8,732,018</u>		<u>6,536,947</u>
<b>Total assets less current liabilities</b>			<u>15,040,354</u>		<u>12,870,096</u>
<b>Provision for liabilities</b>	15		-		(382,500)
<b>Net assets excluding pension liability</b>			<u>15,040,354</u>		<u>12,487,596</u>
<b>Pension scheme liability</b>	22		(644,000)		(1,720,000)
<b>Net assets including pension liability</b>			<u>14,396,354</u>		<u>10,767,596</u>
<b>Funds of the group</b>					
Restricted funds (excluding revaluation reserve)	16		908,477		1,116,967
Restricted revaluation reserve	16		1,056,377		1,090,918
			<u>1,964,854</u>		<u>2,207,885</u>
Unrestricted funds: -Revaluation reserve	17		1,941,071		1,941,071
-General and Designated reserves	17		10,641,429		7,943,640
-Pension fund reserve					
-Avon Pension Fund	22		-		(1,159,000)
-Gloucestershire Fund	22		(151,000)		(166,000)
<b>Total consolidated group funds including deficit on Pension Scheme Reserve</b>	17		<u>14,396,354</u>		<u>10,767,596</u>

The consolidated financial statements were approved and authorised for issue by the Board of Trustees on 19 September 2018 and signed on its behalf by:

  
B Dean - Director



# The Brandon Trust

## Trust Balance sheet As at 31 March 2018

	Notes	£	2018 £	£	2017 £
<b>Fixed Assets</b>					
Intangible assets	7		85,292		138,850
Tangible assets	8		3,053,840		3,066,582
Equity interests in property	9		547,926		552,257
Investment in subsidiary	10		1,125,459		1,125,459
Investments	9a		<u>1,564,901</u>		<u>1,484,542</u>
<b>Total Fixed assets</b>			<b>6,377,418</b>		<b>6,367,690</b>
<b>Current assets</b>					
Debtors due within one year	11	7,035,491		5,723,592	
Debtors due after more than one year	11	493,000		-	
Cash at bank and in hand		5,669,499		4,804,515	
<b>Total Current Assets</b>		<b>13,197,990</b>		<b>10,528,107</b>	
<b>Creditors: amounts falling due within one year</b>	13	<b>(4,465,972)</b>		<b>(3,991,160)</b>	
<b>Net current assets</b>			<b>8,732,018</b>		<b>6,536,947</b>
<b>Total assets less current liabilities</b>			<b>15,109,436</b>		<b>12,904,637</b>
<b>Provision for liabilities</b>	15		-		(382,500)
<b>Net assets excluding pension liability</b>			<b>15,109,436</b>		<b>12,522,137</b>
<b>Pension scheme liability</b>	22		(644,000)		(1,720,000)
<b>Net assets including pension liability</b>			<b>14,465,436</b>		<b>10,802,137</b>
<b>Funds of the charity</b>					
Restricted funds (excluding revaluation reserve)	16		908,477		1,116,967
Restricted Revaluation reserve	16		<u>1,125,459</u>		<u>1,125,459</u>
			<b>2,033,936</b>		<b>2,242,426</b>
<b>Unrestricted funds: Revaluation reserve</b>	17		1,941,071		1,941,071
-General & Designated reserves	17		10,641,429		7,943,640
-Pension fund reserve					
-Avon Pension Fund	22		-		(1,159,000)
-Gloucestershire Fund	22		(151,000)		(166,000)
<b>Total charity funds including deficit on Pension Scheme Reserve</b>	17		<b>14,465,436</b>		<b>10,802,137</b>

The Trust's surplus for the year was £3,265,299 (2017: deficit of £1,637,792).

The consolidated financial statements were approved and authorised for issue by the Board of Trustees on 19 September 2018 and signed on its behalf by:

  
B Dean - Director



# The Brandon Trust

## Consolidated and Trust statement of Cash Flows For the year ended 31 March 2018

	Note	2018 Group £	2018 Trust £	2017 Group £	2017 Trust £
<b>Operating activities</b>					
Cash generated from/(used in) operations	19	1,157,805	1,157,805	(1,457,232)	(1,457,232)
<b>Investing activities</b>					
Purchase of tangible fixed assets	8	(283,683)	(283,683)	(211,622)	(211,622)
Purchase of Intangible fixed assets	7	(13,200)	(13,200)	(419,180)	(419,180)
Purchase of Investments	9a	-	-	(200,000)	(200,000)
Receipts from sales of tangible assets		150	150	292	292
Receipts from sales of assets held for resale		-	-	580,645	580,645
Interest received	3	16,208	16,208	20,679	20,679
<b>Net cash (used in) investing activities</b>		<b>(280,525)</b>	<b>(280,525)</b>	<b>(229,186)</b>	<b>(229,186)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	20,21	<b>877,280</b>	<b>877,280</b>	<b>(1,686,418)</b>	<b>(1,686,418)</b>
Cash and Cash equivalents at beginning of the year	20,21	4,792,219	4,792,219	6,478,637	6,478,637
Cash and cash equivalents at the end of the year	20,21	<u>5,669,499</u>	<u>5,669,499</u>	<u>4,792,219</u>	<u>4,792,219</u>





# The Brandon Trust

## Notes to the consolidated financial statements For the year ended 31 March 2018

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### 1. Accounting policies

The principal accounting policies adopted, are as follows:

#### 1.1 General Information

The Brandon Trust ("the Trust") is a private company, limited by guarantee, domiciled and incorporated in England. The Trust is a registered charity and registration numbers and details of the registered office (which is also the principal place of business) are set out in the reference and administrative information section of the Report and Financial Statements.

The Group consists of the Brandon Trust and its subsidiary undertaking.

The Trust's (and the Group's) principal activities and the nature of its operations are set out in the Directors' report.

#### 1.2 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).

#### 1.3 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 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.



# The Brandon Trust

## Notes to the consolidated financial statements For the year ended 31 March 2018

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### 1.5 Income

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 13).

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.

### 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 are stated at cost or deemed cost less depreciation/amortisation. Depreciation/amortisation is provided on all Tangible and Intangible Assets, other than freehold land, 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.



# The Brandon Trust

## Notes to the consolidated financial statements For the year ended 31 March 2018

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### 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 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.

#### 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

In the Trust accounts, interests in subsidiaries are measured at deemed cost at the date of Transition to FRS102 (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 Leases

An asset and corresponding liability are recognised for leasing agreements that transfer to the Trust substantially all of the risks and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the minimum lease payments during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.



# The Brandon Trust

## Notes to the consolidated financial statements For the year ended 31 March 2018

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Contingent rents are expensed as incurred.

