

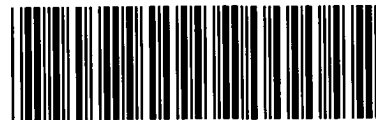
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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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<b>Trustees</b>	Sue Brock-Hollinshead, Clerk to the Trustees Zoe Greening Kathleen Hindle, Treasurer Carole Thomas Elizabeth Roman Peter Sorrell Christopher Henson Ecky Prolingheuer Paul Hodgkin
<b>Company registered number</b>	06525659
<b>Charity registered number</b>	1124673
<b>Registered office</b>	Glebe House Shudy Camps Cambridge CB21 4QH
<b>Senior staff</b>	Peter Clarke, Director Peter Cox, Assistant Director Finance & Business Planning Karen Parish, Clinical Director Helen Potter, Assistant Director Milieu Jeanette Hurworth, Head of Business Operations
<b>Independent auditors</b>	Peters Elworthy & Moore Chartered Accountants Statutory Auditors Salisbury House Station Road Cambridge CB1 2LA
<b>Bankers</b>	Barclays Bank plc Cambridge Business Centre 28 Chesterton Road Cambridge CB4 3AZ

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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The Trustees present their annual report together with the audited financial statements of the company for the year 1 April 2017 to 31 March 2018. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Since the company qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

**OBJECTIVES AND ACTIVITIES**

**Objectives of the Trust**

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives and in planning future activities. In particular the Trustees consider how planned activities will contribute to the aims and objectives that have been set:

"To provide a therapeutic community for the treatment of children and young people who are unstable and maladjusted and in need of assistance.

To offer an emotionally secure and monitored environment which supports adolescent males who are a risk (emotionally and physically) to themselves, to children and to the wider community."

**Aims of the Trust**

To provide and maintain one or more homes or hostels or communities in which children and young people in need of such assistance, may reside in conditions calculated to assist them to establish themselves in life as responsible members of society.

Over an average of two years, residents are encouraged to recognise and effectively reduce risks and threats. The aim is to assist them to learn how to maintain socially and legally acceptable standards of behaviour so that they can resume independent living in the future.

'The staff enable the children to make significant changes in their lives. As a result, the children are engaging with educational activities and participating in therapy. The care that they receive is of an excellent standard and is tailored to meet each individual's unique needs' – OFSTED Report 2017

'Professionals and parents clearly describe how their children's confidence has improved, and the exceptional progress that their children have made at the home' – OFSTED Report 2017

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**Activities for achieving objectives**

Our services include:

- A residential treatment service to address harmful sexual behaviour in older teenager males;
- An independence transition service;
- The provision of on-site education;
- Training and consultancy;
- Community based risk assessment;
- Community based assessment and intervention work; and
- Tailor made outreach programmes for young men leaving our care, including the ex-resident becoming a member of a Circle of Support and Accountability, if he chooses.

The main income stream of the Trust is the charging of fees through the placement of residents by Local Authorities. This is where the importance of promoting the expertise, experience and proven effectiveness of the Trust is a focus. We are not dependent on donations and do not actively fundraise from the general public. Our marketing activities and spend over the last few years have focused on:

- Raising awareness of our specialist services to Local Authorities and the market place by keeping our website updated and attending conferences, in particular the annual Commissioners Conference;
- Ensuring Local Authorities and prospective referrers are kept informed of new service developments - we are now a registered School;
- Attendance and presentations at conferences such as facilitating workshops or presenting papers;
- Publishing an article in the Scottish Journal of Residential Child Care; and
- Advertising in professional journals.

Routinely a number of conferences are attended by staff members. At such opportunities the workings of the Trust are promoted and informally questions are answered. Staff members are often invited to present papers at conferences, be they keynote speeches or the facilitation of work groups, and on occasion presentations by residents. The Trust is always represented at the annual Commissioners Conferences. We have written articles for professional journals; the website is being developed and updated routinely, and there has been a review of our brochures. We make sure prospective referrers are informed of the development of a new service, such as our registration as a Non-Association Independent School.

Here is a list of the number of residents who have completed the following achievements:

- 1 x L1 – Open Awards Pre-tenancy Skills
- 1 x L1 – Preparing for Work – 2 credits
- 1 x L1 – Maths
- 1 x L1 - Health and Safety in Construction
- 1 x L2 – Open Award (6 credits) Skills for further learning and employment
- 1 x L2 – English Writing
- 2 x L1 – ITQ – Word processing
- 2 x L2 – Food safety and Hygiene
- 5 x L1 – Practical Horticulture
- 9 x EL3 – Skills for Working Life
- 1 x GCSE Maths (C)

In the period April 2017 – March 2018, 4 students took GCSE English and 3 students took GCSE Maths.

Over the last few years, we have been much more overt in our marketing and this has resulted in a substantial increase in the number of enquiries. Although a number of these are not appropriate, they highlight an awareness of the service in the marketplace.

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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In the coming year we expect to develop further, the links between our marketing activities and the Clinical Team, whose members focus on intake and assessment.

**Subsidiaries**

The Trust has a subsidiary company called Silvermill Training Ltd, which has been dormant during the year in question.

**Openness and public benefit**

Visits to fulfil Regulation 44 responsibilities are outsourced and reflect requirements from OFSTED. The person undertaking this responsibility demonstrates independence of the Trust and her comments are responded to by the Director and the completed document is passed to Trustees for consideration.

Other ways in which there is an openness about the functioning of the Trust is that an Independent Visitor from Coram Voice visits Glebe House each month giving any resident the opportunity to talk about any concern he might have about his care at Glebe House.

"An Independent Visitor or IV is a reliable, consistent and independent friend who visits a looked after child or young person who is isolated, and has limited, or no, family contact. They provide a good, stable, adult role model for the young person, befriending and listening to the young person, on an open-ended basis for as long as both parties want it to continue" – Coram Voice

Any resident can make use of complaints procedures whether it be the Trust's internal complaints procedure or a procedure belonging to external agencies, such as Coram Voice, their sponsoring Local Authority or OFSTED.

There are two particular activities which support public benefit, additional to the proven effectiveness of the Boswell Longitudinal Outcome Research Project, details of which can be found on the Trust's website – [www.ftctrust.org.uk](http://www.ftctrust.org.uk).

