

The Retreat York

Company number: 04325622

Charity number: 1089826

Report and Financial Statements

For the year ended 31 December 2019

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Company number 4325622

Charity number 1089826

Registered office and operational address

107 Heslington Road

York

YO10 5BN

Country of registration England & Wales

Country of incorporation United Kingdom

Trustees

Trustees, who are also Directors under company law, who served during the year and up to the date of this report were as follows:

Sallie Ashe ¹³	Resigned 16 th January 2020
Jennifer Barraclough ^{13 4}	Resigned 16 th January 2020
James Eddington ¹	
Martin Ford ^{1 4}	
Rob Griffiths ³	
John Miles ⁴	Resigned 16 th January 2020
David Robson ²	
Mike Wash ²	Resigned 16 th January 2020
Christine Abbott	Appointed 16 th January 2020
Beverley Goddard	Appointed 16 th January 2020
Paul Henderson- Grey	Appointed 16 th January 2020
Clare Scott Booth	Appointed 16 th January 2020

1 Member of the Finance & Resources Committee

2 Member of the Quality and Safety Committee

3 Member of the Remuneration Committee

4 Member of the Audit Committee

Key Management Personnel	Cathy Waters	Chief Executive	Left 31 March 2019
	Kim Bevan	Director of Development	Became Chief Officer (Clinical Services) 1 April 2019
	Ian Holborn	Director of Finance & IT	Became Chief Officer (Corporate Services) 1 April 2019
	Ingrid Jenner	Interim Director of Human Resources	Left 31 March 2019
	Jo Skinner	Marketing & Communications Manager	Left 31 March 2019
	Sue Hogston	Director of Operations	Left 28 February 2019
Bankers	HSBC Bank plc 13 Parliament Street York YO1 1XS		
Solicitors	Weightmans Westgate Point Westgate Leeds LS1 2AX		
Investment Managers	Sarasin & Partners Juxon House 100 St Paul's Churchyard London EC4M 8BU		
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108-114 Golden Lane LONDON EC1Y 0TL		

Report of the Clerk to the Board and the Chief Officers

At the end of 2018 we took the difficult decision to close all of our inpatient services as a result of significant financial challenges, a continuing decrease in our occupancy levels, and an NHS strategic direction which focused on community delivery of mental health and related services.

It became clear after the changes that the business model of The Retreat had moved materially. The Charity moved from a position where 90% of its income was derived from mental health clinical services, to a position, where nearly half the income of The Retreat would come from landlord and property related services during 2019.

In the refocus and revitalisation of The Retreat, the clinical service is built around outpatient and community services rather than inpatient services as previously.

The majority of the leadership team who effected the change in 2018 left the organisation in 2019, leaving two of the original leadership team who moved to the posts of Chief Officer (Corporate Services) and Chief Officer (Clinical Services). The two roles of Chief Officer reflect the balance of the business model between clinical and other services. There were also extensive changes in both the clinical and non-clinical workforce.

In addition, there were significant changes to the membership of the Board at the end of 2019 and the start of 2020, with four Trustees resigning, two of whom had completed their terms of office.

Clinical Services - With the Trustees and with the engagement of all staff in the process, the Clinical Services management group developed a new three year strategy, entirely focused on community based services. Our five key strategic objectives for 2019-2020 are:

- To expand our psychological assessment and therapy services, including eating disorder services;
- To expand our adult autism and ADHD assessment, diagnosis and therapy services;
- To establish and grow our integrated service for children and young people;
- To build our brand;
- To ensure all of our staff are working efficiently and effectively to agreed capacity, and to increase staffing where necessary in parts of the service.

In line with our new strategy, we took the decision to push forward with the expansion and further development of our community based psychological therapy and assessment services, which included:

- The growth of our *adult autism and ADHD services* with our NHS contract and private therapy services;
- The development of new neurodevelopmental and *psychological services for children and young people*, starting with autism services and a new contract with Scarborough and Ryedale CCG for a children's autism assessment and diagnostic service;
- The agreement to re-develop a leased building in Strensall as an integrated children's service hub, with a new Clinical Lead for Children and Young People's Services being employed to support this development;
- An online therapy offer was launched towards the end of the year, with a state of the art video therapy room and equipment;
- Building of our brand awareness with major promotional campaigns.

As the changes at The Retreat at the end of 2018 were so fundamental, many stakeholders had the impression that all services at The Retreat had ended and The Retreat may have closed. This meant that before we could begin to expand our psychological therapies services we had to undertake a brand awareness raising campaign to relaunch our services. This campaign met with some success in terms of a significant increase in interest in our services and increased awareness of The Retreat's new services. We took part in a BBC Radio 3 programme looking at The Retreat's history and future and we participated in local radio and social media campaigning. In addition, we engaged with local health services and with local businesses in order to increase their awareness of our service offer.

In terms of registrations and compliance, we withdrew our CQC registration for our inpatient services and registered a single component of our service offer with the CQC – our adult ADHD assessment and diagnostic service. We were inspected within six months of this registration (August 2019) and, at least in part because of the length of our waiting list, we were rated 'requires improvement' in three areas (Safe, Responsive and Well Led), with 'good' in two areas (Caring and Effective). It was not possible for us to respond to the length of the waiting list for our ADHD service because the funding we get from the CCGs does not cover demand. The CCGs have since been very concerned to give us the support they can as a result of this.

Estates and Property Management - At the same time as we began to expand and promote our clinical services, we were developing our professional landlord services with clear leasehold and tenancy agreements. We welcomed two new organisations as our tenants, Schoen Clinic and Wilson Vale Catering and continued the development of our tenancy agreements with our existing tenants and leaseholders (York House, Mencap's clients, Turning Point and TEWV's Pharmacy service). In addition, our former joint venture with Turning Point (Northern Pathways Limited) was dissolved in July 2019, and Turning Point became tenants in our Garrow House building in continuation of the psychological services there.

We also started the development plans for our estate, in discussion with the City of York Council and the University of York, alongside other stakeholders with an interest in what happens to our estate land and buildings. This work is at the pre-consultation phase, and this work will gather pace during 2020 with a view to firm and agreed plans being in place by 2021.

For The Retreat, 2018 was a time of some turmoil and change, but 2019 was a more positive and developmental year with services evolving and expanding and staff finding their way within the new version of The Retreat. Staff have been stalwart, loyal and patient. For some staff, that meant the time had come for them to leave The Retreat's employment and move on to new opportunities. This resulted in a higher than usual staff turnover. However, towards the end of 2019 we found the staff team stabilising with new staff being welcomed into the organisation and existing staff developing and changing their relationship with the organisation. We feel that our staff are working closely with their managers and each other in supporting the organisation to a successful future. We are sure that other challenges will arise but we are confident that financially and strategically the organisation has a sound footing, and can sustaining our values-based service delivery to take William Tuke's vision forward into 2020 and beyond.

Covid -19, going concern and contingencies - The events of March 2020 resulting from the declaration of a pandemic relating to the Covid-19 virus has had a material impact on The Retreat at the start of 2020. The Retreat was able to activate its business interruption and business continuity plans and complemented this with a pandemic action plan drafted in April 2020. The business was placed into "lock-down" on 18 March 2020, with staff asked to work from home for an indefinite period. Existing clients with booked appointments were offered a switch to "virtual" or telephone appointment. Many have taken this option and some new clients have subscribed to this service, but at the time of writing this report The Retreat has seen a decline in patient appointments of around 20-25 % during the period of lockdown.

The Tenants and Landlord services have remained largely without impact, with no tenants as yet claiming distress or unable to pay rental or service payment requests. Tenants are financed in the majority by NHS contracts which are supported by Government as providers of services to public bodies.

The Retreat realised a material impact on Investment values and possible future investment income as the value of investments fell by about 7% during March 2020; this resulted in a loss of circa £550k in March 2020. The Retreat converted £1m of short term investment into Cash in very early March, as the market started to decline, but before it reached its lowest point. The cash position at the end of March 2020 was £1.6m or about 8 months operating cost cover.

The Retreat has re-forecast its full year cash position at the beginning of April 2020, and expected Investments and cash (unrestricted reserves) to decline by £600k due to market movement, and a further £800k due to six months' activity loss during lockdown, and re-start up delays. This would impact the reserves position by roughly £1.4m in total during 2020. The Retreat has forecast during April that with the above impacts and further support for development activities, it will have over £7.2m of investment/cash at the end of June 2021.



David Robson

Clerk to the Board



Kim Bevan

Chief Officer (Clinical)



Ian Holborn

Chief Officer (Corporate)

The Trustees present their report and the audited financial statements for the year ended 31 December 2019.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and activities

The focus of our work

The Retreat is a charitable, not-for-profit provider of care related to people's mental wellbeing. We work both with the NHS and with private clients and organisations in the provision of community based neurodevelopmental and mental health services. The Retreat was established in 1796 and was the first place where people with mental health problems were treated humanely and with dignity and respect.

The Retreat believes that successful therapeutic relationships are based on respect, dignity and tolerance and ensures the voice of the people who use its services, along with their friends, families and carers are given every opportunity to be heard.

Our main objectives for 2019 continued to be the promotion of positive mental health and the acceptance and celebration of neurodiversity. The strategies we used to meet these objectives included:

- Providing a range of community-based services designed to meet the needs of people who are experience mental ill-health;
- Providing community-based assessment, diagnostic and therapy services for people with neurodevelopmental conditions;
- Ensuring that, wherever possible, our work is externally accredited and combines our distinctive values, clinical model and evidence-based best practice into an effective and accessible service;
- Working in partnership with other organisations and agencies to ensure the widest range of support of available in order to improve people's mental wellbeing.

The Trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The Trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the Trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

Purposes and aims

The Retreat's purpose as set out in the objects contained in the company's Articles of Association, are to relieve suffering from mental illness. In simple language we describe this as 'improving people's mental health'.