All other leases are operating leases and the annual rentals are charged to the statement of financial activities on a straight-line basis over the lease term. Rent free periods or other incentives for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

### 1.14 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. The cost of these pension schemes are charged to the statement of financial activities so as to spread the cost of pensions over the service lives of employees in the scheme. The pension charge is calculated based on 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 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 net income/(expenditure):

- \* 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 introductions, benefit changes, settlements and curtailments are recognised as incurred.
- \* Net interest on the net defined benefit asset/ liability is calculated by applying the rate used to discount the benefit obligations.

Other gains and losses recognised include:

- \* Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions.
- \* 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 statement of financial activities in the period to which they relate. Payments in respect of other post-retirement benefits are charged to the statement of financial activities in the period to which they relate.

### 1.15 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



# The Brandon Trust

## Notes to the consolidated financial statements For the year ended 31 March 2018

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going concern basis in preparing the annual report and accounts. In considering the going concern status of the Trust the Directors have considered the recent ruling on overnight workers, which is explained in note 26.

### 1.16 Provisions

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation.

### 1.17 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 obligation 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 22 in respect of each scheme.

In determining the impact of the holiday pay on elements of voluntary overtime (note 15), judgement was used to determine a potential liability using assumptions regarding staff affected and levels of potential claims. This has been subsequently revised based upon changes in policy and actual claims received.

In determining the impact of whether a sleeping night shift falls within the National Living Wage (note 26), judgement has been used to determine the staff affected and to extrapolate a provision based on sample data. Judgement was also used to estimate the impact of staff who have transferred under TUPE into the Trust, and where historic data regarding sleeping nights sits with historic employers. The Trustees have considered the decision in the Royal Mencap Society and Tomlinson Blake Ruling Appeal, and the probability that a further appeal will be successful in determining whether a provision is required.

#### 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 2018

## 2 Donations and Legacies

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

During the previous year the Trust received a Capital grant from the NHS commissioning Board (known as NHS England) for £200,000 in respect of capital works at one particular property, to enable it to meet the specific needs of individuals supported. The Grant is secured by a legal charge over the property (as a percentage of the grant value relative to the market value of the property) and is repayable on disposal of the property.

## 3 Investment Income

	2018 £	2017 £
Bank interest receivable	16,208	20,679

## 3a Other income

	2018 £	2017 £
Surplus on disposal of fixed assets and assets held for resale	-	200,937
Training Income	7,800	10,634
Other Income	34,579	26,670
	<b>42,379</b>	<b>238,241</b>

## 4 Expenditure

	Staff Costs £	Allocated Support Costs £	Other Direct Costs £	Pensions Reserve Charges £	Total 2018 £	Total 2017 £
<b>Consolidated</b>						
Raising funds:						
Charity shops	128,227	-	170,156	-	298,383	274,609
Charitable activities:						
Accommodation with Care Services	5,569,086	418,244	1,450,997	(107,521)	7,330,806	8,480,536
Work, Learning & Leisure	3,865,595	275,312	868,812	(70,776)	4,938,943	6,456,620
Supported Living Services	29,845,465	2,325,004	3,005,149	(597,703)	34,577,915	36,845,963
Grants and donations (restricted funds)	-	-	113,365	-	113,365	172,860
Exceptional item: continuing operation: (note 27)	-	-	-	-	-	349,797
	<b>39,408,393</b>	<b>3,018,560</b>	<b>5,608,479</b>	<b>(776,000)</b>	<b>47,259,432</b>	<b>52,580,387</b>

Year ended 31 March 2017

	Staff Costs £	Allocated Support Costs £	Other Direct Costs £	Pensions Reserve Charges £	Total 2017 £
<b>Consolidated</b>					
Raising funds:					
Charity shops	111,984	-	162,625	-	274,609
Charitable activities:					
Accommodation with Care Services	6,231,413	645,149	1,652,109	(48,133)	8,480,538
Work, Learning & Leisure	5,101,346	487,683	910,563	(42,972)	6,456,620
Supported Living Services	30,717,361	2,980,410	3,431,087	(282,895)	36,845,963
Grants and donations (restricted funds)	-	-	179	-	172,860
Exceptional item: continuing operation: (note 27)	-	349,797	-	-	349,797
	<b>42,162,104</b>	<b>4,463,218</b>	<b>6,329,065</b>	<b>(374,000)</b>	<b>52,580,387</b>

Allocated support costs include governance costs of £65,484 (2017: £54,624).

The Pension reserve charges/(credits) are analysed by scheme in note 22 and comprise:

	2018 £	2017 £
Net interest	25,000	44,000
Gain on Gloucestershire scheme - settlement of old admission agreement	-	(338,000)
Loss on Gloucestershire scheme - Liabilities transferring to new admission agreement	-	71,000
Gain on Avon scheme - settlement of old admission agreement	(814,000)	-
Loss on Avon scheme - Liabilities transferring to new admission agreement	468,000	-
Gain on Worcestershire Pension scheme - settlement of old admission agreement	(395,000)	-
Remeasurement of Worcestershire Pension scheme	395,000	-
Remeasurement of Avon reimbursement asset (note 22)	(481,000)	-
Administrative expenses	-	2,000
Difference between current service & contributions	26,000	24,000
Defined benefit reimbursement asset (note 22)	-	(177,000)
Pensions reserve charge/(credit) excluding other gains and losses (note 4)	(776,000)	(374,000)
Pension schemes actuarial gain/(loss) (note 22)	(386,000)	377,000
Remeasurement of Avon reimbursement asset (note 22)	(12,000)	-
Remeasurement of Worcestershire reimbursement asset (note 22)	-	(218,000)
Pensions reserve charge/(credit) including other gains and losses	(1,174,000)	(215,000)

# The Brandon Trust

Notes to the consolidated financial statements  
for the year ended 31 March 2018

## 4 Expenditure (continued)

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

	2018 £	2017 £
Other direct costs include:		
Operational lease rentals - other	555,767	464,576
Operating lease rentals - land and buildings	707,733	721,055
Amortisation of intangible assets	55,254	479,773
Depreciation of equity interests	4,321	4,321
Depreciation of fixed assets	920,525	110,015
Auditors remuneration (audit fee Statutory Accounts):		
- Parent company & Group audit fee	44,944	39,561
Legal fees	126,562	103,154

	2018 £	2017 £
Other allocated support costs include:		
Recruitment costs	247,103	266,110
Training costs	244,644	135,034
Transport and Travel costs	175,269	122,643
Rent, rates and utility expenditure	564,652	541,642
Insurance costs	195,587	230,520
Business development expenditure	48,525	67,269
Information systems expenditure	188,412	105,085
Professional fees	635,314	526,141
Administrative expenditure	226,293	494,225
Agency and other staff costs	123,968	449,714
Amortisation of intangible assets	65,254	479,773
Depreciation of equity interests	4,321	4,321
Depreciation of fixed assets	146,764	110,015

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

Number of employees - Group & Trust

The average monthly number of employees during the year was:

	2018 Actual	2018 FTE	2017 Actual	2017 FTE
Management	18	17	30	29
Administration	120	86	125	51
Service delivery	1,850	1,364	1,722	1,425
Bank staff	532		520	
	2,520	1,467	2,397	1,545

The Trust operates a pool of bank staff who operate under variable hours contracts. The costs of these bank staff amounted to £2,183,483 (2017: £2,476,139), however the nature of the contracts do not allow the average number of FTE's to be determined accurately. The average number of these employees during the year is shown above.