1. TTOC or Turn The Other Cheek is an initiative undertaken by the residents when they have been given furniture by the local Emmaus charity which the residents then 'chic' up for return and sale back at Emmaus. This project is now into its second tranche of residents but hasn't been that active during this reporting year.

2. The piloting of Circles of Support and Accountability for young people at Glebe House continues to grow and is the transitional support offered to residents for their first eighteen months after leaving care and Glebe House, and is free at the point of delivery. This project is being evaluated by a researcher from the Institute of Criminology, Cambridge University.

**Professional development**

Professional development is an aspect of staff members' annual appraisal and there are at least four staff members who are being supported financially to undertake professional development programmes with outside bodies such as a university. The staff member's interaction with other organisations and academics in the field, both formal and informal, will be hugely beneficial to the overall benefit and development within the staff team.

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**ACHIEVEMENTS AND PERFORMANCE**

**Objectives for the year ending 2017/18 and review**

**1. Financial stability and the promotion of the Trust.**

Response – as the accounts show, we had an operating deficit in the year, due in main to the unprecedented matter of unplanned leavers. Occupancy is currently holding at about the breakeven point.

We have increased our fees to Local Authorities to reverse these losses and rebuild our reserves.

**2. The final report of the Cost Benefit Analysis project to have been received and the adoption of models to keep such analysis going.**

Response – this final report has been received and already we are using the favourable conclusions in outside forums, verbally and literally.

**3. A review of the Waking Night Team to have been undertaken (function and cost) and a start made on the review of the function of each section of the Trust.**

Response – a review of the Waking Night Team has been completed and a start has begun on the function and cost of Clinical and Care Rotas.

**4. To explore the purchase of a woodland for the therapeutic, educational and recreational purposes.**

Response – a woodland has been bought and is being developed for the purposes identified above.

**5. A site development and organisational review to be undertaken, using the Senior Management Team (SMT)/Trustees' Meeting last October to agree the way forward.**

Response – the meeting last October informed the ways in which the Site Development and Organisational review is going forward. In this year's list of objectives is a plan to identify a Second House.

**6. To identify funding for the Pilot Circles of Support and Accountability Project.**

Response – this hasn't been concluded yet.

**7. To progress the application to become a Quaker Recognised Body with Friends House, London, the central office for Quakers in Britain.**

Response – Glebe House was accepted as a Quaker Recognised Body in December 2017.

**8. To complete a brochure review.**

Response – this has been completed and a range of additional brochures have been introduced, including a Guide for Commissioners.

**9. To maintain, if not improve the ratings of our registrations and accreditations with outside awarding bodies.**

Response – we continue to be an Outstanding Children's Home (OFSTED) and our first inspection for our registered school was that it requires improvement (OFSTED). All other registrations and accreditations remain the same.

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
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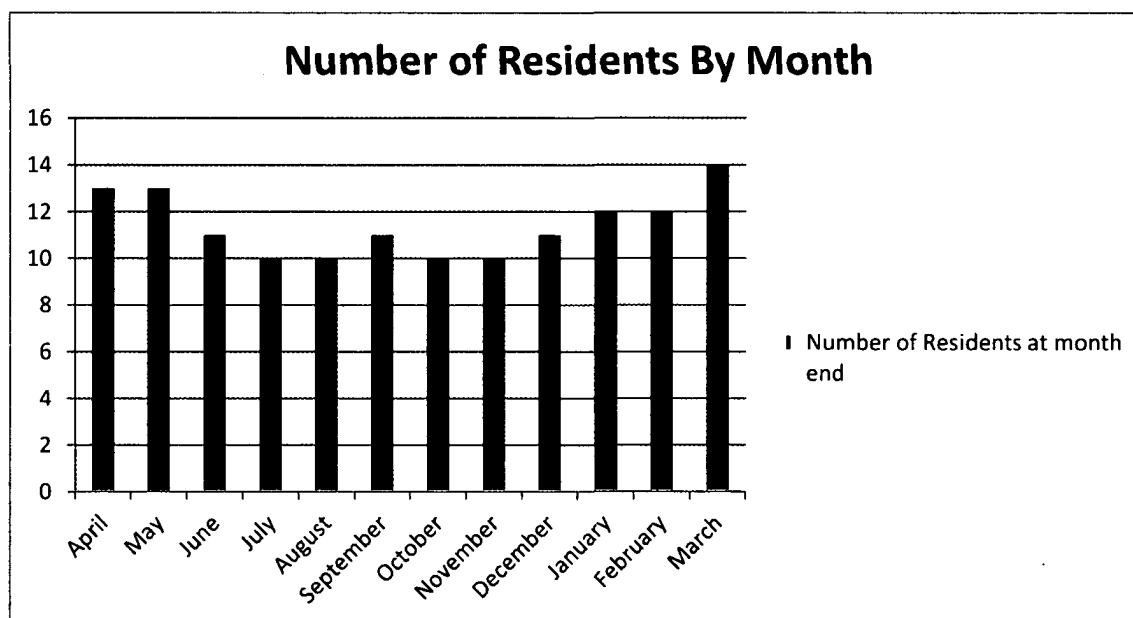
**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**FINANCIAL REVIEW**

**Income**

The main income stream of the Trust is from the charging of fees to Local Authorities for the residents placed on a two year programme. We are a not for profit organisation and therefore the funding contributes to the charity's objectives of providing a programme of Residential Care, Therapy, Education, Independence Training and Transition Services for our residents.



Income from charitable activities was £2,071,999 compared to £2,356,668 the previous year. This has resulted from maintaining a stable level of residents with 1 month returning to breakeven level.

Other Income is received from donations and our investment portfolio. This generated further income of £64,345 of which £18,505 came from our investments (which performed below our target figure per annum of £30,000), but we look to our medium term return to level out this unexpected drop in performance.

As a result of the reduced occupancy, the charity returned a loss for the year before investment gains of £467,472 (2017: £52,910 surplus).