Our mission statement is "To deliver high quality, sustainable, renowned mental health services, alongside Autism and ADHD services, helping people to live well with themselves so that we all live better together."

The aims of the charity in 2019 were to commence our work towards:

- Becoming a leader in mental wellbeing;

- Exerting our influence through exceptional service quality, outstanding feedback and peer-reviewed research underpinned by our independence;
- Continuing to develop a successfully charitable business with significant outreach, presence and reputation both locally and across the UK;
- Becoming a sustainable and successful organisation which models good relationships with all stakeholders including service users, staff, volunteers, commissioners, commercial and strategic partners and suppliers;
- Being competent in the management of our reserves and resources for innovation, development, commercial and environmental sustainability.

We worked to achieve this through the provision of services and related activities that promote and intervene to enable the improvement of people's mental wellbeing. The areas of work we focus on are those that affect an individual's mental functioning, leading to reduced ability to take part in the regular day-to-day activities most of us take for granted.

Ensuring our work delivers our aims

We review our aims, objectives and activities each year. This review looks at what we achieved and the outcomes of our work in 2019. The review looks at the success of each key activity and the benefits they have brought to those groups of people we are set up to help. The review also helps us ensure our aims, objectives and activities remained focused on our charitable objects. The Trustees consider how planned activities will contribute to the aims and objectives of the Charity.

The strategy we developed to achieve our aims and objective has three themes that run throughout:

- People at the centre of all we do (compassion);
- Partnership development and growth (collaboration);
- The importance of community.

In addition, throughout our considerations, we are mindful of the fact that we are a Quaker charity and need to consider our charitable objectives and how they are being delivered.

In any future decisions we are committed to ensuring that we add value by:

- Considering the assets we have and offering access to these assets as far as practicable and in particular community access where possible;
- Creating a green and sustainable estate development plan and a sympathetic environment beyond these developments;
- Careful management of the Immediate and future economic viability of The Retreat;
- Building The Retreat name and its Quaker heritage – our brand;
- Building collaborative partnerships in developing our services;
- Developing our national reach – beyond Heslington Road, York.

Our strategic objectives for 2019/20 are as follows:

1. To expand our psychological assessment and therapy services, including our eating disorder and online therapy offers;

2. To expand our private adult autism and ADHD Assessment, diagnosis and post-diagnostic support services and prepare to tender for the North Yorkshire contract that takes us beyond March 2020;
3. To establish and grow our Integrated Service for Children and Young People from June 2020 onwards;
4. To increase and extend The Retreat's collaborative endeavours and define how we want to use our estate to benefit York's community;
5. To improve staff wellbeing through the implementation of a robust staff wellbeing strategy;
6. To develop and agree a sustainable commercial model for The Retreat that considers increasing the accessibility of our services;
7. To build The Retreat's brand for the future.

Public benefit

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives that have been set. All of the work we undertake focuses on the benefits we can offer to the public and, wherever we can, we work with the NHS to offer services free at the point of delivery.

Risk Review

Risk Governance: Strategic Risk

The Trustees of The Retreat Board, through the work of its sub-committees, review the key strategic risk of The Retreat bi-monthly. The following table reflects the position of high level strategic risks at the date of the approval of the Financial Statements.

Key risks	Mitigation	Next steps
Financial sustainability	Careful reserve and investment management.	Identify surpluses in annual plans and regular review of reserves management.
Business continuity plan	Revised plan with operational management team.	Issue revised plan and solutions to Quality and Safety Committee and Resources Committee.
GDPR Compliance	GDPR consultant and new DPO undertook gap analysis and implemented action plan.	Ensure all actions are progressed and submit Data Protection and Security Toolkit in 2020.
Strategy implementation	Strategy has been developed through engagement with all staff and the Board and communications plan for the new strategy are in place, including a 'strategy on a page' to simplify the key strategic messages.	Develop an operational business plan to implement the strategy and ensure all staff know what the strategy means to them through Whole Team meetings.
Failure to meet CQC standards	Performance monitored against Key Lines of Enquiry; Quality Improvement Plan (QIP) focused on KLOEs and inspection outcomes.	Implementation and clear progress on QIP needed and appointment of Operations Manager to take this forward.
Failure to dispose appropriately of The Retreat's estate and to provide a high quality environment for its clinical services	Advisers have been commissioned to provide The Retreat with appropriate and commercially and clinically viable recommendations and clinicians are involved in the plans for the Estate.	Submit planning and pre-planning applications for the preferred use of the estate 'lots' and complete the development and use of Strensall site for clinical services (children and young people).

Risk Management: Operational risks

The Trustees are responsible for reviewing major financial and operational risks to which the charity is exposed, and systems have been established to mitigate those risks. These risks include: changes in NHS Commissioning; loss of key personnel; maintaining an ageing and deteriorating estate; planning issues preventing the development of the new mental health hub; inability to attract sufficient numbers of private paying clients; and more recently the impact of the pandemic.

Methods of dealing with these risks include: maintaining close working relationships with key NHS Commissioners; considering adapting our service offer and reducing some prices to attract more clients; and a promotional and marketing campaign to raise awareness of our brand and our services. Internal risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Systems and processes have been established to ensure that risks are reviewed on a regular basis; these include health and safety groups, Senior Management team meetings, whole team meetings and Tenant Management meetings.

Covid-19 appeared as a new risk in The Retreat's risk register and Board Assurance framework from March 2020. The Board approved the Pandemic Operating Plan at their 5th March 2020 board meeting, and the plan was put into effect on 18th March 2020, with all operating staff request to work from Home on this date.

Clients have been asked to switch to virtual and phone consultations – but not all clients were willing or able to do so. The Retreat has discussed this position and is working through options with NHS commissioners with the result that some face to face activity has resumed from 22nd June, 2020. Some staff have been furloughed during the period of the pandemic.

The safety of staff and clients is paramount to The Retreat, and the work from home policy remains an option with limited return to face-to-face treatment now starting in June 20. We have also requested contingency plans from all our suppliers who have responded positively. Our facilities management company and security company continue to work with essential "key worker" status to protect the tenants on the site who continue to operate in-patient services as registered providers.

Board Assurance Framework

The Trustees are responsible for the Board Assurance Framework reviews annually. The following objectives and associated risks for 2019 were considered and reviewed:-

Corporate and strategic objectives	Review of objective
1. Ensure The Retreat's three-year strategy is fit for purpose, in place and shared across the organisation.	A new 3-year strategy has been developed, based on input from the Board, Management and staff team on two away days and a task and finish group led by Trustee Directors.
2. Attract a high calibre of Trustee Directors with a skill mix and experience that is a good fit for The Retreat's future direction	The Nominations Committee will use the CQC guidance about Fit and Proper Person test when appointing new Trustees. A new Trustee job description and adverts are being developed, with advice from The Retreat's PR company.
3. Improve the way the Trustee Directors work together with the Chief Officers and the staff team.	Trustee Directors and Chief Officers report a closer working relationship that feels much more like a team approach than it has previously. Trustee Directors have attended whole team meetings, Leadership Team meetings and away days. In addition, Trustee Directors have membership of some task and finish groups where appropriate.

Corporate and strategic objectives	Review of objective
4. Implement a Quality Improvement Plan capable of tracking continuous and sustained operational service improvement across the organisation.	<p>Board assurance is available through the application and review of Governance processes and a new streamlined governance structure is in place.</p> <p>The number of incidents and safeguarding issues continue to be carefully monitored and reviewed and appropriate action taken.</p> <p>The CQC readiness review has identified areas for improvement – these are being actioned.</p>
5. Become GDPR compliant.	<p>We now have an action plan and a GDPR compliance roadmap – so we know what we need to do in order to reach compliance and have started the work. We have registered a change in our Caldicott Guardian and we are working on our Information Governance Toolkit (now called the Data Protection and Security Toolkit).</p>
6. Assure Health and Safety Compliance.	<p>We now have an action plan and a Health & Safety roadmap – so we know what we need to do in order to maintain our compliance.</p> <p>We have engaged a Health & Safety adviser to carry out regular checks on our physical environment and our responsibilities as a landlord.</p>
7. Develop an estates strategy to ensure our environment is fit for modern purposes and that it can be used flexibly and smartly.	<p>The Retreat commissioned an options appraisal on the estate, which is now in its fourth phase, with significant options being considered via pre-planning discussions with the City of York Council senior planners.</p>
8. Develop a Marketing Strategy, including market analysis to support the development of new services.	<p>Considerable work is already underway to develop relationships with commissioners and key influencers, which has already resulted in being awarded a contract for Children and Young People's Autism assessment and diagnostic contract by Scarborough & Ryedale CCG.</p> <p>We have a new website in development and we have agreed and launched a new brand.</p>
9. Ensure the Clinical Services organisation achieves a stable financial position	<p>The Board and the Resources Committee are regularly monitoring the financial position and advising on planning assumptions for next three years.</p>
10. Legislative compliance in terms of running an estate with consideration for landlord responsibilities to tenants.	<p>We have a tenants' handbook for each tenant explaining their estate management responsibilities and The Retreat's responsibilities as landlord.</p>