Employment costs - Group & Trust

	2018 £	2017 £
Wages and salaries	35,742,521	37,139,766
Social security costs	2,683,624	2,785,655
Other pension costs	1,364,743	1,610,063
Provision for holiday pay (note 13)	132,500	182,560
Staff costs (note 4)	39,923,388	41,718,044
Defined benefit pension reimbursement asset (note 22)	(481,000)	177,000
Defined benefit pension adjustment (excluding net interest)	(129,000)	(418,000)
Total costs	38,907,388	41,921,104

The defined benefit pension adjustments represent the adjustment to account for the defined benefit pension schemes under FRS 102, and comprise the figures shown in the pension reserve charges table in note 22, excluding the net interest. These are shown separately above to enable total staff costs to be shown here, but to make it clear how the total above reconciles to the staff costs note shown in note 4. The total defined contribution pension costs included above are £487,361 (2017: £540,239) and the total defined benefit pension costs are £877,387 (2017: £1,309,764).

In addition to the above, cost to the Trust of staff not directly employed by the Trust amounted to £2,015,604 (2017: £3,373,697).

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

Consolidated	2018 Number	2017 Number
£120,001 - £130,000	-	1
£90,001 - £100,000	-	1
£50,001 - £60,000	1	-
£70,001 - £80,000	-	1

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 £13,681 (2017: £155,755). 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 (2017: Nil).

The Directors were not paid nor received any other benefits from employment with the trust or its subsidiary during the year (2017: £nil). 3 Directors were reimbursed with travel expenses during the year amounting to £2,221 (2017: 3 Directors, £2,433). 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: £259,461 (2017: £403,733).

## 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 2018

### 7 Intangible Assets

#### Consolidated and Trust

	Computer Software £	Total £
<b>Cost or Valuation</b>		
At 1 April 2017	1,379,570	1,379,570
Additions	13,200	13,200
Disposals	(972,660)	(972,660)
At 31 March 2018	420,110	420,110
<b>Amortisation and Impairment</b>		
At 1 April 2017	1,240,720	1,240,720
Charge for the year	65,254	65,254
On disposals	(971,156)	(971,156)
At 31 March 2018	334,818	334,818
<b>Net book value</b>		
At 31 March 2018	85,292	85,292
At 31 March 2017	138,850	138,850

Amortisation costs are charged to other allocated costs (note 4).

### 8 Tangible fixed assets

#### Consolidated

	Freehold Land & Buildings £	Property Refurbishment £	Fixtures, Fittings & Furniture £	Computer Equipment £	Motor Vehicles £	Total £
<b>Cost</b>						
At 1 April 2017	3,852,625	1,503,444	1,206,601	1,210,151	248,156	8,020,977
Additions	-	276,767	5,382	1,534	-	283,683
Disposals	-	(615,655)	(400,457)	(665,393)	(51,746)	(1,733,251)
At 31 March 2018	3,852,625	1,164,556	811,526	546,292	196,410	6,571,409
<b>Depreciation and Impairment Provisions</b>						
At 1 April 2017	161,699	1,291,678	1,135,958	1,057,598	216,544	3,863,477
Charge for the year	80,469	103,941	46,178	85,972	13,968	330,528
On disposals	-	(615,655)	(400,457)	(665,393)	(51,308)	(1,732,813)
At 31 March 2018	242,168	779,964	781,679	478,177	179,204	2,461,192
<b>Net book value</b>						
At 31 March 2018	3,610,457	384,592	29,847	68,115	17,206	4,110,217
At 31 March 2017	3,690,926	211,766	70,643	152,553	31,612	4,157,500

#### Trust only

	Freehold Land & Buildings £	Property Refurbishment £	Fixtures, Fittings & Furniture £	Computer Equipment £	Motor Vehicles £	Total £
<b>Cost</b>						
At 1 April 2017	2,692,625	1,503,444	1,206,601	1,210,151	248,156	6,860,977
Additions	-	276,767	5,382	1,534	-	283,683
Disposals	-	(615,655)	(400,457)	(665,393)	(51,746)	(1,733,251)
At 31 March 2018	2,692,625	1,164,556	811,526	546,292	196,410	5,411,409
<b>Depreciation and Impairment Provisions</b>						
At 1 April 2017	92,617	1,291,678	1,135,958	1,057,598	216,544	3,794,395
Charge for the year	45,928	103,941	46,178	85,972	13,968	295,987
On disposals	-	(615,655)	(400,457)	(665,393)	(51,308)	(1,732,813)
At 31 March 2018	138,545	779,964	781,679	478,177	179,204	2,357,569
<b>Net book value</b>						
At 31 March 2018	2,554,080	384,592	29,847	68,115	17,206	3,053,840
At 31 March 2017	2,600,008	211,766	70,643	152,553	31,612	3,066,582





# The Brandon Trust

## Notes to the consolidated financial statements for the year ended 31 March 2018

### 8 Tangible fixed assets (continued)

The net book value of Land and building, includes the value of land as follows: Consolidated £1,420,000 (2017:£1,420,000), Trust £1,015,000 (2017:£1,015,000).

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	(404,450)	(256,561)
<b>Net Book Value</b>		
At 31 March 2018	<u>1,785,561</u>	<u>1,046,074</u>
At 31 March 2017	<u>1,821,415</u>	<u>1,064,181</u>

### 9 Equity Interests in Property

	2018	2017
	£	£
Consolidated and Trust		
Fixed Equity Interests in Properties at deemed cost	<u>547,926</u>	<u>552,257</u>

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:

	2018	2017
	£	£
Consolidated and Trust		
Fixed Equity Interests in Properties	340,022	340,022
Variable Equity Interests in Properties	894,000	894,000
Less: impairment	(588,034)	(588,034)
Accumulated Depreciation	<u>(98,062)</u>	<u>(93,731)</u>
	<u>207,904</u>	<u>212,235</u>
	<u>547,926</u>	<u>552,257</u>

### 9a Investments

	2018	2017
	£	£
Fair Value		
Managed Funds		
At 1 April	1,484,542	1,046,278
Additions	-	200,000
Revaluation	80,359	238,264
<b>At 31 March</b>	<u>1,564,901</u>	<u>1,484,542</u>

Investments comprise units in charity specific managed funds. Managed funds are initially recorded at cost and are subsequently revalued to fair value at the balance sheet date. The historic cost of investments is £1,200,000 (2017: £1,200,000).