**Principal risks and uncertainties**

Our funding and financial stability is dependent on maintaining a steady resident occupancy level. The fluctuations in occupancy level are always difficult to forecast in the long term as this factor is dependent on referrals from Local Authorities. We are in control of planned leavers and our marketing and intake team's work is toward identifying suitable referrals to sustain ideally at least a break-even occupancy level while not attracting a waiting list. This is done by working and liaising with the Commissioning teams in Local Authorities. Through our increase in marketing activity over the last few years we have seen a significant increase in enquiries.

Our financial performance against targets and past trend is constantly being monitored and is presented bimonthly to the Financial Planning Group and the Board of Trustees.



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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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We have a financial Contingency Plan agreed by the Trustees which is updated on a regular basis. The plan indicates the levels of occupancy needed to maintain break even budget, or surplus, and actions needed should, over a long term, we experience and forecast occupancy at a low level.

In the early months of 2017/2018 we experienced two unexpected leavers, which immediately lowered our occupancy. We worked hard to recover this dip in occupancy over the remainder of the year, however the requirement to maintain the staffing levels and full programme for residents when balanced against an uncertain occupancy rate, has required the Trust to review its pricing structure within the market. As a consequence, a price increase is in place to commence during the next trading year.

**Reserves policy**

The Trust has reduced its Reserves Policy from 9 months requirement to 6 months of budgeted expenditure. On this basis the reserves required is £1,036,000. The unrestricted reserves available to the Trust stand at £360,586 after taking account a significant pension deficit of £1.7million. The Trust has taken the steps of:

1. Utilising an independent pension consultant to consider options on the liability and design future pension planning to safeguard the interests of the Trust staff, and
2. Also working with the pension fund to reduce the deficit with enhanced employer contributions.

Whilst the reserves level (after pension liability) is below the level that the Trust expect, the Trustees feel that the steps taken will take the Trust in the right direction to see an increase of reserves and a reduction of the pension liability.

**Pensions**

The charity's defined benefit pension scheme is operated through a Local Government Scheme based at Northampton.

At the close of the 2016 calendar year the 3 year cycle of revaluation was undertaken by the actuary. The first draft of results received showed the increased contributions would not have been sustainable for the charity. However, after a series of discussions we were able to negotiate a smaller increase for the next 3 years.

The closing liability of the charity for the year ended 31 March 2018 was £1.744m (2017 - £2.133m).

Should the charity cease its activities, the liability would be settled from investments and the sale of land and buildings.

Like many organisations, pension contributions remain a significant challenge for the Trust. The Trustees have instituted a review of options for the future and will continue this process over the coming year.

**Sleep in provision**

The trustees feel it is prudent to make a provision in the accounts, whilst this matter is being considered as an Appeal by Unison in the Supreme Court. Under the current interpretation of the judgement (as it stands) the Trust has no liability, however an Appeal may change that interpretation and therefore a financial provision is made.

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**Material investments policy**

The Trustees of the Friends Therapeutic Community Trust have agreed to delegate the investment management responsibility of the funds to Quilter Cheviot Investment Management.

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The main risk to the Trust from financial instruments lies in the combination of uncertain investment markets and volatility in yield. The first quarter of 2018, we saw an adverse effect on investments following the introduction by the US of import levies on steel which affected global markets. This had the effect of wiping out the gains made in the previous two quarters.

The backdrop and pace of shifts in global interest rate policy is important, and may impact sentiment more, as investors and market participants adjust to some sense of more normal levels of interest rates. Nonetheless, where the absolute levels of such instruments eventually settle will be influenced by the actual economic data and evidence. Only time will tell though how this actually play out.

The UK's overall position remains mixed. Concern over slowing consumption during the period of BREXIT negotiations is clearly a tangible threat, although labour market conditions remain firm.

The Trust manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges. The Trust does not make use of derivatives and similar complex financial instruments, as it takes the view that investments are held for their longer term yield total return and historic studies of quoted financial instruments have shown that volatility in any particular 5 year period will normally be corrected.

It is the responsibility of the Investment Manager to ensure that the portfolio is invested and remains appropriate to meet the requirements as set out by this investment policy statement or as discussed and agreed in writing during the life of the Trust.

**Strategy**

- A diversified portfolio comprising predominately domestic equities as well as some fixed interest
- To improve diversification and reduce volatility an exposure of up to 20% in commercial property will usually be included.

**Investment Performance Objectives**

The Trustees have a duty to preserve the purchasing power of the capital of the funds.

By delegating the investment management activities to the Investment Manager the Trustees wish the Investment Manager to protect and enhance the value of the assets in order to maintain the purchasing power of the funds when taking into account the effects of inflation.

To ensure the performance target is measured and defined the Trustees wish the Investment Manager to generate a return of around £30,000 per annum, depending on the economic climate.

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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***Investment Risk Objectives***

The Trustees understand that in order to generate returns in excess of inflation it will be necessary to expose the portfolio to a low/medium degree of risk.

To ensure the understanding of risk the Trustees would expect a degree of volatility in each year. They would look to re-consider the investment strategy if the value of the portfolio was increasing or declining by more than the £30,000.

In the event of the portfolio falling outside this measure over a rolling 12 month period, the Investment Manager must engage in a dialogue with the Trustees to assess the continued appropriateness of the strategy and consider whether any capital preservation measures should be applied to the portfolio. The Trustees would expect the Investment Manager to give a yearly presentation at the July Trustees' Meeting.

***Ethical Investment***

The Trustees should at all times only hold investments which are considered ethical investments by the Religious Society of Friends and although not exhaustive will not include organisations whose business is in the following areas:

- Armaments
- Brewing/distilling and selling alcohol is their main area of activity
- Gambling
- Tobacco manufacturing and retailing is their main area of activity

Trustees should also be mindful of the way that organisations do their business and from time to time there may be organisations about whose practices the Religious Society of Friends is unhappy.

***Investment Reporting***

The Investment Manager will manage the portfolio on a discretionary basis and provide reports incorporating a valuation with a measurement of the overall investment return which takes into account the change in value, income received and all capital and income cash movements.

The reports will also include an overall performance benchmark. In this case we have created a bespoke benchmark which comprises 25% Fixed Interest, 61% UK Equities, 9% Commercial Property and 5% Cash.

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Trust is a registered charity and company, limited by guarantee. The registered charity number is 1124673.