Corporate and strategic objectives	Review of objective
	<p>We have formal procedures with Tenants which are being audited by our FM contractors.</p> <p>We have an HSE advisor (retained) to undertake audit, give advice, attends facility HS meetings and reviews progress re compliance.</p> <p>We have an FM contractor monitoring our compliance in areas for which we have legal responsibility each month e.g. fire, water, asbestos, gas & electric, lifts, lighting, and security amongst others.</p>
11. Review The Retreat's Business Continuity Plan on a regular basis.	<p>A complete overhaul of the Business Continuity Plan has now been completed.</p> <p>The Business Continuity Plan will be reviewed every six months, and more often should circumstances or contact details change.</p> <p>The Retreat has a Pandemic Operational Response plan which was activated in March 2020 with the closing of the offices and staff facilities and a Working from Home mandate triggered on 18th March 2020.</p>
12. Develop the business areas we have identified in the 3-year strategy as key to The Retreat's future.	<p>We have been awarded a contract for CYP Autism services (Scarborough & Ryedale CCG)</p> <p>We have attended the Autism Show to promote our services (Manchester, June 2019).</p> <p>We have developed a specialist room for the online therapy offer.</p> <p>We have developed a business case for the ED group service.</p>
13. Improve the delivery of care and the responsiveness of services through the effectiveness and efficiency of our systems and processes.	<p>We have written a new suite of policies to reflect the new business model of The Retreat.</p> <p>All policies are now located on our HR system (BreatheHR) so that all staff can access them and so that all staff know where they are.</p> <p>We have a new ERP system, Compucare 8, – this is being delivered for additional functionality e.g. online booking as an option.</p>
14. Improve staff wellbeing.	<p>We have set up a working group to develop a robust progression route for staff, including appraisals linked to competencies and bandings that will have salaries attached to them.</p> <p>We have raised staff wellbeing at a Whole Team meeting.</p> <p>We have involved the Board in all these developments and the Board have asked for reports on progress via membership of the working groups.</p>

Strategic report

After the turmoil of 2018, we wanted to ensure that the relaunch of The Retreat was positive and widely promoted. In particular, we needed to engage the support of local stakeholders and officials in the development of a Mental Health Hub on our estate, developing formal partnerships with local partners for the Heslington Road masterplan. We expected to see our psychological services growing and our children and young people's services beginning to have a regional impact, through the development of partnerships with at least one other provider and contracting with commissioners. We expected our financial position to be much more robust and our previous extent of losses to begin to be stemmed.

To a large extent we achieved our major aims. We tied up all of the loose ends from the 2018 major change programme, which resulted in a much reduced leadership team and significant changes to the Board membership. In addition, we developed a successful and effective outsourced approach to major Retreat functions, such as IT, Finances, HR and Facilities Management. These functions are now making a provision tailored to our requirements and this has saved significant costs to the organisation. This has been a successful endeavour which has proved to be value for money.

It is clear that The Retreat business model is now an amalgamation of a number of functions as the development of The Retreat continues. We have a Clinical Outpatient Services offer reflecting the history of the organisation and continuing the Quaker mission, and an Estates and Property Management service as we review and manage the estate to a new purpose.

We worked with all members of The Retreat, staff and Trustees, coming together in two away days to build our new strategy and to reflect on the remaining impact of the major 2018 Change Programme. This led to the development of a new and exciting three year strategy, which we began to implement in the middle of 2019.

Clinical Outpatient Services

We were disappointed in our CQC inspection outcomes for our ADHD service which took place in the summer 2019. We had already identified a number of improvements that we wanted to implement in 2019 and these formed our Quality Improvement Plan during that year. However, we could not improve our waiting times for our assessment and diagnostic service because we were already using the whole of our allotted budget from commissioners, which was insufficient to meet demand. This led to a whole service review of the Autism and as well as the ADHD Services with commissioners in the hope that during 2020 we would receive an increased budget to start to address the huge demand for these services. We anticipate that 2020 will bring increased resources to that service.

Our staff became more positive and engaged with the organisation again during 2019 and they strived to ensure the business could succeed by increasing their productivity and fully engaging with the development of the new strategy and our new approach to delivering our services. They have great strength as a team and their passion for the work they undertake is a constant in our service delivery. We started to build a children and young people's service, beginning with an Autism assessment service and an NHS commissioned contract for Scarborough and Ryedale. This will continue to grow in 2020 and beyond, with the planned development of our integrated children and young people's service hub in Strensall and the appointment of a new Clinical Lead.

During 2019 gaps in our management structure became apparent and, at the end of 2019, the decision was taken to recruit a new Operations Manager during 2020. This was a positive decision, based on our confidence in the development of our services. We are confident that, environment and circumstances allowing, 2020 will find our adult and children's clinical services thriving and our contracts position

developing further. 2020 will see more diversification of our clinical offer and we anticipate movement into other geographical areas, as well as the expansion of our video therapy services on a national basis.

Estate and Property Management Services

The Retreat has had partnerships and shared use of the facilities at Heslington Road for many years. Joint ventures with the Disabilities Trust and Turning Point particularly have been based on The Retreat as a provider of buildings and accommodation to run these services.

During 2019 decision were made to reconsider these relationships, as a result the Joint Venture with Turning Point was ended in July 2019 and a review undertaken of the relationship with the Disabilities Trust at York House resulting in a review of the leases and services as if the venture was a formal "tenant" of The Retreat.

Leases were created or refreshed with the following organisations :-

- The Pharmacy Building on the East of the House – Tees and Wear Valley NHS Trust.
- Lease of Acorn and Kemp units in the House - Schoen Clinic.
- Kitchen and catering in the main House – Wilson Vale Ltd.
- Garrow House – Turning Point.
- York House - York House Ventures (JV TRY and Disabilities Trust)
- Multiple leases for room accommodation at East and Cottage Villa – independent residents of Mencap's Services.

The Retreat has appointed a Facilities Management contractor to support in the delivery of Landlord services to tenants and also the support of an independent Health and Safety Advisor to review Compliance and other requirements The Retreat has as a Landlord.

The Retreat supports its Tenants with a Tenants Forum and regular reviews and dialogue.

Property Development Initiatives.

The Retreat continues to review its property portfolio - mainly based on the Heslington Road site. The Development strategy places The Retreat's Mental Health services at the centre of the development options and considers how the building assets might be used by The Retreat services or used to support the sustainability of these services in the future.

The Retreat is in dialogue with the York City council about a range of options for the development of the Heslington Road site. These discussions are considering the retention of both Inpatient and Outpatient services at the Heslington Road site, possible commercial development of parts of the site and an intention to open much of the grounds for public access and use.

The Retreat's Key Achievements for 2019

The Executive Management of The Retreat have consider 2019 as a full year of transition following the substantial changes to the Historical offer of inpatient services from The Retreat for many, many years. The Executive team considered this change as a the creation of the "New Retreat" , facing the challenges of the 21st Century, but supported by the historical legacy and vision of Samuel Tuke, and the values of today's Quakers . The Retreat reflects on the achievements of this year on transition – 2019.

- Development of a robust and innovative three-year strategy, fit for purpose for the new organisation, developed by all staff and Trustees.
- Development of robust governance processes and structures to reflect the changes in the organisation.
- Positive external relationships with the City of York Council, local press, Friends House, local CCGs, local councillors and local MPs.
- Sustainable and tangible community based service delivery model demonstrating diversification of funding sources.
- Sustaining excellent clinical outcomes and positive feedback from clients in both the Adult Psychological Therapies services and the neurodevelopmental services for adults and for children and young people.
- Development of services for children and young people, starting with a full multi-disciplinary autism service.
- Winning a major children and young people's autism assessment and diagnosis contract in North Yorkshire and ongoing development of adult contracts for Autism and ADHD, with the building of effective relationships with commissioners.
- Appointing two former clients as Experts by Experience to ensure service user involvement and direction in all the developments and changes made from 2019 onwards.
- Stabilisation of The Retreat's financial position with investments and cash resources to grow and develop the organisation moving forward.
- Maintain a relatively healthy pension position with a Defined Benefit scheme in a well-funded position.
- Successful and effective outsourcing of major functions, such as IT, HR, Finances and Facilities Management, saving significant costs and building a model for a flexible approach in the future.
- Development of an extensive and professional estates management function.
- Further developed strategy for moving forward with our overall estate development plans.

Financial review

The Statement of Financial Activities for the period is set out on page 26 of the financial statements.

The financial results can be summarised in the following table.

	2019	2018
	£	£
Operating deficit	(16,883)	(3,120,575)
Change Program Impacts	(1,573,425)	(2,048,735)
Impairment of Tangible Fixed Assets	-	(4,684,311)
Loss on disposal / Fixed Asset write down	(93,074)	(222,524)
Revaluation of Investment Properties	-	(1,671,422)
Accounting adjustments in relation to defined benefit pension scheme	2,351,000	(1,117,000)
Net Movement of funds per SOFA	667,618	(12,862,549)

The operating results of The Retreat, which include expenditure on the charity's two key areas of Outpatient Services and Estates and Property Management, in the year ended 31 December 2019 produced a deficit of £16,883 (2018 - deficit £3,120,575). Included within this is other income from investments, donations, legacies, joint venture activities and grant produced income of £659,663 (2018 - £343,969).

A total of £1,573,925 (2018 - £1,679,902) was spent during the year on development of The Retreat York, the outpatient service and the closure and sale of inpatient services. These are described as exceptional transition costs on the face of the Statement of Financial Activities

The result after these unusual items was an overall net deficit, before losses on investments and movement on pensions, for the year amounting to £2,133,641 (2018 - deficit £9,412,768).

After taking into account net investment gains of £641,259 (2018 - losses £462,690), a loss on revaluation of investment properties of £nil (2018 - £1,671,422) and an actuarial gain on the defined benefit pension scheme of £2,160,000 (2018 - loss £1,317,687), there was a net positive movement of funds of £667,618 (2018 - adverse movement £12,864,567).

Our financial results for the year have been affected by a net pension expense of £61,000 (2018 - expense £125,000) relating to the current services costs for the Trust, net of interest expense.

Reserves policy and going concern

Reserves Policy

It is the policy of the charity to maintain undesignated funds, which are the free reserves of the charity, at a level sufficient to cover between 6 and 18 months of expenditure, a range between £1,500,000 and £4,500,000. This period of sufficiency aligns with NHS community contracts periods and lease periods for some short term tenancies.

This is to ensure that in periods of weaker trading, the company can continue to operate without cash-flow problems.