# The Brandon Trust

## Notes to the consolidated financial statements for the year ended 31 March 2018

### 10 Investment in Subsidiary Undertaking

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. The registered office of Odyssey Care Ltd is the same as that of the Brandon Trust.

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	2018 £	2017 £
Total Incoming Resources	-	-
Total Resources expended	(34,541)	(34,541)
Net expenditure before recognised gains and losses	(34,541)	(34,541)
Other gains/(losses)	-	-
Net expenditure for the year	(34,541)	(34,541)
Summary Balance Sheet	2018 £	2017 £
Total Assets	1,056,377	1,090,918
Total Liabilities	-	-
Net Funds	1,056,377	1,090,918
Total expenditure comprise restricted expenditure as follows:	2018 £	2017 £
Depreciation charge	34,541	34,541
Odyssey Care Ltd - expenditure on NHS Property Services Ltd Fund	34,541	34,541
Consolidated Loss on NHS Property Services Ltd Fund (note 16)	34,541	34,541

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.

	2018 £	2017 £
Investment at deemed cost less impairment	1,125,459	1,125,459



# The Brandon Trust

## Notes to the consolidated financial statements for the year ended 31 March 2018

### 11 Debtors

	2018 £	2017 £
<b>Consolidated and Trust</b>		
Debtors due within one year		
Trade debtors	3,404,156	2,980,700
Other debtors	68,379	71,800
Pension reimbursement (note 22)	-	395,000
Prepayments	430,844	544,132
Accrued income	<u>3,132,112</u>	<u>1,731,960</u>
	<u>7,035,491</u>	<u>5,723,592</u>
Debtors due after more than one year		
Pension reimbursement (note 22)	<u>493,000</u>	-

### 12 Assets held for resale

	2018 £	2017 £
<b>Properties - Consolidated and Trust</b>		
Cost at beginning of year	-	380,000
Disposed of during year	<u>-</u>	<u>(380,000)</u>
Cost at end of year	<u>-</u>	<u>-</u>

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

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

	2018 £	2017 £
<b>Consolidated and Trust</b>		
Unsecured bank overdraft	-	12,296
Trade creditors	1,042,041	915,445
Taxes and social security costs	749,401	711,425
Accruals	2,301,178	2,161,354
Deferred income	<u>379,352</u>	<u>190,642</u>
	<u>4,465,972</u>	<u>3,991,160</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.

<b>Movements in deferred income comprise:</b>	<b>2018 £</b>	<b>2017 £</b>
Balance at 1 April	190,642	548,374
Released during the year	(87,592)	(432,093)
Income deferred during the year	<u>276,302</u>	<u>74,361</u>
Balance at 31 March	<u>379,352</u>	<u>190,642</u>

### 14 Financial Instruments

	2018 £	2017 £
<b>Consolidated and Trust</b>		
<b>Financial assets</b>		
Debt instruments measured at amortised cost		
Trade debtors, other debtors and accrued income	6,604,647	4,784,460
Debt instruments measured at fair value		
Investments	<u>1,564,901</u>	<u>1,484,542</u>
<b>Total</b>	<u>8,169,548</u>	<u>6,269,002</u>
<b>Financial liabilities</b>		
Measured at amortised cost		
Trade creditors, accruals and overdraft	(3,343,219)	(5,089,095)
<b>Total</b>	<u>(3,343,219)</u>	<u>(5,089,095)</u>

### 15 Provisions for Liabilities

	2018 £	2017 £
<b>Consolidated and Trust</b>		
Provision for additional holiday pay	<u>-</u>	<u>382,500</u>

The Directors recognised an employee tribunal, which determined that holiday pay should reflect regular pay, and include elements of regular voluntary overtime. The Trust has for some time included sleeping night shifts in calculating holiday pay, but recognises that other regular earnings should now be included. The Trust was in the process of revising its policy with regards holiday pay when the financial statements for the year ended 31 March 2017 were signed. Based on the advice available at that time, the Directors provided a sum of £382,500, as a prudent estimate of past liabilities. In arriving at this figure they made assumptions regarding the staff affected and the levels of potential claims. During the financial year ending 31 March 2018, the Trust has revised its policy to clarify the position with regards included earnings and received no claims in relation to this change in policy. As a result the provision has been written back during the year.



# The Brandon Trust

## Notes to the consolidated financial statements for the year ended 31 March 2018

### 16 Restricted Funds

Consolidated	Balance 1 April 2017 £	Income £	Expenditure / Transfers £	Balance 31 March 2018 £
NHS Property Services Ltd - restricted other	502,500	-	-	502,500
NHS Property Services Ltd - restricted revaluation	1,090,918	-	(34,541)	1,056,377
Employment projects Cornwall	3,141	-	-	3,141
Innovation Grant - Assistive Technology	787	-	-	787
Capital Grant (note 26)	200,000	20,000	(220,000)	-
Donation - Work, Learning and Leisure	204,190	39,502	(55,630)	188,062
Donation - Accommodation with Care Services	11,944	3,188	(11,961)	3,171
Donation - Supported Living	28,359	3,061	(3,428)	27,992
Donations - other	78,424	32,598	(26,771)	84,251
Donations - Dream Fund	87,622	26,526	(15,575)	98,573
	<b>2,207,885</b>	<b>124,875</b>	<b>(367,906)</b>	<b>1,964,854</b>

The expenditure on capital grants in both the Trust and the consolidated restricted funds is a transfer between restricted funds and unrestricted funds due to the conditions of the original grant being met. This is explained further in note 26.

Trust only	Balance 1 April 2017 £	Income £	Expenditure / Transfers £	Balance 31 March 2018 £
NHS Property Services Ltd - restricted other	502,500	-	-	502,500
Subsidiary investment (note 10)	1,125,459	-	-	1,125,459
Employment Projects- Cornwall	3,141	-	-	3,141
Innovation Grant - Assistive Technology	787	-	-	787
Capital Grant (note 26)	200,000	20,000	(220,000)	-
Donation - Work, Learning and Leisure	204,190	39,502	(55,630)	188,062
Donation - Accommodation with Care Services	11,944	3,188	(11,961)	3,171
Donation - Supported Living	28,359	3,061	(3,428)	27,992
Donations - corporate	78,424	32,598	(26,771)	84,251
Donations (dream fund)	87,622	26,526	(15,575)	98,573
	<b>2,242,426</b>	<b>124,875</b>	<b>(333,365)</b>	<b>2,033,936</b>

#### Year ended 31 March 2017

Consolidated	Balance 1 April 2016 £	Income £	Expenditure / Transfers £	Balance 31 March 2017 £
NHS Property Services Ltd - restricted other	502,500	-	-	502,500
NHS Property Services Ltd - restricted revaluation	1,125,459	-	(34,541)	1,090,918
Employment projects Cornwall	13,012	-	(9,871)	3,141
Innovation Grant - Assistive Technology	2,308	-	(1,521)	787
Capital Grant	-	200,000	-	200,000
Donation - Work, Learning and Leisure	188,043	78,582	(62,489)	204,136
Donation - Accommodation with Care Services	8,141	11,832	(5,111)	14,862
Donation - Supported Living	19,368	11,266	(6,354)	24,280
Donations - other	58,693	91,008	(70,062)	79,639
Donations - Dream Fund	99,608	5,466	(17,452)	87,622
	<b>2,017,132</b>	<b>398,154</b>	<b>(207,401)</b>	<b>2,207,885</b>