The governing guidelines have been revised, and were affirmed by Trustees in July 2015. The Trustees are appointed by the Glebe House General Meeting which is made up of representatives from Cambridgeshire Area Meetings (AM), Essex Area Meetings, Norfolk and Waveney Area Meetings and Ipswich and Diss Area Meetings. At present we also have representation from a Hertford & Hitchin Area Meeting. Business is conducted according to the Quaker business method and decisions are made in that spirit. Each month a Trustee, known as the Duty Trustee, visits Glebe House to carry out statutory responsibilities, now checking particular files and assessing practice against standards set by the Care Quality Commission. That Trustee does these visits for a two month period before another Trustee takes on the responsibilities.

**Method of appointment or election of Trustees**

All Trustees must be Members of the Religious Society of Friends, and a Nominations Committee, in accordance with the Governance Guidelines, considers nominations for new Trustees. It is the Nominations Committee which is responsible for the identification of potential Trustees. Trustees can only be appointed by The Trust's General Meeting which is held every October.

Currently we have a complement of nine Trustees as detailed on page 1 to the financial statements. Most Trustees serve for a period of two triennia.

On the 28 October 2017 three trustees were appointed (Christopher Henson, Ecky Prolingheuer and Paul Hodgkin) and one trustee resigned (Allison Davies).

It is with great sadness we report the death of trustee Angela Pivac on the 12 March 2018. We would like to take this opportunity to express our thanks for the service Angela provided the Trust during her time as trustee.

**Policies adopted for the induction and training of Trustees**

On appointment all Trustees are required to apply for a Disclosure and Barring Service (DBS) enhanced disclosure. All serving Trustees have done so successfully.

The induction procedure for new Trustees includes meeting the Clerk and the Director at Glebe House to consider and hear more about The Trust and its workings and in particular, the governance responsibilities of being a Trustee and the strategic nature of the role. Often the non-business day held each February considers aspects of the responsibilities of being a Trustee. At the Non-Business Day in March 2017 Trustees used the time to discuss the current requirement that all Trustees are in Membership of the Religious Society of Friends.

The Trustees' Manual has been updated and an electronic version has been made available to all Trustees. The Manual gives guidance on strategic and organisational matters in relation to The Trust. It also contains those documents identified by the Charity Commission as being necessarily provided to new Trustees such as latest annual reports, policy on dealing with conflicts of interest and governing guidance. We shall soon have the Charity Commissions CC3 document in the electronic manual.

New Trustees will have an experienced Trustee identified to act as mentor, especially in their early days and during their first period as Duty Trustee.

On occasion Trustees attend external courses to support their development in the role of governance.

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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Additionally, the Trust has established a link with the Cambridge Council for Voluntary Service (CCVS) which sends the Trust a monthly newsletter including a list of courses which we can attend. CCVS can also offer bespoke training for Trustees and those of us who have attended CCVS training courses have been impressed with the style of training and the content. Trustees can also attend other courses relevant to their governance role.

We are now incorporating into our governance year an annual meeting with the SMT and Trustees each October. The focus of the meeting is likely to change year on year to broaden the Trustees' understanding of how strategic plans are implemented and for us to know senior staff better.

**Key management personnel remuneration**

The key management personnel of the Trust comprise the Trustees, The Director, Clinical Director, Head of Business and Operations, Assistant Director of Care and Assistant Director of Finance and Business Planning.

The Board of Trustees sets the salary for the Director and agrees any annual pay increases for the whole staff group. These are reviewed in line with the financial performance of the Trust and occupancy trends. In addition a Job Evaluation exercise is undertaken on a four year cycle.

**Organisational structure and decision making**

The Trustees meet six times a year for Trustee business and receive reports on the work of the Trust and make strategic decisions affecting it. In addition, the Trustees meet for a Non-Business Day in February/ March as mentioned above. The staff members routinely attending the bi-monthly Trustee Meetings are the Director and the Assistant Director (Finance and Business Planning).

Another bi-monthly meeting takes place with the membership of the Director, Assistant Director (Finance and Business Planning), Trustee Treasurer and Clerk to Trustees called the Finance and Planning Group. At this meeting current financial matters are reviewed, other topical matters are considered and items for the full Trustees' Meeting agenda are identified. Strategic thinking and proposals often emanate from this Group for fuller consideration.

The Trustees appoint a Director for the Therapeutic Community to run the operational and clinical side of the work and have overall managerial responsibility for Glebe House. The Assistant Director (Finance and Business Planning) is responsible for overseeing the monitoring of budgets and accounts and has a role to play in the strategic financial management of the Trust. The Trustees make strategic decisions relating to the Trust and exercise financial management and control, while all operational matters including the appointment of all other staff are delegated to the Director.

One of the most important pieces of work that the Trustees undertake each year is the Risk Assessment for the Trust. A Disaster Plan is also being developed. These assessments are prepared in readiness for the November Trustees' Meeting when the Annual Accounts are presented. In view of the high risk associated with the work done at Glebe House, this task is given a high priority. The high level of risk is the reason for the high level of reserves both financial and operational.

Trustees are required to disclose all relevant interests and declare potential conflicts of interest at the bi-monthly Trustees' Meeting which will be recorded in the minutes.

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**Risk management**

The Trustees actively review on a regular basis the major risks which the charity faces and believe that maintaining reserves at high levels, combined with an annual review of the controls over key financial systems, are providing sufficient resources in the event of adverse conditions. The Trustees confirm that they have also examined other operational and business risks faced by the charity and have provided systems to mitigate such risks. These include "Strategies for Financial Management" and a "Cash Management and Investment Policy".

The Trustees annually use a risk assessment schedule, which covers all aspects of running the community, and have put in place measures that will minimise any impact on the organisation. The Senior Management Team holds particular accountabilities in these matters which are reviewed annually.