Free Reserves as follows:-

	2019	2018
	£m's	£m's
Net Assets – 31 December	31.4	30.7
Restricted funds and donations	(0.1)	(0.1)
Pensions reserve	(8.8)	(6.7)
Tangible fixed asset value	(7.5)	(7.7)
Investment Property value	(4.6)	(4.6)
General future development fund	(1.8)	(2.9)
Unrestricted/free reserves 31 December 2019	8.6	8.7

The pension asset of £8,814,000 is excluded from free reserves on the basis that this asset does not result in any cash flow to the charity and is likely to diminish over time.

Funds for the necessary upgrade and development of the charity's operational and investment properties and other non-capital, future strategy development projects are segregated into a separate development (designated) fund, currently totalling £1,781,699 (2018 - £2,853,425).

Our policy is, therefore, to continue managing reserves to the required level by means of annual operating position and judicious management of our investment assets. The Retreat has gone through a period of significant change and the current level of reserves, over and above the Reserves Policy, reflects the ongoing risks and that the future remains uncertain. The Current unrestricted and undesignated reserves are greater than required by the reserve policy, though the uncertainty of the future dictates that a greater holding is required should further non-operational structure changes be required.

Investment Policy

The Retreat holds investments in a portfolio approach that includes a number of forms of holdings including cash balances, Investment properties, long-term reserves and short-term reserve instrument holdings.

The investments are held to enable the charity to discharge its charitable purposes and serving as a safety-net in the face of challenges and to enable some sustainability and capital investment in the medium term.

Short term reserves are held with a minimal return objective and are used to preserve capital; longer term reserves are held to obtain a return above inflation over the medium term. During 2019 The Retreat Board recommended a further move to a more ethical portfolio to actively support ethical causes and further move away from companies involved in some sectors to align to the Quaker values. The portfolio moved to a global equity based ethical scheme which exceeded planned performance in 2019 returning £289k of investment return versus a target of £250k and actual return of £275k in 2018 (see note 4). The Investment realised a fair value gain of £641k in 2019 versus a fair value loss of £(426)k in 2018 (see note 14).

As a result of market uncertainties resulting from the global coronavirus pandemic, the unrealised gain values have fallen in the first quarter of 2020, and at the end of April 20, where £(245)k adverse to balances at 31 December, 2019.

As a Quaker charity, The Retreat has an ethical investment approach, avoiding direct investments in companies that derive more than 5% of their revenue from arms sales, tobacco manufacture, sale of alcohol, gambling, and facilitation of pornography or prostitution.

Going Concern

The Retreat's activities, its current financial position and factors impacting on its future development and associated risks are set out here. The Retreat has been through significant change to put the charitable company on a sustainable footing and well within the reserves policy. Forecasts have been sensitised to take account of the possible crystallisation of major risks and to show how the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason The Retreat continues to adopt the going concern basis in preparing the financial statements and the Trustees are comfortable that no material uncertainties exist, including the potential prolonged impact of the Coronavirus pandemic, which would threaten the operational existence of The Retreat for the next 12 months given the free reserves position versus the operating cost base of the organisation.

Plans for the future

The Retreat has conducted a thorough strategic review to help us to diversify our services in line with the decision to close inpatient services and focus provision solely on community based mental health services (Outpatient Services).

In addition, we provide a landlord function to joint venture partners and to other organisations who are using our buildings and grounds: Schoen Clinic York, who have acquired our inpatient adult female services; Mencap, who acquired our Learning Disability Supported Living Service; York House, a joint venture delivering services to people with acquired brain injuries; Turning Point, delivering high support services via a tier 4 NHS contract to women with complex mental health issues coming from medium and low secure services; and Wilson Vale, who are providing inpatient catering services to other organisations using our premises. This activity is described as the Estates and Property Management function.

The Retreat Outpatient Services are looking to the future and has developed a new operational plan, which will deliver a sustainable and high quality service offer in the future. Our operational objectives for 2019 were: financial, customer /client focus, internal processes, and people (learning and growth)

- To develop as a Centre of Excellence for community based psychological therapies and assessment services through innovation, research and high quality service provision;
- To further develop our new electronic records system to improve the delivery of services and increase the effectiveness of our administrative systems;
- To turn around the financial performance of the organisation in order to reduce previous losses and work towards a more break-even position by the end of 2019;

- To improve our clients' and commissioners' experiences by ensuring our communications, awareness raising and feedback systems are targeted on their requirements;
- To ensure our staff receive the training, development and support for their wellbeing that they need in order for them to feel valued and for them to feel that The Retreat is a good place to work.

The next few years promise to be challenging for The Retreat as have been the past few. The pressure on the Government debt position is bringing to bear financial constraints upon the NHS and we need to manage our own cost base carefully, whilst continuing to maintain high quality services. This is a particularly challenging objective to achieve given the ever increasing demands placed upon us by the NHS funding position, the changes to commissioning intentions and additional and increasing compliance requirements imposed on NHS funded providers.

There is also a general requirement to provide care outside of a hospital environment. We have to think carefully about new service developments ensuring that they expand our range of clinical services via a non-inpatient service offer, whilst developing our financial strength.

The Retreat in looking to the future is working to a series of strategic plans which have identified risk issues and contingency responses. These range from a review of new offers and business models, consolidation of a number of key partnerships during 2020 and management of cash-flow, non-restricted reserves and a number of new investments in 2020 and into 2021.

These plans consider the possible success and failure of each initiative and the likely impact on the business plan during the next 12 months.

Structure, governance and management

Constitution

The Retreat York is a charitable company limited by guarantee. It was formed on 20 November 2001 and was granted charitable status on 18 December 2001. Its governance arrangements are set out in its Articles of Association, which were amended at the AGM held on 24 June 2010 and the EGMs held in February 2011, February 2012 and November 2016.

Directors

The management of The Retreat York is vested in the Board of Directors. The Directors are also charity Trustees as defined in the Charities Act 2011.

All Trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 8 to the financial statements.

Management

Whilst strategic decisions are taken by the Directors, the day-to-day management of the charity is the responsibility of the Executive Directors which comprises two individuals - one is the Chief Officers responsible for Clinical Services, the other is the Chief Officer responsible for corporate activity and Resources. The Executive Directors report directly to the Board of Directors.

Finance & Resources Committee

This committee meets 5 times a year to consider matters of a financial nature, including operational performance, investments, Pensions, together with human resource issues.

Quality, Safety and Governance Committee

This committee meets 4 times a year to consider matters related to the governance of the clinical and corporate activities.

Remuneration Committee

The Remuneration Committee is formed as a sub-committee of the Board and is responsible for meeting annually to consider the remuneration of the Executive Directors.

Audit Committee

The Audit committee is formed as a sub-committee of the Board and is responsible for reviewing the Audit processes and work of the external auditors in addressing financial assurance issues of the company.

Estates Group

Though not a formal sub-committee of the Board, it has the responsibility for considering the estates developments and the impact on the resources of the charity. The Estates group is a group reporting through the Resources Committee and updates the Board as required.

Appointment of Trustees

Trustee Directors are appointed for a period of four years and are eligible for re-appointment for a further four years. The maximum number of Directors is eleven and the minimum three. The person appointed as the chair of the Directors is known as the Clerk. The Clerk and Deputy Clerk must be members of The Religious Society of Friends.

The Society of Friends has three representatives on The Retreat Nominations Committee that is responsible for recommending the names of individuals for appointment as Directors and for other working groups at The Retreat. Both Friends and non-Friends are appointed as Directors but there must always be more Friend Directors than non-Friend Directors.

Trustee induction and training

All Members and Directors receive induction upon appointment to their respective roles. Directors receive training in relation to their role as Trustees. Directors receive a copy of a range of documents including the Annual Report and Accounts and the charitable deed. Training is provided on a variety of topics relevant to the work conducted at The Retreat York.

Related parties and relationships with other organisations

For some years The Retreat York has undertaken a joint venture with The Disabilities Trust to operate a unit for individuals with an acquired brain injury. The unit is known as York House and the joint venture company is called York House Ventures Limited. Transactions with The Disabilities Trust are disclosed in Note 15 to the accounts.

For some years The Retreat York has undertaken a joint venture with Turning Point to operate a women's high support unit. The unit is known as Garrow House and the joint venture company is called Northern Pathways Limited. Transactions with Turning Point are disclosed in Note 16 to the accounts. On the 22 July 2019 the joint venture was disbanded. The Garrow House lease with Northern Pathways was ended on

28 February 2019, and replaced by a lease agreement directly between Turning Point and The Retreat. The service continues to operate as before.

The Retreat has an associate, The Retreat York Benevolent Fund, which provides funds for the care of individuals on both inpatient and outpatient basis. Note 17 to the financial statements explain the related nature of the relationship.

Remuneration policy for key management personnel

The Remuneration Committee is formed as a sub-committee of the Board and is responsible for meeting annually to consider the remuneration of the members of senior members of staff. In 2019 the Remuneration Committee undertook a benchmarking exercise to review the pay levels of senior post-holders in The Retreat. Some changes to pay across the banding levels were made, and salary bands have applied to new posts informed by this review.

Employee Information

Policy for employment of disabled persons

In accordance with the charity's equal opportunities policy, the charity has long established fair employment practices in the recruitment, pay, selection, retention and training of disabled staff.

Employee Consultation

Employees have been consulted on issues of concern to them by means of regular staff committee meetings and staff briefings and have been kept informed on specific matters directly by management. The charity carries out exit interviews for all staff leaving the organisation.

The Gender Pay Review

The Gender pay gap exercise was completed and reported to DBIS in March 2018. The Retreat reported a zero differential in pay between men and women across the organisation at that time. Since January 2019, The Retreat has not been large enough to be required to complete the gap exercise – and on this basis the exercise was not repeated in 2019.