Trust only	Balance 1 April 2016 £	Income £	Expenditure / Transfers £	Balance 31 March 2017 £
NHS Property Services Ltd - restricted other	502,500	-	-	502,500
Subsidiary investment (note 10)	1,125,459	-	-	1,125,459
Employment Projects- Cornwall	13,012	-	(9,871)	3,141
Innovation Grant - Assistive Technology	2,308	-	(1,521)	787
Capital Grant	-	200,000	-	200,000
Donation - Work, Learning and Leisure	188,043	78,582	(62,489)	204,136
Donation - Accommodation with Care Services	5,222	11,832	(5,111)	11,943
Donation - Supported Living	22,287	11,266	(6,354)	27,199
Donations - corporate	58,693	91,008	(70,062)	79,639
Donations (dream fund)	99,608	5,466	(17,452)	87,622
	<b>2,017,132</b>	<b>398,154</b>	<b>(172,860)</b>	<b>2,242,426</b>



# The Brandon Trust

Notes to the consolidated financial statements  
for the year ended 31 March 2018

## 16 Restricted Funds (continued)

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.

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.

The capital grant is a section 256/257 grant from NHS England in respect of improvements to a specific property. The grant is subject to a legal charge over the

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 10). The Subsidiary investment reserve represents the equivalent restricted income in the Subsidiary.

## 17 Unrestricted funds

Consolidated and Trust	Revaluation Reserve £	Designated Reserve £	General Reserve £	Total Excluding Pension Reserve £	Pension Reserve £	Total Including Pension Reserve £
Balance at 1 April 2017	1,941,071	17,309	7,926,331	9,884,711	(1,325,000)	8,559,711
Surplus for the year before transfers	-	889	2,476,900	2,477,789	1,174,000	3,651,789
Transferred from restricted funds	-	-	220,000	220,000	-	220,000
Balance at 31 March 2018	1,941,071	18,198	10,623,231	12,582,500	(151,000)	12,431,500

During the year designated funds had income of £6,000 (2017: £6,000) and costs of £5,111 (2017: £14,988). The balance of designated funds at 31 March 2018, relates to an Employment Strategy project.

Year ending 31 March 2017

Consolidated and Trust	Revaluation Reserve £	Designated Reserve £	General Reserve £	Total Excluding Pension Reserve £	Pension Reserve £	Total Including Pension Reserve £
Balance at 1 April 2016	2,265,319	26,297	9,830,181	12,121,797	(1,540,000)	10,581,797
Deficit for the year before transfers	-	(8,988)	(2,228,098)	(2,237,086)	215,000	(2,022,086)
Transferred between reserves on sale of properties	(324,248)	-	324,248	-	-	-
Balance at 31 March 2017	1,941,071	17,309	7,926,331	9,884,711	(1,325,000)	8,559,711

## 18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Pension Reserve £	Total Funds £
<b>Consolidated</b>				
Fund balances at 31 March 2018 are represented by:				
Intangible fixed assets	85,292	-	-	85,292
Tangible fixed assets	3,053,840	1,056,377	-	4,110,217
Investments	1,564,901	-	-	1,564,901
Equity interests in property	547,926	-	-	547,926
Current assets	12,289,513	908,477	493,000	13,197,990
Current liabilities	(4,465,972)	-	-	(4,465,972)
Long Term liabilities	-	-	(644,000)	(644,000)
Total Net Assets	13,075,500	1,964,854	(151,000)	14,396,354
<b>Trust only</b>				
Fund balances at 31 March 2018 are represented by:				
Intangible fixed assets	85,292	-	-	85,292
Tangible fixed assets	3,053,840	-	-	3,053,840
Investments	1,564,901	-	-	1,564,901
Investment in subsidiary	-	1,125,459	-	1,125,459
Equity interests in property	547,926	-	-	547,926
Current assets	12,289,513	908,477	493,000	13,197,990
Current liabilities	(4,465,972)	-	-	(4,465,972)
Long Term liabilities	-	-	(644,000)	(644,000)
Total Net Assets	13,075,500	2,033,936	(151,000)	14,465,436
<b>Year ended 31 March 2017</b>				
<b>Consolidated</b>				
Fund balances at 31 March 2017 are represented by:				
Intangible fixed assets	138,850	-	-	138,850
Tangible fixed assets	3,066,582	1,090,918	-	4,157,500
Investments	1,484,542	-	-	1,484,542
Equity interests in property	552,257	-	-	552,257
Current assets	9,016,140	1,116,967	395,000	10,528,107
Current liabilities	(3,991,160)	-	-	(3,991,160)
Provisions	(382,500)	-	-	(382,500)
Long Term liabilities	-	-	(1,720,000)	(1,720,000)
Total Net Assets	9,884,711	2,207,885	(1,325,000)	10,767,596



# The Brandon Trust

## Notes to the consolidated financial statements for the year ended 31 March 2018

### 18 Analysis of net assets between funds (continued)

Year ended 31 March 2017

Trust only	Unrestricted Funds £	Restricted Funds £	Pension Reserve £	Total Funds £
Fund balances at 31 March 2016 are represented by:				
Intangible fixed assets	138,850	-	-	138,850
Tangible fixed assets	3,066,582	-	-	3,066,582
Investments	1,484,542	-	-	1,484,542
Investment in subsidiary	-	1,125,459	-	1,125,459
Equity interests in property	552,257	-	-	552,257
Current assets	9,016,140	1,116,967	395,000	10,528,107
Current liabilities	(3,991,160)	-	-	(3,991,160)
Provisions	(382,500)	-	-	(382,500)
Long Term liabilities	-	-	(1,720,000)	(1,720,000)
<b>Total Net Assets</b>	<b>9,884,711</b>	<b>2,242,426</b>	<b>(1,325,000)</b>	<b>10,802,137</b>