The Trust's principal risks and uncertainties include:

<b>Activity</b>	<b>Hazard</b>	<b>Risk Control</b>
Physical assets	Building damage	Maintenance strategy plan Insurance 24/7 staffing Contingency planning
Personnel	Loss of key senior staff	Contingency planning Organisational structure Team approach to task base Exit interviews
Governance	Trustee/ Director conflict	Inclusive strategic planning Trustee training Direct supervision
Operational	Service unable to meet demand	Strategic planning, training and staff CPD
Financial	Breakdown in financial control	Management monitoring and audit Financial controls policy Monthly review of balance sheet
Repute	Local community	Links between staff members Community and church Neighbourhood watch member Annual bonfire celebrations

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**Quaker Statement for Glebe House**

The Trust, based at Glebe House, was established in 1965 in response to the concern of a Quaker Probation Officer, Geoffrey Brogden. He had not been able to find an appropriate residential resource where intensive work with troubled and troubling young males took place. Now the focus is working with young males with histories of harmful sexual behaviour.

David Wills, another Quaker, who laid down the principles for the planned environment for children and young people, talked of there being within each of us good that is worthy of love and respect. These principles inform the approach to, and manner of, work being undertaken at Glebe House.

David Clark, the first Clerk to Trustees, was a Quaker and a Psychiatrist, and innovative in the use of the therapeutic process in residential psychiatry. He was particularly beneficial in bringing a Quaker approach to Glebe House practice. The therapeutic model of Democracy, Communalism, Reality Confrontation and Tolerance informs practice, and the Quaker testimonies of Equality, Truth, Peace and Simplicity are core to the thinking of Trustees who are in Membership of the Religious Society of Friends.

Glebe House works intensively as a therapeutic community, holding three community meetings a day. It also offers education, individual treatment programmes and independence training. The programme works with residents to assess and manage their own risk.

The Trust strives to maintain a fair price for the services provided in a changing world of commissioning and contracting practices.

**PLANS FOR FUTURE PERIODS**

**Future developments**

In the next 12 months the Trust's objectives are:

- Financial stability, balanced budgets and a review of the Cash Management and Investment Policy;
- The governance of the School is prompting a review of Governance of the Trust;
- To identify a new Clerk to Trustees;
- To identify a Chair and Board of Governors for the School;
- A Site Development Review to continue to be considered;
- We aim to achieve a "Good" rating for the School; and
- To agree strategic viability of the Second House and to establish a project development plan, if appropriate.

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**TRUSTEES' RESPONSIBILITIES STATEMENT**

The Trustees (who are also directors of Friends Therapeutic Community Trust for the purposes of company law) are responsible for preparing the Trustees' 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. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

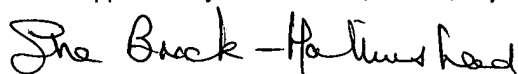
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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.

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report was approved by the Trustees, on 18/12/18 and signed on their behalf by:



**Sue Brock-Hollinshead**  
**Clerk to the Trustees**



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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS THERAPEUTIC COMMUNITY TRUST**

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**Opinion**

We have audited the financial statements of Friends Therapeutic Community Trust (the 'charitable company') for the year ended 31 March 2018 set out on pages 18 to 38. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102").

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS THERAPEUTIC COMMUNITY TRUST**

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**Other information**

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

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

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

In the light of our 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' 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
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

**Responsibilities of trustees**

As explained more fully in the Trustees' Responsibilities Statement, 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.

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS THERAPEUTIC COMMUNITY TRUST**

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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.

**Auditors' 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**Use of our report**

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

Judith Coplowe (Senior Statutory Auditor)

for and on behalf of

**Peters Elworthy & Moore**

Chartered Accountants  
Statutory Auditors

Salisbury House  
Station Road  
Cambridge  
CB1 2LA  
19 December 2018

**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>INCOME FROM:</b>					
Donations	2	8,693	30,000	38,693	41,163
Charitable activities	3	2,071,999	-	2,071,999	2,356,668
Other trading activities	4	7,147	-	7,147	3,361
Investments	5	18,505	-	18,505	38,562
Other income	6	-	-	-	18,055
<b>TOTAL INCOME</b>		<b>2,106,344</b>	<b>30,000</b>	<b>2,136,344</b>	<b>2,457,809</b>
<b>EXPENDITURE ON:</b>					
Raising funds	7,8	24,813	-	24,813	20,268
Charitable activities	9	2,549,003	30,000	2,579,003	2,384,631
<b>TOTAL EXPENDITURE</b>		<b>2,573,816</b>	<b>30,000</b>	<b>2,603,816</b>	<b>2,404,899</b>
<b>NET (EXPENDITURE)/INCOME BEFORE INVESTMENT (LOSSES)/GAINS</b>		<b>(467,472)</b>	<b>-</b>	<b>(467,472)</b>	<b>52,910</b>
Net (losses)/gains on investments	15	(3,152)	-	(3,152)	68,585
<b>NET (EXPENDITURE) / INCOME BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		<b>(470,624)</b>	<b>-</b>	<b>(470,624)</b>	<b>121,495</b>
Actuarial gains on defined benefit pension schemes	22	553,000	-	553,000	28,000
<b>NET MOVEMENT IN FUNDS</b>		<b>82,376</b>	<b>-</b>	<b>82,376</b>	<b>149,495</b>
<b>RECONCILIATION OF FUNDS:</b>					
Total funds brought forward		1,252,522	22,243	1,274,765	1,125,270
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>1,334,898</b>	<b>22,243</b>	<b>1,357,141</b>	<b>1,274,765</b>

The notes on pages 21 to 38 form part of these financial statements.

**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 06525659**

**BALANCE SHEET**  
**AS AT 31 MARCH 2018**

	Note	£	2018 £	2017 £
<b>FIXED ASSETS</b>				
Tangible assets	14		974,312	967,088
Investments	15		1,492,945	1,478,919
			<u>2,467,257</u>	<u>2,446,007</u>
<b>CURRENT ASSETS</b>				
Debtors	16	247,530		171,636
Cash at bank and in hand		590,712		917,600
		<u>838,242</u>		<u>1,089,236</u>
<b>CREDITORS:</b> amounts falling due within one year	17	(204,358)	(127,478)	
<b>NET CURRENT ASSETS</b>			<u>633,884</u>	<u>961,758</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,101,141</u>	<u>3,407,765</u>
Defined benefit pension scheme liability	22	(1,744,000)		(2,133,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>1,357,141</u>	<u>1,274,765</u>
<b>CHARITY FUNDS</b>				
Restricted funds	18		22,243	22,243
Unrestricted funds:	18			
Unrestricted funds excluding pension liability		3,078,898	3,385,522	
Pension reserve		<u>(1,744,000)</u>	<u>(2,133,000)</u>	
Total unrestricted funds			<u>1,334,898</u>	<u>1,252,522</u>
<b>TOTAL FUNDS</b>			<u>1,357,141</u>	<u>1,274,765</u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 18/12/18 and signed on their behalf, by:

*Sue Brock - Hollinshead*

**Sue Brock-Hollinshead, Clerk to the Trustees**

The notes on pages 21 to 38 form part of these financial statements.