The Living Wage

The Retreat operates a living wage policy and regime. The Retreat adheres to minimum wage legislation and is a living wage employer. The Retreat ensures that contractor staff also adheres to living wage guidance and seek positive assurance from key suppliers each year.

Statement of responsibilities of the Trustees

The Trustees (who are also Directors of The Retreat York for the purposes of company law) are responsible for preparing the Trustees' annual report including the strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2019 was 8 (2018:10).

The Trustees are members of the charity but this entitles them only to voting rights. The Trustees have no beneficial interest in the assets of the charity.

The Trustees' annual report which includes the strategic report has been approved by the Trustees on 9 July 2020 and signed on their behalf by:



David Robson

Clerk to the Trustees

Opinion

We have audited the financial statements of The Retreat York (the 'charitable company') for the year ended 31 December 2019 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 of *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 charitable company's affairs as at 31 December 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- 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 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 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.

Other information

The other information comprises the information included in the Trustees' annual report, including the strategic report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. 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 Trustees' annual report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The Trustees' annual report, including the strategic report, has 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' annual report including the strategic report.

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

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities set out in the Trustees' annual report, 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 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 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Sayer Vincent LLP

29/07/2020

Judith Miller (Senior Statutory Auditor)

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for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

The Retreat York

Statement of Financial Activities (incorporating the Income and
Expenditure Account) For the year ended 31 December 2019



	Note	Unrestricted - General £	Unrestricted - Designated £	Restricted £	2019 Total £	2018 Total £
Income from:						
Donations and legacies	2	74,043	-	-	74,043	56,277
Charitable activities - outpatient services	3	787,686	-	-	787,686	7,319,165
Other Trading activities:						
Net income from joint ventures	16	296,319	-	-	296,319	12,085
Other trading income - estates and property management	4	1,134,925	-	-	1,134,925	610,187
Investments	4	289,301	-	-	289,301	275,607
Other - net interest on pension scheme asset	27	191,000	-	-	191,000	193,000
Total income		2,773,274	-	-	2,773,274	8,466,321
Expenditure on:						
Raising funds -						
Investment management		21,469	-	-	21,469	28,224
Other trading activity - estates and property management		1,167,622	-	-	1,167,622	-
Charitable activities - outpatient services		2,139,890	4,509	-	2,144,399	16,170,963
Exceptional transition costs	5	501,700	1,071,726	-	1,573,425	1,679,902
Total expenditure	5	3,830,680	1,076,235	-	4,906,915	17,879,089
Net (expenditure) before net gains/(losses) on investments		(1,057,406)	(1,076,235)	-	(2,133,641)	(9,412,768)
Net gains/(losses) on investments	14	641,259	-	-	641,259	(462,690)
Net loss on revaluation of investment properties	13	-	-	-	-	(1,671,422)
Net (expenditure) for the year		(416,147)	(1,076,235)	-	(1,492,382)	(11,546,880)
Transfers between funds	21	252,165	(252,165)	-	-	-
Net (expenditure) before other recognised gains/(losses)		(163,982)	(1,328,400)	-	(1,492,382)	(11,546,880)
Actuarial gains/(losses) on defined benefit pension schemes	27	2,160,000	-	-	2,160,000	(1,317,687)
Net movement in funds		1,996,018	(1,328,400)	-	667,618	(12,864,567)
Reconciliation of funds:						
Total funds brought forward		15,411,257	15,311,958	35,706	30,758,921	43,623,488
Total funds carried forward		17,407,275	13,983,558	35,706	31,426,539	30,758,921

All of the above results are derived from continuing activities, except where shown.

There were no other recognised gains or losses other than those stated above.

A fully detailed Statement of Financial Activities for the year ending 31 December 2018 is shown at note 28 to these financial statements.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

	Note	£	2019 £	£	2018 £
Fixed assets:					
Tangible assets	12		7,485,225		7,737,390
Investment properties	13		4,634,000		4,634,000
Investments	14		8,550,839		9,652,960
Investments in joint ventures	16		500		12,500
			<u>20,670,564</u>		<u>22,036,850</u>
Current assets:					
Debtors	18	988,002		1,337,693	
Short term deposits		-		282,484	
Cash at bank and in hand		1,502,141		2,064,544	
		2,490,143		3,684,721	
Liabilities:					
Creditors: amounts falling due within one year	19	(548,168)		(1,635,650)	
Net current assets			<u>1,941,975</u>		<u>2,049,071</u>
Net assets excluding pension asset			<u>22,612,539</u>		<u>24,085,921</u>
Defined benefit pension scheme asset	27		<u>8,814,000</u>		<u>6,673,000</u>
Total net assets			<u><u>31,426,539</u></u>		<u><u>30,758,921</u></u>
The funds of the charity:	20,21				
Restricted funds			35,706		35,706
Unrestricted income funds:					
Designated funds	21	13,983,558		15,311,958	
General funds	20	8,593,275		8,738,257	
Pension reserve	20	<u>8,814,000</u>		<u>6,673,000</u>	
Total unrestricted funds			<u>31,390,833</u>		<u>30,723,215</u>
Total charity funds			<u><u>31,426,539</u></u>		<u><u>30,758,921</u></u>

These financial statements were approved by the Trustees on 9 July 2020 and signed on their behalf by

David Robson

David Robson

Clerk to the Trustees

Company registration number: 04325622

Reconciliation of net (expenditure) to net cash flow from operating activities

	Note	2019	as restated
		£	£
		£	£
Cash flows from operating activities			
Net (expenditure) for the reporting period (as per the statement of financial activities)		(1,492,382)	(11,546,880)
Depreciation charges		175,929	372,051
Dividends, interest and rent from investments		(289,301)	(653,043)
Change in market value of investments		(641,259)	462,690
Net pension income		(191,000)	(193,000)
Defined benefit pension scheme adjustments		252,000	318,000
Defined benefit pension scheme contributions		(42,000)	(325,687)
Investment in joint venture adjustment		12,000	-
Net loss on revaluation of investment properties		-	1,671,422
Loss on the disposal of fixed assets		93,073	222,524
Impairment of Tangible Fixed Assets		-	4,684,311
Decrease in debtors		349,691	879,879
(Decrease)/increase in creditors		(1,087,482)	684,096
Net cash (used in) operating activities		(2,860,731)	(3,423,637)
Cash flows from investing activities:			
Dividends, interest and rents from investments	4	289,301	653,043
Purchase of fixed assets	12	(16,838)	(104,178)
Proceeds from sale of investments	14	4,165,531	8,369,177
Purchase of investments	14	(1,762,022)	(13,772,492)
Net cash provided by/(used in) investing activities		2,675,972	(4,854,450)
Change in cash and cash equivalents in the year		(184,759)	(8,278,087)
Cash and cash equivalents at the beginning of the year		2,599,518	10,877,605
Cash and cash equivalents at the end of the year	22	2,414,759	2,599,518

1. Accounting policies

a) Statutory information

The Retreat York is a charitable company limited by guarantee and is incorporated in England and Wales.

The registered office address is 107 Heslington Road, York, YO10 5BN.

b) Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. 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. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £1.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern. Whilst investment values have been significantly impacted by the COVID-19 virus, the charity has considerable cash reserves, sufficient to meet its immediate requirements. Thus the Trustees have continued to adopt the going concern basis of accounting in preparing the financial statements.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Group financial statements

The charitable company has not prepared consolidated financial statements due to the immateriality of its subsidiary.

Note 15 discloses the activity of the trading subsidiary in the financial year.

f) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

1. Accounting policies (continued)

f) Income

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

g) Interest receivable and dividends

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are amounts received from listed investments as notified by investment managers and are re-invested in the funds available to the investment managers.

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

i) 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 obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds are the invoiced costs of professional investment managers
- Expenditure on charitable activities includes the costs of delivering Specialist Older Adult and Specialist Adult Mental Health Services undertaken to further the purposes of the charity and their associated support costs
- Expenditure on estates management includes the cost of maintaining and running the buildings and grounds owned by the charity which are rented out to tenants

1. Accounting policies (continued)

i) Expenditure and irrecoverable VAT (continued)

- Other expenditure represents those items not falling into any other heading
- Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Allocation of support costs

Expenditure is allocated to the particular activity where the cost relates directly to that activity. Shared services are allocated between charitable activities and estates and property management based on approximate floor area. The cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned according to staff headcount.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,200. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Land and Buildings have been valued in April 2019 by external valuers, and whilst at the balance sheet date the book value was deemed to reflect this fair value, impacts of the Covid-19 pandemic may have had some impact on these values. These impacts are currently unknown, but will be reviewed once the property market has stabilised - in the meantime there are no new property transactions intended in the foreseeable future.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

• Short Leasehold Buildings	Over the period of the lease
• Furniture, plant and equipment	16.5% straight line
• Vehicles	25% reducing balance
• Fire Precaution Work	4% straight line
• Computer Equipment and Software	25% straight line

1. Accounting policies (continued)

m) Investment properties

Investment properties are measured initially at cost and subsequently included in the balance sheet at fair value. Investment properties are not depreciated. Any change in fair value is recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. The valuation method used to determine fair value will be stated in the notes to the accounts.

n) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/ (losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

o) Investments in subsidiaries

Investments in subsidiaries are at cost.

p) Investments in joint ventures

Investments in joint ventures are valued at fair value based on the share of the net assets of the joint venture.

q) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

r) Short term deposits

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

s) Cash at bank and in hand

Cash at bank and cash in hand includes 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.

t) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

v) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1. Accounting policies (continued)**w) Pensions**

The charity operates a defined benefit plan for the benefit of its employees. A liability for the charity's obligations under the plan is recognised net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The Scheme closed to new entrants in 2013.

The charity also operates a Defined Contribution Scheme for those members of staff not eligible to join the Defined Benefit Scheme. This Scheme is also used to discharge our auto enrolment obligations.