### 19 Reconciliation of net income and expenditure to net cash inflow/(outflow) from operating activities

	Group 2018 £	Trust 2018 £	Group 2017 £	Trust 2017 £
Net income/(expenditure)	3,230,758	3,265,299	(1,672,333)	(1,637,792)
Net gain on investments	(80,359)	(80,359)	(238,264)	(238,264)
FRS102 Pension (credit)/charge	(678,000)	(678,000)	21,000	21,000
Depreciation of tangible assets	330,528	295,987	310,018	275,477
Amortisation of intangible assets	65,254	65,254	479,773	479,773
Depreciation of equity interests	4,331	4,331	4,331	4,331
Investment income	(16,208)	(16,208)	(20,679)	(20,679)
Loss/(Profit) on disposal of fixed assets and assets held for resale	1,792	1,792	(200,937)	(200,937)
(Increase) in debtors	(1,804,899)	(1,804,899)	(797,559)	(797,559)
(Decrease)/Increase in creditors within one year	487,108	487,108	274,918	274,918
(Decrease)/Increase in provisions for liabilities within one year	(382,500)	(382,500)	382,500	382,500
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,157,805</b>	<b>1,157,805</b>	<b>(1,457,232)</b>	<b>(1,457,232)</b>

### 20 Analysis of cash and cash equivalents

	31 March 2018 £	1 April 2017 £
<b>Consolidated and Trust</b>		
Net cash:		
Cash at bank and in hand	5,669,499	4,804,515
Bank overdraft	-	(12,296)
<b>Total of cash and cash equivalents</b>	<b>5,669,499</b>	<b>4,792,219</b>

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

	2018 £	2017 £
<b>Consolidated and Trust</b>		
Increase/(Decrease) in cash and cash equivalents in the year	877,280	(1,686,418)
<b>Movement in cash and cash equivalents in the year</b>	<b>877,280</b>	<b>(1,686,418)</b>
Opening cash and cash equivalents	4,792,219	6,478,637
<b>Closing cash and cash equivalents</b>	<b>5,669,499</b>	<b>4,792,219</b>



# The Brandon Trust

## Notes to the consolidated financial statements for the year ended 31 March 2018

### 22 Retirement benefits

The Group participates in a number of pension schemes. The total pension operating cost for the Group was £1,364,746 (2017: £1,850,003). This figure includes £183,974 (2017: £261,773) 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 £375,882 (2017: £441,219).

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: £111,479 (2017: £99,020).

#### 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 2016. The next valuation will be at 31 March 2020 and this will set contribution rates from 1 April 2023. 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. 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 £668,946 (2017: £997,093) (£739,213 actual contributions net of £70,267 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 2016. The contributions payable by the group to the fund amounted to £36,101 (2017: £36,986). For actuarial assumptions and composition of the scheme see page 49. During the year the Trust renegotiated its contract with North Somerset Council for Day services. Staff affected by the new contract transferred into a new admission agreement within the Avon pension Scheme and the previous admission agreement was terminated. The new contract with North Somerset Council indemnifies the Trust against pension liabilities arising at the end of the contract, and so a pension asset has been recognised equal to the liability in the scheme.

iii) The Trust contributes to a 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 and the contract with the Council ended on 1 April 2016, when the admission agreement terminated and the assets and liabilities of the scheme reverted to the Council at that date. The gain arising on the closure of the scheme of £338,000 is shown in the statement of financial activities as part of the reduction in charitable expenditure during that year. The Trust successfully tendered for new contracts with the Council and a new admission agreement for staff in these services commenced on 1 April 2016, with the relevant assets and liabilities for those staff transferring to the Trust from that date. This gave rise to a loss of £71k arising on the TUPE transfer of the staff from the old admission agreement to the new admission agreement, which is shown in the statement of financial activities as an increase in charitable expenditure in that year. 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 2016. The contributions payable by the group to the fund amounted to £13,503 (2017: £20,791). For actuarial assumptions and composition of the scheme see page 51.

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 £40,515 (2017: £46,446).

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 2016. The contributions payable by the group to the fund amounted to £10,336 (2017: £20,791). For actuarial assumptions and composition of the scheme see page 51.

The Trust is indemnified under a contract with the County of Herefordshire against pension liabilities arising at the end of the contract, which is the scheme administered by Worcestershire County Council. The Trust gave notice to Herefordshire on 16 November 2016 of its intention to terminate services which were completed during the year ended 31 March 2018. As the Trust was certain that the liability would revert to the local authority, a reimbursement asset was recognised within debtors (note 11) during the year ended 31 March 2017. This was equal to that of the pension liability on the scheme. This amount recoverable of £395,000 was reflected within the pension reserve in the statement of financial activities, and split between charitable expenditure (£177,000) and remeasurement of reimbursement asset (£218,000) to reflect the split of the historic costs. During the year the liability reverted to Herefordshire under the terms of the agreement as expected and the amount recoverable released during the year to offset the reduction in liability.

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 £107,966 (2017: £127,163).



# The Brandon Trust

## Notes to the consolidated financial statements for the year ended 31 March 2018

### 22 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:

	2018	2017
Future salary increases	3.6%	3.8%
Future pension increases	2.2%	2.3%
Discount rate	2.7%	2.5%
Inflation assumption - CPI	2.1%	2.3%

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

	2018	2017
male (female) future pensioner aged 65	26.2 (28.8) years	26.0 (28.7) years
male (female) current pensioner aged 65	23.6 (26.1) years	23.5 (26.0) years

The Trust ended its commercial contract with North Somerset Council on 30 September 2017 and entered into a new contract with them from 1 October 2017. Under the terms of the contract a new admission agreement was entered into from the start of this new contract for relevant staff. The amounts recognised in the financial statements in respect of both admission agreements is shown below:

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

#### Old admission agreement

	2018 £000s	2017 £000s
Current Service Cost	(26)	(42)
Administration expenses	-	(1)
Net interest cost	(15)	(36)
Pension cost recognised	<u>(41)</u>	<u>(79)</u>

	2018	2017
Changes in Benefit Obligation during period		
Benefit obligation at beginning of period	6,209	5,549
Current service cost	26	42
Interest on pensions liabilities	78	192
Member contributions	4	10
Remeasurements (Gain)/loss on assumptions	(290)	(692)
Experience (gain)/loss	-	1,266
Settlements	(5,947)	-
Benefits/transfers paid	<u>(80)</u>	<u>(158)</u>
Benefit obligation at end of period	<u>6,209</u>	<u>6,209</u>

	2018 £000s	2017 £000s
Changes in Plan Assets during the period		
Fair value of plan assets at beginning of period	5,050	4,505
Interest on plan assets	63	156
Remeasurements (assets)	78	501
Administration expenses	-	(1)
Settlements	(5,133)	-
Employer contributions	18	37
Member contributions	4	10
Benefits/transfers paid	<u>(80)</u>	<u>(158)</u>
Fair value of plan assets at end of period	<u>5,050</u>	<u>5,050</u>