**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	20	<u>(251,125)</u>	<u>133,830</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		18,505	38,562
Proceeds from the sale of tangible fixed assets		7,950	-
Purchase of tangible fixed assets		(85,040)	(100,459)
Net purchase of investments		<u>(17,178)</u>	<u>(34,804)</u>
<b>Net cash used in investing activities</b>		<u>(75,763)</u>	<u>(96,701)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>(326,888)</b>	<b>37,129</b>
Cash and cash equivalents brought forward		<u>917,600</u>	<u>880,471</u>
<b>Cash and cash equivalents carried forward</b>	21	<u><b>590,712</b></u>	<u><b>917,600</b></u>

The notes on pages 21 to 38 form part of these financial statements.

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**1. ACCOUNTING POLICIES**

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Friends Therapeutic Community Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

**1.2 COMPANY STATUS**

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

**1.3 GOING CONCERN**

The trustees have reviewed the operational structure of the organisation and prepared budgets and forecasts. These demonstrate that a care review of costs is required to ensure continued availability of free reserves going forward. Based on these plans there is a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements continue to be prepared on the going concern basis.

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 INCOME**

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income from charitable activities includes fee income. Income in relation to fees is recognised as earned.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of interest paid or payable by the Bank.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the company where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Investment income is recognised on a receivable basis.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**1.5 EXPENDITURE**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the company. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.



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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
(A Company Limited by Guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £1,500 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities incorporating Income and Expenditure Account.

Freehold land is not depreciated.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Building improvements	-	10% straight line
Motor vehicles	-	33.3% straight line
Fixtures and fittings	-	25% straight line
Computer equipment	-	25% straight line

**1.7 INVESTMENTS**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of Financial Activities incorporating Income and Expenditure Account. Fixed asset investments includes cash held by the Charity as part of its ongoing investment activities for more than one year from the reporting date.

Investments in subsidiaries are valued at cost less provision for impairment.

**1.8 OPERATING LEASES**

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

**1.9 DEBTORS**

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

**1.10 CASH AT BANK AND IN HAND**

Cash at bank and 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.

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**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.11 LIABILITIES AND PROVISIONS**

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.12 FINANCIAL INSTRUMENTS**

The company 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.

**1.13 PENSIONS**

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 March 2017.

The scheme is a multi-employer scheme where it is not possible, in the normal course of events, to identify on a consistent and reasonable basis, the share of underlying assets and liabilities belonging to individual participating employers. Therefore, as required by FRS102 'Retirement benefits', the company accounts for this scheme as if it was a defined contribution scheme. The amount charged to the Statement of Financial Activities incorporating Income and Expenditure Account represents contributions payable to the scheme in respect of the accounting period.

**1.14 FUND ACCOUNTING**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**1.15 CONSOLIDATION**

The charity's subsidiary has remained dormant throughout the year. Consequently accounts for the charity alone have been prepared.

**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

**2. DONATIONS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	8,693	30,000	38,693	41,163
Total 2017	10,163	31,000	41,163	

**3. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Glebe House	2,071,999	-	2,071,999	2,356,668
Total 2017	2,356,668	-	2,356,668	

**4. FUNDRAISING INCOME**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from solar panels	7,147	-	7,147	3,361
Total 2017	3,361	-	3,361	

**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

**5. INVESTMENT INCOME**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income	17,054	-	17,054	31,435
Interest received	1,451	-	1,451	7,127
	<u>18,505</u>	<u>-</u>	<u>18,505</u>	<u>38,562</u>
Total 2017	<u>38,562</u>	<u>-</u>	<u>38,562</u>	

**6. OTHER INCOME**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Insurance claim	-	-	-	18,055
	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,055</u>
Total 2017	<u>18,055</u>	<u>-</u>	<u>18,055</u>	

**7. FUNDRAISING EXPENDITURE**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Printing / stationery and conference fees	22,640	-	22,640	18,494
	<u>22,640</u>	<u>-</u>	<u>22,640</u>	<u>18,494</u>
Total 2017	<u>18,494</u>	<u>-</u>	<u>18,494</u>	

**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

**8. INVESTMENT MANAGEMENT COSTS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment management fees	2,173	-	2,173	1,774
Total 2017	1,774	-	1,774	

**9. ANALYSIS OF CHARITABLE EXPENDITURE BY ACTIVITIES**

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Glebe House	1,696,327	882,676	2,579,003	2,384,631
Total 2017	1,556,643	827,988	2,384,631	

In 2017 £30,000 of the charitable expenditure was restricted and £2,354,631 was unrestricted.

**10. DIRECT COSTS**

	Glebe House £	Total 2018 £	Total 2017 £
Net pension finance cost - note 22	57,000	57,000	73,000
Relapse prevention	4,393	4,393	8,319
Therapy	50,769	50,769	78,715
Residential milieu	160,700	160,700	137,073
Education and life skills	36,869	36,869	31,995
Independence training	9,090	9,090	7,428
Arts, sports and activities	17,624	17,624	21,542
Wages and salaries	923,663	923,663	894,795
National insurance	81,936	81,936	83,439
Pension cost	354,283	354,283	220,337
	1,696,327	1,696,327	1,556,643
Total 2017	1,556,643	1,556,643	

**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

**11. SUPPORT AND GOVERNANCE COSTS**

	Governance £	Glebe House £	Total 2018 £	Total 2017 £
Motor vehicles	-	19,766	19,766	20,756
Premises	-	84,604	84,604	73,675
Research	-	-	-	60
Other support costs	-	65,510	65,510	70,553
Administration	16,393	89,945	106,338	105,646
Wages and salaries	96,644	289,891	386,535	364,232
National insurance	11,654	22,593	34,247	32,657
Pension cost	38,834	69,026	107,860	79,579
Depreciation	-	77,816	77,816	80,830
	<u>163,525</u>	<u>719,151</u>	<u>882,676</u>	<u>827,988</u>
Total 2017	<u>161,319</u>	<u>666,669</u>	<u>827,988</u>	

All governance costs are attributable to Glebe House.