2. Income from donations and legacies

	Unrestricted	Restricted	2019 Total	Unrestricted	Restricted	2018 Total
	£	£	£	£	£	£
Donations	74,043	-	74,043	54,847	1,430	56,277
	74,043	-	74,043	54,847	1,430	56,277

3. Income from activities

	2019 Total £	2018 Total £
In-patient services – older adult services	-	1,797,850
Patient Observations	-	119
Sub-total for specialist older adult services	-	1,797,696
In-patient services –specialist services	-	4,393,132
Out-patient services	787,686	891,985
Grants from Benevolent Fund	-	56,142
Patient Observations	-	179,937
Sub-total for specialist adult services	787,686	5,521,196
Total income from charitable activities	797,686	7,319,165

All income from charitable activities for the current and previous financial year was unrestricted.

As at 31 December 2019 all in-patient activity has ceased such that all activities were fully discontinued as at that date.

4. Income from investments

	2019 Total £	2018 Total £
Dividends	274,010	266,416
Interest	15,291	275,607
	289,301	275,607

All income from investments for the current and previous financial year was unrestricted.

Income from estates and property management of £1,134,925 relates to rental income of £681,200 and costs recharged to tenants of £453,725.

5. Analysis of expenditure

For the year ended 31 December 2019	Charitable activities				Transition costs £	Governance costs £	Support costs £	2019 Total £
	Raising funds £	Specialist older adult services	Outpatient services £	Estates and property management £				
		£						
Staff costs (Note 8)	-	-	934,801	154,109	344,333	2,608	45,000	1,480,851
Direct costs	-	-	277,764	433,058	978,335	5,214	-	1,694,371
Insurance	-	-	-	-	-	-	96,254	96,254
IT costs	-	-	-	-	-	-	313,277	313,277
Office costs	-	-	44,599	104,080	140,758	4,697	52,177	346,312
Property costs	-	-	42,825	385,429	16,926	-	-	445,180
Investment manager fees	21,469	-	-	-	-	-	-	21,469
Auditor's remuneration	-	-	-	-	-	18,672	-	18,672
Depreciation and Loss on disposal	-	-	-	-	93,073	-	175,929	269,002
Trustee expenses	-	-	-	-	-	14,528	-	14,528
Pension administration expenses (Note 27)	-	-	-	-	-	-	207,000	207,000
	21,469	-	1,299,989	1,076,676	1,573,425	45,719	889,637	4,906,915
Support costs	-	-	819,403	70,235	-	-	(889,637)	-
Governance costs	-	-	25,007	20,712	-	(45,719)	-	-
Total expenditure 2019	21,469	-	2,144,399	1,167,622	1,573,425	-	-	4,906,915

Transitional expenditure relates to incremental exceptional costs incurred relating to the fundamental restructure of the organisation and the strategic review and investment into the day patient facilities.

5. Analysis of expenditure (Continued)

Estates and property management costs relate to the costs of running the elements of the estate which are not currently utilised by outpatient services, to which appropriate estates costs have been allocated. Some of the residual estate is tenanted by third parties and generates rental income which contributes to both the direct costs of that tenancy and to the overall upkeep of the rest of estate. This includes certain areas which are intentionally not tenanted and generate no income but still require expenditure for their upkeep and management to ensure the property of the charity is appropriately safeguarded. Estates and property management generates a net deficit of £32,697 after the allocation of support costs of £70,325 which is based on headcount, this deficit is due to the costs relating to untenanted areas.

For the year ended 31 December 2018	Charitable activities						2018 Total £
	Raising funds	Specialist older adult services	Specialist adult services	Governance costs	Transition costs	Support costs	
	£	£	£	£	£	£	
Staff costs (Note 8)	-	1,779,324	4,362,067	27,265	676,315	780,547	7,625,518
Direct costs	-	1,302,026	2,047,588	15,296	470,266	70,410	3,905,586
Office costs	-	16,368	78,856	-	-	301,266	396,490
Property costs	-	63,000	-	-	533,321	-	596,321
Investment manager fees	28,224	-	-	-	-	-	28,224
Auditor's remuneration	-	-	-	29,101	-	-	29,101
Depreciation and Loss on disposal	-	35,660	-	-	-	558,915	594,575
Trustee expenses	-	-	-	18,444	-	-	18,444
Fixed Asset Impairment	-	-	-	-	-	4,684,311	4,684,311
Other	-	-	-	519	-	-	519
	28,224	3,196,378	6,488,511	90,625	1,679,902	6,395,449	17,879,089
Support costs	-	2,029,100	4,366,349	-	-	(6,395,449)	-
Governance costs	-	59,352	31,273	(90,625)	-	-	-
Total expenditure 2018	28,224	5,284,830	10,886,133	-	1,679,902	-	17,879,089

6. Grant making

There are no grant making activities.

8. Net (expenditure) for the year

This is stated after charging / (crediting)

	2019 £	2018 £
Depreciation	175,929	372,051
Loss on disposal of fixed assets	93,074	222,524
Operating lease rentals:		
Property	63,000	63,000
Equipment	478	-
Auditor's remuneration (excluding VAT):		
Audit	14,000	20,850
Under accrual	1,560	-
Other services	-	3,401

8a. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2019 £	2018 £
Salaries and wages	1,074,891	6,041,395
Redundancy and termination costs	160,510	676,315
Social security costs	155,285	477,187
Pension contribution to defined contribution schemes	45,165	225,621
Operating costs (service cost) of defined benefit pension schemes (Note 27)	45,000	205,000
	1,480,851	7,625,518

The following number of employees received employee benefits in excess of £60,000 (excluding employer pension costs and employer's national insurance) during the year between:

	2019 No.	2018 No.
£60,000 - £69,999	1	-
£70,000 - £79,999	-	1
£80,000 - £89,999	-	2
£90,000 - £99,999	1	1
£100,000 - £109,999	1	1
£110,000 - £119,999	-	3
£130,000 - £139,999	-	2

There were less employees in 2019 due to the reorganisation that happened in March 2019. The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £436,184 (2018: £596,260). The 2019 figure includes redundancy payments of £154,762 made to 3 key members of staff who left in March 2019 due to the reorganisation.

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2018: £nil). No charity trustee received payment for professional or other services supplied to the charity (2018: £nil).

8b Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel (Continued)

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £14,528 (2018: £18,444) incurred by 12 (2018: 5) members relating to attendance at meetings of the trustees.

9. Staff numbers

Total staff numbers are as follows (average head count based on number of staff employed):

2019 No.	2018 No.
51	277

10. Related party transactions

There are no related party transactions to disclose for 2019 (2018: no transactions).

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

11. Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

12. Tangible fixed assets

	Freehold property £	Leasehold property £	Equipment £	Total £
Cost				
At the start of the year	12,283,009	337,690	1,039,054	13,659,753
Additions in year	-	-	16,838	16,838
Disposals in year	-	-	(218,474)	(218,474)
Reclassification to Investment Properties	-	-	-	-
At the end of the year	12,283,009	337,690	837,418	13,458,117
Depreciation				
At the start of the year	5,019,009	218,380	684,974	5,922,363
Charge for the year	24,607	33,769	117,553	175,929
Eliminated on disposal	-	-	(125,400)	(125,400)
Impairment of Freehold Property	-	-	-	-
At the end of the year	5,043,616	252,149	677,127	5,972,892
Net book value				
At the end of the year	7,239,393	85,541	160,291	7,485,225
At the start of the year	7,264,000	119,310	354,080	7,737,390

The freehold property was valued by Carter Jonas in April 2019 as at 31 December 2018 on a depreciated replacement cost basis, and the company decided to incorporate this valuation into the financial statements.

All of the above are used for charitable purposes.

13. Investment properties

	2019 £	2018 £
Fair value at the start of the year	4,634,000	4,351,000
Reclassification from Tangible Fixed Assets	-	1,954,422
Disposals	-	-
Revaluation during the year	-	(1,671,422)
Fair value at the end of the year	4,634,000	4,634,000

The investment properties are known as:

	Date valued	Valuer
York House	March 2018	Barry Crux & Co
Garrow House	March 2018	Barry Crux & Co
Dower Court	April 2019	Carter Jonas
Fairfax House	April 2019	Carter Jonas
The Retreat Burial Ground	March 2018	Barry Crux & Co
Schoen Clinic Naomi and Kemp Units (2018 addition)	April 2019	Carter Jonas

All properties were valued at the above dates at fair value, which is defined as the price that would be received to sell the asset or paid to transfer a liability in an orderly transaction between market participants.

The Trustees have reviewed the basis of valuation as at 31 December 2019 and consider that the 31 December 2018 fair value is still a materially fair estimate.

It is possible that the Covid-19 pandemic may have had an adverse impact on the fair value of some of the investment properties; however, this impact is unknown. A number of the properties are valued based on discounted rental receipts; these investments are less likely to be impacted. Since the lockdown has eased, further work has been undertaken to review the opportunities related to the development of the properties as part of the work of the estate programme. This work has not changed the current basis of valuation estimation.

14. Investments

	2019	As restated 2018
	£	£
Fair value at the start of the year	9,400,470	12,418,115
Additions at cost	1,762,022	5,814,223
Disposal proceeds	(4,165,531)	(8,405,883)
Realised and unrealised gain/(losses) on change in fair value	641,260	(425,984)
	7,638,221	9,400,471
Cash held by investment broker pending reinvestment	912,618	252,489
Fair value at the end of the year	8,550,839	9,652,960

Investments comprise:

	2019	2018
	£	£
Listed investments	7,638,220	9,400,470
Equity investment in group undertaking	1	1
Cash	912,618	252,489
	8,550,839	9,652,960

Impact of the Covid-19 on international markets was marked in March 2020. During that period the Retreat investments lost around 7% of their values or approximately £550k. At the date of signing the accounts the investments have returned to approximate their pre pandemic values with gains in international equity value since March 2020.