	2018 £000s	2017 £000s
Actual Return on Plan Assets	<u>153</u>	<u>657</u>

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 2018

### 22 Retirement Benefits benefits (continued)

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

<u>New admission agreement</u>	<u>2018</u> <u>£000s</u>	<u>2017</u> <u>£000s</u>
Current Service Cost	(25)	-
Net interest cost	(6)	-
Pension cost recognised	<u>(31)</u>	<u>-</u>
	<u>2018</u> <u>£000s</u>	<u>2017</u> <u>£000s</u>
<b>Changes in Benefit Obligation during period</b>		
Benefit obligation at beginning of period	-	-
Current service cost	25	-
Interest on pensions liabilities	19	-
Member contributions	5	-
Remeasurements - Experience (gain)/loss	(12)	-
Business combinations	1,421	-
Benefit obligation at end of period	<u>1,458</u>	<u>-</u>
	<u>2018</u> <u>£000s</u>	<u>2017</u> <u>£000s</u>
<b>Changes in Plan Assets during the period</b>		
Fair value of plan assets at beginning of period	-	-
Interest on plan assets	13	-
Remeasurements (assets)	(24)	-
Business combinations	953	-
Employer contributions	18	-
Member contributions	5	-
Fair value of plan assets at end of period	<u>965</u>	<u>-</u>
	<u>2018</u> <u>£000s</u>	<u>2017</u> <u>£000s</u>
<b>Actual Return on Plan Assets</b>	<u>(11)</u>	<u>-</u>

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

	<u>2018</u> <u>%</u>	<u>2017</u> <u>%</u>
Equities	40.9	52.0
Government Bonds	10.8	12.0
Other Bonds	1.8	7.9
Property	8.9	8.7
Cash/Liquidity	3.6	1.2
Other	34.0	18.2
	<u>100.0</u>	<u>100.0</u>

Estimated Employer's contributions for the year to 31 March 2019 will be approximately £36,000.

North Somerset Council has waived its right to recover a termination contribution if one were to arise at the end of the contract.



# The Brandon Trust

## Notes to the consolidated financial statements for the year ended 31 March 2018

### 22 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:

	2018	2017
Salary increase rate	2.7%	2.7%
Pension/inflation increase rate	2.4%	2.4%
Discount rate	2.7%	2.6%

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

	2018	2017
male (female) future pensioner aged 65	22.4 (24.6) years	22.4 (24.6) years
male (female) current pensioner aged 65	24.0 (26.4) years	24.0 (26.4) years

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

	2018 £000s	2017 £000s
Current Service Cost	(25)	(27)
Gain arising on settlement of admission agreement	-	338
Net liabilities on TUPE transfer to new admission agreement	-	(71)
Net interest cost	(4)	(3)
Pension cost recognised	<u>(29)</u>	<u>237</u>
<b>Old admission agreement</b>	<b>2018</b>	<b>2017</b>
	<b>£000s</b>	<b>£000s</b>
<b>Changes in Benefit Obligation during period</b>		
Benefit obligation at beginning of period	-	2,654
Transfer of obligation to Gloucestershire County Council	-	(2,654)
Benefit obligation at end of period	<u>-</u>	<u>-</u>
<b>New admission agreement</b>	<b>2018</b>	<b>2017</b>
	<b>£000s</b>	<b>£000s</b>
<b>Changes in Benefit Obligation during period</b>		
Benefit obligation at beginning of period	802	-
Transfer of obligation from Gloucestershire County Council	-	573
Current service cost	25	27
Interest on pensions liabilities	21	21
Member contributions	3	5
Remeasurement (loss)/gain on assumptions	(19)	176
Benefit obligation at end of period	<u>832</u>	<u>802</u>



# The Brandon Trust

## Notes to the consolidated financial statements for the year ended 31 March 2018

### 22 Retirement Benefits benefits (continued)

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

##### Old admission agreement

	2018	2017
	£000s	£000s
Changes in Plan Assets during the period		
Fair value of plan assets at beginning of period	2,316	2,316
Transfer of assets to Gloucestershire County Council	(2,316)	(2,316)
Fair value of plan assets at end of period	<u>-</u>	<u>-</u>

##### New admission agreement

	2018	2017
	£000s	£000s
Changes in Plan Assets during the period		
Fair value of plan assets at beginning of period	636	-
Transfer of assets from Gloucestershire County Council	-	502
Interest income on plan assets	17	18
Remeasurements - return on assets excluding amounts shown in	11	90
Employer contributions	14	21
Member contributions	3	5
Fair value of plan assets at end of period	<u>681</u>	<u>636</u>

	2018	2017
	£000s	£000s
Actual Return on Plan Assets	<u>28</u>	<u>108</u>

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

	2018	2017
	%	%
Equities	67.0	71.0
Government Bonds	23.0	20.0
Property	8.0	7.0
Cash/Liquidity	2.0	2.0
	<u>100.0</u>	<u>100.0</u>

Estimated Employer's contributions for the year to 31 March 2019 will be approximately £10,000.

Under the terms of the contract with Gloucestershire council, the Trust is liable for any deficit in the event of termination of the contract.



# The Brandon Trust

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2018

## 22 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:

	2018	2017
Rate of Increase in salaries	-	3.7%
Rate of increase in pensions in payment	-	2.2%
Discount rate	-	2.6%
Inflation assumption - CPI	-	2.2%

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

	2018	2017
male (female) future pensioner aged 65	-	24.8 (27.9) years
male (female) current pensioner aged 65	-	22.6 (25.6) years

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

	2018 £000s	2017 £000s
Current Service Cost	-	(67)
Administration expenses	-	(1)
Net interest cost	-	(5)
Pension cost recognised	-	(73)
	2018 £000s	2017 £000s
Changes in Benefit Obligation during period		
Benefit obligation at beginning of period	1,444	1,172
Transfer of obligation to Herefordshire County Council	(1,444)	-
Current service cost	-	67
Interest on pensions liabilities	-	43
Member contributions	-	16
Remeasurements - (Gain)/loss on assumptions	-	(199)
- Experience (gain)/loss	-	388
Benefits/transfers paid	-	(43)
Benefit obligation at end of period	-	1,444
	2017 £000s	2017 £000s
Changes in Plan Assets during the period		
Fair value of plan assets at beginning of period	1,049	1,014
Transfer of plan assets to Herefordshire County Council	(1,049)	-
Administrative expenses	-	(1)
Interest on plan assets	-	38
Remeasurements (assets)	-	(29)
Employer contributions	-	54
Member contributions	-	16
Benefits/transfers paid	-	(43)
Fair value of plan assets at end of period	-	1,049



# The Brandon Trust

## Notes to the consolidated financial statements for the year ended 31 March 2018

### 22 Retirement Benefits benefits (continued)

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

	2018 £000s	2017 £000s
Actual Return on Plan Assets	-	9

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

	2018 %	2017 %
Equities	-	85.3
Other Bonds	-	5.4
Property	-	4.2
Cash/Liquidity	-	2.4
Other	-	2.7
	-	100.0

On cessation of the contract the resulting pension liability reverted to Herefordshire District Council.