**12. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	77,816	80,830
Auditors' remuneration - audit	5,600	5,500
Auditors' remuneration - other services	1,830	3,120
	<u>85,246</u>	<u>89,450</u>

**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

**13. STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND COST OF KEY PERSONNEL**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	1,310,198	1,259,027
Social security costs	116,183	116,096
Other pension costs (Note 22)	462,143	299,916
	<u>1,888,524</u>	<u>1,675,039</u>

The average number of persons employed by the company during the year was as follows:

	2018 No.	2017 No.
Care and therapy	36	35
Administration	7	7
Support and maintenance	4	5
Education	3	3
	<u>50</u>	<u>50</u>

The number of higher paid employees was:

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	1

Pension contributions of £15,797 (2017 - £14,033) were made in respect of the higher paid employee.

The key management personnel of the charity comprise the Trustees, The Director, Clinical Director, Head of Business and Operations, Assistant Director of Care and Assistant Director of Finance and Business Planning. The total employment benefits including employer pension contributions and national insurance of key management personnel were £320,420 (2017 - £332,184).

The trustees were not paid or received any other benefits from employment with the Trust in the year (2017 - £NIL). No trustee received payment for professional or other services applied to the charity (2017 - £NIL).

During the year ended 31 March 2018, travel and subsistence expenses totalling £1,400 were reimbursed or paid directly to 8 trustees (2017: £4,441 to 8 trustees).

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**14. TANGIBLE FIXED ASSETS**

	Freehold property and improve- ments £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>COST</b>					
At 1 April 2017	1,464,878	85,534	109,024	14,284	1,673,720
Additions	45,117	21,000	16,798	2,125	85,040
Disposals	(3,399)	(21,756)	(1,210)	-	(26,365)
At 31 March 2018	1,506,596	84,778	124,612	16,409	1,732,395
<b>DEPRECIATION</b>					
At 1 April 2017	523,068	76,334	95,032	12,198	706,632
Charge for the year	54,696	12,030	8,516	2,574	77,816
On disposals	(3,399)	(21,756)	(1,210)	-	(26,365)
At 31 March 2018	574,365	66,608	102,338	14,772	758,083
<b>NET BOOK VALUE</b>					
At 31 March 2018	932,231	18,170	22,274	1,637	974,312
At 31 March 2017	941,810	9,200	13,992	2,086	967,088

**15. FIXED ASSET INVESTMENTS**

	Listed securities £	Long term deposits £	Total £
<b>MARKET VALUE</b>			
At 1 April 2017	639,496	839,423	1,478,919
Additions	21,731	-	21,731
Disposals (sales proceeds £13,762)	(14,730)	-	(14,730)
Revaluations	(2,184)	-	(2,184)
Movement for year	-	9,209	9,209
At 31 March 2018	644,313	848,632	1,492,945

The significance of financial instruments to the ongoing financial sustainability of the Trust is considered in the financial review and investment policy section of the Trustees' Annual Report.

The Trust holds the entire issued share capital in Silvermill Trading Limited. The subsidiary ceased trading in the year ended 31 March 2016 and the investment was fully impaired. The net assets of the subsidiary at 31 March 2018 and 31 March 2017 were £100.



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**16. DEBTORS**

	2018 £	2017 £
Trade debtors	170,343	106,501
Prepayments and accrued income	77,187	65,135
	<u>247,530</u>	<u>171,636</u>

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018 £	2017 £
Trade creditors	51,084	36,498
Other taxation and social security	27,495	29,248
Other creditors	34,057	32,887
Accruals	91,722	28,845
	<u>204,358</u>	<u>127,478</u>

**18. STATEMENT OF FUNDS**

**STATEMENT OF FUNDS - CURRENT YEAR**

	Balance at 1 April 2017 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2018 £
<b>UNRESTRICTED FUNDS</b>					
General fund	3,385,522	2,106,344	(2,409,816)	(3,152)	3,078,898
Pension reserve	(2,133,000)	-	(164,000)	553,000	(1,744,000)
	<u>1,252,522</u>	<u>2,106,344</u>	<u>(2,573,816)</u>	<u>549,848</u>	<u>1,334,898</u>
<b>RESTRICTED FUNDS</b>					
Other restricted funds	3,386	-	-	-	3,386
Eastwood Cottage	7,950	-	-	-	7,950
Transition	3,457	-	-	-	3,457
Circles	7,450	30,000	(30,000)	-	7,450
	<u>22,243</u>	<u>30,000</u>	<u>(30,000)</u>	<u>-</u>	<u>22,243</u>
Total of funds	<u>1,274,765</u>	<u>2,136,344</u>	<u>(2,603,816)</u>	<u>549,848</u>	<u>1,357,141</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. STATEMENT OF FUNDS (continued)**

**Restricted funds**

Restricted funds comprise:

Other funds - These are smaller donations gratefully received for specific expenditure on activities and equipment.

Eastwood Cottage fund - Quaker Housing Trust grant for the purpose of Eastwood Cottage.

Transition - This fund has been established to help ex-residents in times of crisis or need.

Circles - This fund is used to fund a programme of rehabilitation of the residents on leaving Glebe House.