15. Subsidiary undertaking

The charitable company owns the whole of the issued ordinary share capital of Cottage Villa Limited, a company registered in England (company number 09650020). The company is set up to collect rents from The Retreat York's Learning Disability Service. The Learning Disability Service was transferred to Mencap on 1 January 2019 and rents continue to be collected from Mencap clients. The results and assets are not consolidated into the financial statements of The Retreat York as it is not considered material. Available profits are distributed under gift aid to the charitable company. A summary of the results of the subsidiary is shown below:

	2019 £	2018 £
Turnover	53,534	52,032
Cost of sales	(22,454)	(12,722)
Profit on ordinary activities	31,080	39,310
Distribution to parent under gift aid	(31,080)	(39,310)
Result for the financial year	-	-

The aggregate of the assets, liabilities and funds was:

Assets	27,776	1
Liabilities	(27,775)	-
Funds	1	1

16. Investments in joint ventures

The Retreat York has investments in two joint ventures, York House and Garrow House. The value of the investment in these joint ventures at the last two financial year-ends is as follows:

	2019 £	2018 £
York House	500	500
Garrow House	-	12,000
	500	12,500

16. Investments in joint ventures (Continued)

Further details of these investments are as follows:

York House

The Retreat York has undertaken a joint venture to operate a unit for individuals with an acquired brain injury since 1998. The service is known as York House and in 2015, we opened a third unit, adding a further 10 beds to the 28 beds previously on site. The year end of the joint venture is 31 May. The results, based on The Retreat's share of the audited financial statements to 31 May and management account information since that date, are as follows:

	2019 £	2018 £
Fee income and contributions received	3,159,504	2,748,035
Expenditure on charitable activities	(2,863,185)	(2,735,950)
	<u>296,319</u>	<u>12,085</u>

The company's share of the net assets of the York House Ventures Ltd as at 31 December is as follows:

	2019 £	2018 £
Fixed assets	45,774	60,616
Current assets	1,116,280	464,892
Current liabilities	(1,161,554)	(525,008)
Share of net assets	<u>500</u>	<u>500</u>

As all surpluses are distributed equally to the two joint venture partners, there are no net assets in the balance sheet at 31 December 2018 or 31 December 2019 other than the share capital.

This joint venture is operated via a limited company, York House Ventures Limited a company whose share capital is owned 50% by The Retreat York and 50% by The Disabilities Trust.

Garrow House

The Retreat York undertook a joint venture to operate a 12 bedded unit for women. The unit was known as Garrow House. The year end of the joint venture was 31 March but the joint venture was dissolved on 22 July 2019. The results for the year to 31 December, based on audited financial statements to 31 March and management account information since that date, are as follows:

	2019 £	2018 £
Fee income and contributions received	-	1,024,255
Expenditure on charitable activities	-	(1,069,280)
Share of net results for the year to 31 December	<u>-</u>	<u>(45,025)</u>

16. Investments in joint ventures (Continued)

The company's share of the net assets of the joint venture as at 31 December is as follows:

	2019 £	2018 £
Current assets	-	53,000
Current liabilities	-	(41,000)
Share of net assets	-	12,000

All surpluses are distributed equally to the two joint venture partners with the exception of a designated asset maintenance reserve of £nil (2018: £41,000). The only other net asset in the balance sheet at 31 December 2018 was the share capital which is no longer held since the joint venture was dissolved.

This joint venture was operated via a limited company, Northern Pathways Limited a company whose share capital was owned 50% by The Retreat York and 50% by Turning Point.

17. Investment in Associates

The Retreat York has an associate, The Retreat York Benevolent Fund, which provides funds for the care of individuals on both an inpatient and outpatient basis.

The Retreat York Benevolent Fund (the Fund) is an independent unincorporated charity (registered number 1115135) that was formed in early 1921. At 31 December 2019, the Fund had six Trustees of which two (Mr Mike Wash and Mrs Sallie Ashe) were also trustees of The Retreat York. The Fund is Chaired (Clerked) by a Trustee not related to The Retreat York.

As one-third of the Trustees are linked between both entities, the fund is considered to be an associate of The Retreat York. As The Retreat York does not prepare consolidated financial statements, accounting standards allow for this investment to be recognised as historic cost. The current governance structure has been in place for much of the Fund's existence, and as such has been deemed to apply from its creation. On this basis, the historic cost of The Retreat York's share of its investment in the Fund in 1921 is considered to be immaterial to the financial performance and position of The Retreat York and so is not included in these financial statements. A summary of the Fund's results is provided below.

The Retreat York Benevolent Fund provides grants to help Friend patients (or those closely associated with The Religious Society of Friends) who are unable to meet the lowest fees. Grants made during 2019 amounted to £11,235 for eleven individuals and £32,473 to seven organisations for project work. The total funds of the Benevolent Fund at 31 December 2019 amounted to £2,018,115. Audited financial statements for The Retreat York Benevolent Fund are available from the Charity Commission.

18. Debtors

	2019 £	2018 £
Trade debtors	352,508	781,546
Amount due from joint ventures	388,402	164,563
Other debtors	27,877	236,000
Prepayments	114,777	152,511
Accrued income	104,438	3,073
	988,002	1,337,693

18. Debtors (Continued)

With the exception of listed investments, all of the charity's financial instruments, both assets and liabilities, are measured at amortised cost. The carrying values of these are shown above and also in note 19 below.

19. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	116,002	509,831
Taxation and social security	-	111,068
Other creditors	91,421	24,299
Accruals	150,823	776,185
Deferred income	7,700	-
Monies held on behalf of patients	182,222	190,681
Amounts due to The Retreat Benevolent Fund	-	99
Amounts due to The Retreat Pension Scheme	-	23,487
	548,168	1,635,650

20. Analysis of net assets between funds

As at 31 December 2019	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	-	7,485,225	-	7,485,225
Investment properties	-	4,634,000	-	4,634,000
Investments	6,769,140	1,781,699	-	8,550,839
Investments in joint ventures	500	-	-	500
Net current assets	1,823,635	82,634	35,706	1,941,975
Defined benefit pension asset	8,814,000	-	-	8,814,000
Net assets at 31 December 2019	17,407,275	13,983,558	35,706	31,426,539

As at 31 December 2018	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	-	7,737,390	-	7,737,390
Investment properties	-	4,634,000	-	4,634,000
Investments	6,812,035	2,853,425	-	9,665,460
Net current assets	1,926,222	87,143	35,706	2,049,071
Defined benefit pension asset	6,673,000	-	-	6,673,000
Net assets at 31 December 2018	15,411,257	15,311,958	35,706	30,758,921

21. Movement in restricted and designated funds

For the year to 31 December 2019	At 1 January 2019 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2019 £
Restricted funds:					
Parkinson's grant fund	31,490	-	-	-	31,490
Other	4,216	-	-	-	4,216
Total restricted funds	35,706	-	-	-	35,706
Designated funds:					
Tangible fixed assets	7,737,390	-	-	(252,165)	7,485,225
Investment properties	4,634,000	-	-	-	4,634,000
Development fund	2,853,425	-	(1,071,726)	-	1,781,699
Patient legacy fund	87,143	-	(4,509)	-	82,634
Total designated funds	15,311,958	-	(1,076,235)	(252,165)	13,983,558
General funds	8,738,257	2,582,274	(2,937,421)	210,165	8,593,275
Total unrestricted funds	24,050,215	2,582,274	(4,013,656)	(42,000)	22,576,833
Pension reserve	6,673,000	2,351,000	(252,000)	42,000	8,814,000
Total funds including pension fund	30,758,921	4,933,274	(4,265,656)	-	31,426,539

For the year to 31 December 2018	At 1 January 2018 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2018 £
Restricted funds:					
Parkinson's grant fund	31,490	-	-	-	31,490
Social enterprise fund	8,163	105	(200)	(8,068)	-
Patient holiday fund	4,855	-	(2,285)	(2,570)	-
Other	31,560	1,325	(22,120)	(6,549)	4,216
Total restricted funds	76,068	1,430	(24,605)	(17,187)	35,706
Designated funds:					
Tangible fixed assets	14,866,520	-	(4,684,311)	(2,444,819)	7,737,390
Investment properties	4,351,000	-	(1,671,422)	1,954,422	4,634,000
Development fund	4,533,327	-	(1,679,902)	-	2,853,425
Patient legacy fund	100,165	-	(13,022)	-	87,143
Other	380,386	19,084	(351,721)	(47,749)	-
Total designated funds	24,231,398	19,084	(8,400,378)	(538,146)	15,311,958
General funds	11,526,022	8,207,782	(11,550,880)	555,333	8,738,257
Total unrestricted funds	35,757,420	8,226,866	(19,951,258)	17,187	24,050,215
Pension reserve	7,790,000	193,000	(1,310,000)	-	6,673,000
Total funds including pension fund	43,623,488	8,421,296	(21,285,863)	-	30,758,921

The transfers out of restricted funds represents a historic review of patient transactions and a re-assessment of historic payments.

21. Movement in restricted and designated funds (Continued)

Purpose of restricted funds

Parkinson's grant fund - This fund comprises funds donated by the Trustees of Albert Parkinson's Settlement, a small charitable trust in appreciation of the quality of care and treatment provided to a particular patient of The Retreat and the donor expressed a wish that at least part of the donation be applied in some way for the benefit of nursing staff.

Social enterprise fund - This fund comprises amounts raised by the sale of goods and refreshments from shops staffed by volunteers. Funds generated will be utilised to fund the social enterprise and the development and implementation of the vocational pathway, as defined by the people who use the service, being The Retreat York, York House and Garrow House.

Patient holiday fund - This is a fund arising from donations specifically given to pay for holiday breaks for patients.

Other - These funds comprise specific donations from external bodies to be spent on other benefits for patients.