# The Brandon Trust

## Notes to the consolidated financial statements for the year ended 31 March 2018

### 23 Financial commitments

At 31 March 2018 the Group total future minimum lease payments under non-cancellable operating leases was as follows:

Consolidated and Trust	Land and buildings		Other	
	2018	2017	2018	2017
	£	£	£	£
Expiry date:				
Within one year	370,035	396,164	374,923	449,040
Between two and five years	743,521	250,566	173,580	477,350
In over five years	34,079	-	-	74
	<u>1,147,635</u>	<u>646,730</u>	<u>548,503</u>	<u>926,464</u>

### 24 Capital commitments

	2018	2017
	£	£
Consolidated and Trust		
Capital expenditure contracted for but not provided in the financial statements	<u>-</u>	<u>-</u>

### 25 Related Party Transactions

No related party transactions took place during the year (2017: £Nil).

### 26 Contingent Liabilities

Proceeds from the sale of certain properties held by Odyssey Care Limited and the Trust amounting to £1,558,877 (2017: £1,593,418) are repayable to NHS Property Services Limited upon the sale of these tangible fixed assets. This is secured by legal charge over the properties concerned. The carrying value of the underlying properties at 31 March 2018 was £2,911,072 (2017: £2,962,633).

The Trust received a Capital grant from the NHS commissioning Board (known as NHS England) for £200,000 during the year ended 31 March 2017 and a further grant of £20,000 during the year ended 31 March 2018. The grant is secured by a variable legal charge over the property (the charge is based on a percentage of the grant value relative to the market value of the property) and is repayable on disposal of the property. The last valuation of the property in 2016 was £327,635 and the carrying value was £313,375 at 31 March 2018. The grants were treated as restricted due to the restrictions on capital expenditure. As the grant was fully spent during the year the Trust believes that these restrictions were now met and as a result the grant was transferred from restricted to unrestricted expenditure during the year.

The Trust has been closely monitoring an Employment Appeal Tribunal case regarding the issue of whether an employee performing a sleeping night shift falls within the national living wage, rather than a fixed allowance for the whole night, and the associated taxes thereon. Since April 2016, the Trust has operated a policy of topping up the pay of staff on these shifts to ensure that individual hourly rates do not fall below the national living wage. There is therefore a potential liability, which could arise prior to this date from potential employee claims and enforcement action. The court of appeal issued its decision in the Royal Mencap Society and Tomlinson Blake Ruling appeal on 13 July 2018 and rejected the Employment Appeal Tribunal's previous decision. There still remains the possibility of a further appeal regarding this issue, and inherent complexities in valuing any potential liability. The Trust's initial estimate any potential liability is approximately £800,000, which includes estimates of liabilities inherited under TUPE (requiring information from previous employers), and extrapolations of sample data. Given the appeal process and uncertainties the Trustees consider this matter to still remain a contingent liability. Professional advice has been obtained regarding this issue and the matter is kept under regular review.

### 27 Exceptional items

During the year to 31 March 2017 the Directors identified an impairment to its virtual workspace project arising from an internal investigation into procurement activities. As a result of these irregularities the directors decided that the project was not viable and the associated software development costs were fully impaired. The charge arising was £349,797, which the Directors considered to be exceptional. No further costs have been incurred in the current year.



# The Brandon Trust

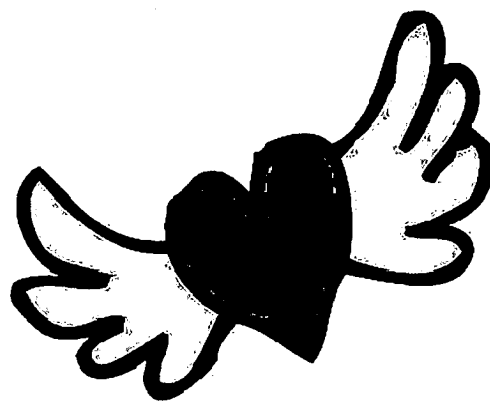
## Consolidated statement of financial activities (incorporating an Income and Expenditure Account) for the year ended 31 March 2017

### 28 Prior year primary statement comparatives by fund

	Notes	Unrestricted Funds	Unrestricted Pension's Reserve	Restricted Funds	Total Funds 2017
		£	£	£	£
<b>Income</b>					
Donations and Legacies	2	57,524	-	398,154	455,678
<b>Income from charitable activities:</b>					
Fees for Accommodation with Care Services		8,574,594	-	-	8,574,594
Fees for Work, Learning and Leisure		6,301,363	-	-	6,301,363
Fees for Supported Living Services		34,896,384	-	-	34,896,384
<b>Income from other trading activities:</b>					
Charity shop Income		182,851	-	-	182,851
Investment Income	3	20,679	-	-	20,679
Other Income	3a	238,241	-	-	238,241
<b>Total income</b>		<b>50,271,636</b>	<b>-</b>	<b>398,154</b>	<b>50,669,790</b>
<b>Expenditure</b>					
Expenditure on raising funds					
Charity shop expenditure	4	274,609	-	-	274,609
Expenditure on charitable activities					
Accommodation with care Services Costs	4	8,494,130	(48,133)	34,541	8,480,538
Work, Learning & Leisure Costs	4	6,499,592	(42,972)	-	6,456,620
Fees for Supported Living Services	4	37,128,858	(282,895)	-	36,845,963
Other expenditure in the deployment of grants and donations received		-	-	172,860	172,860
Exceptional item: continuing activities	27	349,797	-	-	349,797
<b>Total expenditure</b>	<b>4</b>	<b>52,746,986</b>	<b>(374,000)</b>	<b>207,401</b>	<b>52,580,387</b>
<b>Net gain on investments</b>	<b>9a</b>	<b>238,264</b>	<b>-</b>	<b>-</b>	<b>238,264</b>
<b>Net expenditure</b>		<b>(2,237,086)</b>	<b>374,000</b>	<b>190,753</b>	<b>(1,672,333)</b>
<b>Transfer between funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net expenditure before other gains and losses:</b>		<b>(2,237,086)</b>	<b>374,000</b>	<b>190,753</b>	<b>(1,672,333)</b>
<b>Other Recognised Losses</b>					
Pension schemes actuarial (loss) / gain	22	-	(377,000)	-	(377,000)
Remeasurement of reimbursement asset	22	-	218,000	-	218,000
<b>Net movement in funds</b>		<b>(2,237,086)</b>	<b>215,000</b>	<b>190,753</b>	<b>(1,831,333)</b>
Balances brought forward at 1 April 2016		12,121,797	(1,540,000)	2,017,132	12,598,929
<b>Balances carried forward at 31 March 2017</b>	<b>16/17</b>	<b>9,884,711</b>	<b>(1,325,000)</b>	<b>2,207,885</b>	<b>10,767,596</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 (£1,672,333).





**Brandon exists to enable children, young people and adults with learning disabilities and autism to live life in the way they choose.**

**We do that by providing high-quality, individualised support that focuses on enabling people to achieve their dreams and truly live free.**

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**Registered Charity Number: 801571**

# **Brandon**

## **Live free**

**the learning disability charity**