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 April 2016 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2017 £
<b>UNRESTRICTED FUNDS</b>					
General fund	3,207,027	2,426,809	(2,316,899)	68,585	3,385,522
Pension reserve	(2,103,000)	-	(58,000)	28,000	(2,133,000)
	<u>1,104,027</u>	<u>2,426,809</u>	<u>(2,374,899)</u>	<u>96,585</u>	<u>1,252,522</u>
<b>RESTRICTED FUNDS</b>					
Other restricted funds	3,386	-	-	-	3,386
Eastwood Cottage	7,950	-	-	-	7,950
Transition	2,457	1,000	-	-	3,457
Circles	7,450	30,000	(30,000)	-	7,450
	<u>21,243</u>	<u>31,000</u>	<u>(30,000)</u>	<u>-</u>	<u>22,243</u>
Total of funds	<u>1,125,270</u>	<u>2,457,809</u>	<u>(2,404,899)</u>	<u>96,585</u>	<u>1,274,765</u>

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**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	974,312	-	974,312
Fixed asset investments	1,492,945	-	1,492,945
Current assets	815,999	22,243	838,242
Creditors due within one year	(204,358)	-	(204,358)
Provisions for liabilities and charges	(1,744,000)	-	(1,744,000)
	<u>1,334,898</u>	<u>22,243</u>	<u>1,357,141</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	967,088	-	967,088
Fixed asset investments	1,478,919	-	1,478,919
Current assets	1,066,993	22,243	1,089,236
Creditors due within one year	(127,478)	-	(127,478)
Provisions for liabilities and charges	(2,133,000)	-	(2,133,000)
	<u>1,252,522</u>	<u>22,243</u>	<u>1,274,765</u>

**20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(470,624)	121,495
<b>Adjustment for:</b>		
Depreciation charges	77,816	80,830
Loss/(gains) on investments	3,152	(68,585)
Dividends, interest and rents from investments	(18,505)	(38,562)
Defined benefit pension scheme	164,000	58,000
Increase in debtors	(75,894)	(3,745)
Increase/(decrease) in creditors	76,880	(19,518)
Loss on the sale of fixed assets	(7,950)	3,915
<b>Net cash (used in)/provided by operating activities</b>	<u>(251,125)</u>	<u>133,830</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**21. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2018 £	2017 £
Cash	590,712	917,600
Total	<u>590,712</u>	<u>917,600</u>

**22. PENSION COMMITMENTS**

Employees of the charity participate in the Cambridgeshire County Council Pension Fund. The benefits provided by the Scheme are of the defined benefit type. The assets of the Fund are held in externally managed funds invested by professional investment managers. Participation in the Scheme is by virtue of the charity's status as an Admitted Body to the Fund.

The charity operates a Defined Benefit Pension Scheme.

The pension cost and provision for the year ended 31 March 2018 are based on the advice of a professionally qualified actuary. The most recent formal valuation is dated 31 March 2018. The purpose of this valuation was to examine the financial position of the Fund and to recommend the contribution rate to be paid by the charity and other participating employers in the Fund.

The market value of the Trust's scheme assets were sufficient to cover 80% of the Trust's liabilities at the valuation date leaving a deficit of £1,744,000.

The contribution made for the year ended 31 March 2018 was £357,000. The agreed contribution rate for future years is 24.5%.

Surpluses and deficits, which arise at future valuations, may impact on the Charity's future contribution commitment.

The information required to comply with FRS102 was generated by the Scheme's Actuary. It is based on the future results of the full actuarial valuation carried out on 31 March 2017.

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2018	2017
Discount rate at 31 March	2.70 %	2.60 %
Future salary increases	2.00 %	2.70 %
Future pension increases	2.20 %	2.40 %

**FRIENDS THERAPEUTIC COMMUNITY TRUST**  
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**22. PENSION COMMITMENTS (continued)**

The assets in the scheme and the expected rates of return were:

	Fair value at 31 March 2018 £	Fair value at 31 March 2017 £
Equities	5,271,000	5,056,700
Debt instruments	890,000	194,500
Property	479,000	389,000
Cash	205,000	842,800
Total market value of assets	<u>6,845,000</u>	<u>6,483,000</u>

The actual return on scheme assets was £114,000 (2017 - £507,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2018 £	2017 £
Current service cost	(464,000)	(305,000)
Interest on obligation	(229,000)	(271,000)
Expected return on scheme assets	172,000	198,000
Total	<u>(521,000)</u>	<u>(378,000)</u>

Movements in the present value of the defined benefit obligation were as follows:

	2018 £	2017 £
Opening defined benefit obligation	8,616,000	7,652,000
Current service cost	464,000	305,000
Interest cost	229,000	271,000
Contributions by scheme participants	85,000	72,000
Actuarial (gains)/losses	(667,000)	479,000
Benefits paid	(138,000)	(163,000)
Closing defined benefit obligation	<u>8,589,000</u>	<u>8,616,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**22. PENSION COMMITMENTS (continued)**

Changes in the fair value of scheme assets were as follows:

	2018 £	2017 £
Opening fair value of scheme assets	6,483,000	5,549,000
Expected return on assets	172,000	198,000
Actuarial (losses) and gains	(114,000)	507,000
Contributions by employer	357,000	320,000
Contributions by scheme participants	85,000	72,000
Benefits paid	(138,000)	(163,000)
	<u>6,845,000</u>	<u>6,483,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £553,000 (2017 - £28,000).

The charity expects to contribute £385,000 to its Defined Benefit Pension Scheme in 2019.

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**22. PENSION COMMITMENTS (continued)**

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2018 £	2017 £
Defined benefit obligation	(8,589,000)	(8,616,000)
Scheme assets	6,845,000	6,483,000
Deficit	<u>(1,744,000)</u>	<u>(2,133,000)</u>
Experience adjustments on scheme liabilities	667,000	(479,000)
Experience adjustments on scheme assets	<u>(114,000)</u>	<u>507,000</u>

**MORTALITY ASSUMPTIONS**

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	22.4	24.4
Future pensioners	24.0	26.3

**HISTORIC MORTALITY**

Life expectancies for the prior period end are based on the SAPS tables. The allowance for future life expectancies are shown below.

Period ended	Prospective Pensioners	Pensioners
31 March 2017	CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% pa	CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% pa

Mortality loadings were applied to the SAPS tables based on membership class.

**COMMUTATION**

An allowance is included for future retirements to elect to take 25% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 63% of the maximum tax-free cash for post-April 2008 service.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**23. OPERATING LEASE COMMITMENTS**

At 31 March 2018 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
<b>GROUP AND COMPANY</b>		
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	10,829	11,378
Between 1 and 5 years	27,135	20,769
Total	<u>37,964</u>	<u>32,147</u>

**24. RELATED PARTY TRANSACTIONS**

There were no related party transactions in the year.