The Retreat has reviewed all its Restricted Fund designations during 2019 with the closure in December 2018 of many of the services for which the funds were intended to be used. The Retreat has commissioned legal support to search for donors and beneficiaries to re-allocate or return these funds, this work is currently on-going.

Purposes of designated funds:

Tangible fixed assets - This fund has been set up to identify those funds which are not free funds and it represents the net book value of the charity's fixed assets, which are used almost entirely for the provision of care services either by the Retreat or by health care service tenants. The fund includes a revaluation reserve of £4,500,804.

Development fund - An amount of £4,533,327 in total was earmarked for projects for the development of care services and the development of the estate owned by The Retreat York.

Patient legacy fund - Trustees have decided, following discussions with the family, that funds bequeathed to The Retreat be designated for use to enhance the experience of patients at The Retreat on units where the former patient received care and treatment. To date expenditure has included drama therapy and patient holidays, as well as a memorial garden for use by patients, as requested by the family. Work continues to trace the donors and sources of these funds to consult on alternative uses now that the Retreat Services have changed in 2018.

Other - These funds comprise donations from external bodies, which are designated by Trustees to be spent on other benefits for patients / Clients.

21. Movement in restricted and designated funds (Continued)**21a Free Reserves:**

The Free reserves are determined after the movement of all restricted, designated and general purposed reserves have been determined:

	At 31 December 2019 £	At 31 December 2018 £
Net funds of the charity	31,426,539	30,758,921
Restricted Funds	(118,340)	(122,849)
Pension Reserve	(8,814,000)	(6,673,000)
Tangible and Fixed asset reserve	(7,485,225)	(7,737,390)
Investment property values	(4,634,000)	(4,634,000)
General Future Development Fund	(1,781,699)	(2,853,425)
Unrestricted / free reserves	8,593,275	8,738,257

22. Analysis of cash and cash equivalents

	As restated At 1 January 2019 £	Cash flows £	Other changes £	At 31 December 2019 £
Cash at bank and in hand	2,347,028	(844,887)	-	1,502,141
Cash awaiting investment	252,490	660,128	-	912,618
Total cash and cash equivalents	2,599,518	(184,759)	-	2,414,759

23 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Property 2019 £	2018 £	Equipment 2019 £	2018 £
Less than one year	63,000	63,000	5,731	-
One to five years	47,250	126,000	10,985	-
	110,250	189,000	16,716	-

24. Rents receivable

The charity's total future rent receivable from investment properties is as follows for each of the following periods.

	2019 £	2018 £
Less than one year	681,713	366,692
One to five years	804,144	738,068
	1,485,857	1,104,760

25 Contingent liabilities

There are no contingent liabilities. The charge held by NHS England over Garrow House was released during the year.

26 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

27 Defined benefit pension scheme

The company operates a defined benefit scheme in the UK called The Retreat York Pension Scheme, with both Final Salary and Career Average Revalued Earnings benefits. For service prior to 1 August 2006, benefits are linked to members' final pensionable salaries at their retirement or earlier leaving. For service after 31 July 2006, benefits are built up each year, linked to members' salaries in that year and then increased each year in line with inflation. The Scheme was closed to new entrants on 31 December 2013 but accrual of benefits continues for current members of the Scheme.

The contributions made during the year ended 31 December 2019 for the defined benefit scheme were at a rate of 13.7% (2018: 13.7%) of pensionable salaries for the charity. The employer contributions paid over to the Scheme trustees in the year amounting to £42,000 (2018: £212,687), together with the actuarial gains and losses on the Scheme for the year, are recognised in the statement of financial activities in accordance with FRS102. Insurance premiums for death in service benefits were payable in addition.

The employee benefit obligations recognised in the balance sheet are as follows:

	2019 £	2018 £
Present value of funded obligations	(37,857,000)	(36,098,000)
Fair value of plan assets	46,671,000	42,771,000
	8,814,000	6,673,000
Amounts in the balance sheet:		
Liabilities	(37,857,000)	(36,098,000)
Assets	46,671,000	42,771,000
Net asset	8,814,000	6,673,000

Amounts recognised in the statement of financial activity are as follows:

	2019 £	2018 £
Current service cost	252,000	318,000
Net interest expense	(191,000)	(193,000)
Total cost	61,000	125,000

Changes in the present value of the defined benefit obligation are as follows:

	2019 £	2018 £
Opening defined benefit obligation	36,098,000	38,331,000
Service cost	45,000	205,000
Interest cost	1,021,000	943,000
Actuarial (gains)/losses	2,516,000	(1,905,000)
Members contributions	18,000	92,000
Benefits paid	(1,841,000)	(1,568,000)
Closing defined benefit obligation	37,857,000	36,098,000

27 Defined benefit pension scheme (Continued)

Changes in the fair value of plan assets are as follows:

	2019 £	2018 £
Opening fair value of plan assets	42,771,000	46,121,000
Interest income	1,212,000	1,136,000
Administration expenses	(207,000)	(113,000)
Actuarial gains	4,676,000	(3,110,000)
Contributions by employer	42,000	213,000
Members contributions	18,000	92,000
Benefits paid	(1,841,000)	(1,568,000)
Closing fair value of plan assets	46,671,000	42,771,000

Net actuarial (loss)/gain on defined benefit pension scheme

	2019 £	2018 £
Actuarial gain on plan obligations	(2,516,000)	1,905,000
Actuarial (loss)/gain on plan assets	4,676,000	(3,110,000)
	2,160,000	(1,205,000)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2019 %	2018 %
Retail Price Inflation assumption	2.9%	3.2%
Consumer Price Inflation assumption	1.9%	2.2%
Discount rate at the end of the year	2.1%	2.9%
Future salary increases	1.5%	1.5%
Future pension increases where linked to inflation:		
• Limited price index 5%	1.9%	2.1%
• Limited price index 3%	1.8%	2.0%
• Limited price index 2.5%	1.7%	1.9%

Accounts for the current and previous four periods are as follows:

	2019 £	2018 £	2017 £	2016 £	2015 £
Defined benefit obligation	(37,857,000)	(36,098,000)	(38,331,000)	(38,331,000)	(32,337,000)
Plan assets	46,671,000	42,771,000	46,121,000	46,121,000	37,935,000
Surplus	8,814,000	6,673,000	7,790,000	7,790,000	5,598,000
FRS 102 cap	-	-	-	-	-
Experience gain on benefit obligation	4,676,000	(3,110,000)	2,851,000	5,531,000	85,000

The Retreat York Pension Scheme is to report its triennial valuation as at 31st December, 2019, and although this work has not yet been completed the fund has taken the opportunity to review the impact of the Covid-19 Pandemic on the investment of the scheme in the short term. Initial review of the current position of the investments would indicate that the scheme would present a fully funded position or better; however this remains subject to review until the 2019 valuation is report before the end of February 2021.

28 Comparative Statement of Financial Activities for the year ended 31 December 2018

	Unrestricted Continuing Activities £	Unrestricted Discontinued Activities £	Restricted £	2018 Total £
Income from:				
Donations and legacies	54,847	-	1,430	56,277
Charitable activities				
Specialist older adult services	-	1,797,969	-	1,797,969
Specialist adult services	891,985	4,629,211	-	5,521,196
Other trading income	377,436	232,751	-	610,187
Net income from joint ventures	12,085	-	-	12,085
Investments	275,607	-	-	275,607
Other - net interest on pension scheme asset	193,000	-	-	193,000
Total income	1,804,960	6,659,931	1,430	8,466,321
Expenditure on:				
Raising funds -				
Investment management	28,224	-	-	28,224
Charitable activities:				
Specialist older adult services	-	5,276,422	8,408	5,284,830
Specialist adult services	1,432,107	9,437,829	16,197	10,886,133
Transition costs	533,321	1,146,581	-	1,679,902
Total expenditure	1,993,652	15,860,832	24,605	17,879,089
Net expenditure before net losses on investments	(188,692)	(9,200,901)	(23,175)	(9,412,768)
Net losses on investments	(462,690)	-	-	(462,690)
Net loss on revaluation of investment properties	(1,671,422)	-	-	(1,671,422)
Net expenditure for the year	(2,322,804)	(9,200,901)	(23,175)	(11,546,880)
Transfers between funds	(9,183,714)	9,200,901	(17,187)	-
Net income / (expenditure) before other recognised gains and losses	(11,506,518)	-	(40,362)	(11,546,880)
Actuarial (losses) on defined benefit pension scheme	(1,317,687)	-	-	(1,317,687)
Net movement in funds	(12,824,205)	-	(40,362)	(12,864,567)
Reconciliation of funds:				
Total funds brought forward	43,547,420	-	76,068	43,623,488
Total funds carried forward	30,723,215	-	35,706	30,758,921

29 Prior year adjustment

A prior year adjustment of £2,158,175 has been made to the cash flow statement, investments note (Note 14) and the net cash note (Note 22). In the prior year the closing cash in the cash flow was over stated by £2,158,175 due to a double count of the cash held within the investment portfolio. This adjustment has no impact on either the balance sheet or Statement of Financial Activities which were both correctly stated in this regard as at 31 December 2018.

30 Events after the balance sheet date

In June 2020, the Retreat made an investment of £50,000 in to convertible preference shares of Tend VR Limited (company number 11552335).

Tend VR Limited is developing technological solutions to mindfulness and low level mental interventions and the Retreat is supporting the trial and development phases of the project. The Investment can be converted to Ordinary and voting shares of Tend VR Limited in the future and under specific circumstances relating to the future ownership of the company.

Tend VR Limited has three Directors, one of whom is Mr Matthew Hoad-Robson. Mr Hoad-Robson is the son of Dr David Robson, the Clerk to the Trustees of the Retreat.

The Investment has been completed and there are no outstanding monies due to or from Tend VR Limited; however, there is a commitment for the Retreat to provide clinical support and clinicians time to test the efficacy of the product of Tend VR Limited.