

Affinity Trust

Company No 6893564
Charity no 1139891



affinitytrust

SUPPORTING PEOPLE WITH LEARNING DISABILITIES

Affinity Trust

Report and Financial Statements 30 September 2011

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Affinity Trust

Reference and administrative details

Status	The organisation is a company limited by guarantee, incorporated on 30 April 2009 in the name of Affinity Trust. It transmogrified from an Industrial and Provident Society named TACT UK Limited, which was recognised as charitable by HM Revenue & Customs. Affinity Trust registered as a charity on 18 January 2011.	
Company number	6893564	
Charity number	1139891	
Governing document	The organisation is governed by its memorandum and articles of association dated 30 April 2009 as amended by special resolution registered at Companies House on 11 January 2011.	
Registered office and operational address	1 St Andrew's Court Wellington Street Thame Oxfordshire OX9 3WT	
Officers	L Sowerby J Balinski P Middlewood C Brooks A Marshall	Chief Executive and Company Secretary Human Resources Director Development Director Finance Director Director of Operations and Quality
Trustees	M Thomas I Robertson K Cameron C Gabriel J Hawthorne M Moody A Taylor T Tunley A Anketell Dr S Ross T Tamblyn D Walden	Chairman Chairman of the Finance and Audit panel Resigned 1 September 2011 Appointed 5 May 2011 Appointed 5 May 2011 Appointed 5 May 2011 Appointed 5 May 2011
Bankers	Bank of Scotland Beaumont House 3 Queens Road Reading Berkshire RG1 4AR	Nat West Leeds Commercial Office 4th Floor 2 Whitehall Quay Leeds LS1 4HR

Affinity Trust

Reference and administrative details

Solicitors	Laytons 50 Victoria Embankment Blackfriars London EC4Y 0LS
Auditors	Sayer Vincent Chartered accountants and statutory auditors 8 Angel Gate City Road London EC1V 2SJ

Affinity Trust

Report of the board of trustees

For the Year Ended 30 September 2011

The board of trustees presents its report and the audited financial statements for the year ended 30 September 2011

Reference and administrative information

Reference and administrative information set out on pages 1 and 2 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 (issued March 2005)

Structure, governance and management

The organisation is a charitable company limited by guarantee. It is managed by an elected board of trustees, who are the directors of the company, one third of whom are proposed for re-appointment on an annual basis. The company was established under a memorandum of association which establishes the objects and powers of the company and is governed by its articles of association.

The objects of the organisation are the provision of support and other services for people with learning disabilities and other groups who need support.

The board of trustees has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the organisation's aims and objectives and in planning its future activities. In particular, the board considers how planned activities will contribute to the aims and objectives that have been set.

Recruitment of new trustees takes place through a formal process involving external national advertising.

A formal induction process for new trustees is in place which includes the visiting of services delivered and meeting all levels of staff. The board has also introduced annual appraisals for individual trustees to work alongside the collective appraisal of the board as a whole.

The board of trustees delegates responsibility for review of detailed financial matters to the Finance and Audit Panel, while the board itself receives regular summary reports. The panel consists of five members of the main board and meets every other month with the Finance Director and other members of the Senior Management Team. The panel reviews, inter alia, compliance with financial regulations, the appointment of auditors, bankers and other external service providers, the management and statutory accounts, risk assessments and investment and reserves policies.

The salaries and benefits of the senior management group are determined by the Remuneration Committee which is comprised of three trustees and meets annually.

Affinity Trust

Report of the board of trustees

For the Year Ended 30 September 2011

The board has set the following as Affinity Trust's mission statement and values

Mission statement

To enable people with learning disabilities to achieve active and fulfilling lives, gain increased independence and achieve equal rights as citizens

Values

In all our dealings with everyone we work with, we will be

Committed to doing our very best for the people we support and never giving up on someone we support,

Reliable and always do what we say we will do,

Honest and open in all of our relationships and transactions;

Respectful of others, their views and their rights,

Inclusive in how we value diversity, support equality of access to opportunities and challenge discrimination,

Creative and flexible in our thinking, in our work and in how we use our resources

The board of trustees delegates day to day responsibility for the management of the organisation to the Chief Executive and Senior Management Team consisting of the Finance Director, Human Resources Director, Director of Operations and Quality and the Development Director. The company's activities are structured into seven geographic operating divisions each headed by a Divisional Director

Central - Bedfordshire and Hertfordshire

East - Norfolk, Cambridgeshire, Suffolk

North - West Yorkshire, Bradford and Sheffield

Scotland - Ayrshire, Argyll and Bute

South - Berkshire, Gloucestershire, Hampshire, Herefordshire, Oxfordshire, Surrey

South East - Kent, Essex and East Sussex

Midlands - Leicestershire and Sandwell

The main activities have been the provision of

Supported living - provides tailor made support for people living in their own home. The levels of support are substantial but flexible to meet the needs of the individual

Outreach - provides smaller amounts of support on a flexible basis

Shared living - support to small numbers of people who live together

Day opportunities - helps people with learning disabilities to access work, sporting, leisure, creative and other opportunities in the community

Housing - Affinity Trust owns a number of properties where it acts as landlord to people with learning disabilities

Social enterprise - Affinity Trust runs a social enterprise that provides employment opportunities for the people that we support

Affinity Trust

Report of the board of trustees

For the Year Ended 30 September 2011

Objectives, activities and achievements

During the period covered by this report the board of trustees has set and reviewed key aims and objectives for the organisation and set them out in a Business Plan. The Business Plan identifies three key strategic areas of Quality, Growth and Financial Stability and sets specific objectives to be achieved in each area. The plan and key objectives have been discussed with local management in all seven divisions by the Senior Management Team.

The board has also reviewed the risks facing the organisation and determined specific activities to be carried out in order to reduce and manage these risks. The board uses an assessment method which identifies risk and then assesses the probability of the risk materialising and the impact on Affinity Trust if it did. This produces a rating for each aspect of risk which enables risks to be prioritised for action and actions are agreed which are designed to manage the risk. The principal risks and uncertainties facing Affinity Trust have been assessed as

- Local Authority planned reductions in spending
- Potential loss of high value contracts
- Difficulties in recruiting and retaining staff and managing staff absence

The board acknowledges that the work in which Affinity Trust is engaged is never risk free, and nor would the board wish to completely avoid risk, but it is satisfied that the identified risks are being positively managed.

Main achievements

- Increase in annual income to £25,340,614 (£23,227,601 in prior year)
- Award of significant contracts in Sandwell, Bradford and Sheffield
- Taking over and developing the management of NHS services in Leicestershire
- Centralising Finance functions at the Head Office in Thame
- Focus on and development of specialist services
- Movement of more people into Supported Living models, from Registered Care arrangements

Financial review

The accounts have been prepared for the year from 1 October 2010 to 30 September 2011.

For the year Affinity Trust achieved a surplus of £276,563 being 1.1% on all its activities. On an annualised basis there was a growth in operational activities of approximately 9% due mainly to the impact of the services in Leicester. This resulted in the income for Affinity Trust being £25,340,614 for the year.

Internal financial reviews of management performance are based on key performance indicators as follows:

- Income, costs and surplus comparisons to budget and forecasts,
- Staff turnover and absence management,
- Overtime and agency staff costs, trend and comparison to targets,
- Aged debtor management,

Affinity Trust

Report of the board of trustees

For the Year Ended 30 September 2011

The board has reviewed the reserves policy and confirmed the need to hold a defined level of reserves to maintain the going concern basis of the organisation and to meet future expenditure for which no liability currently exists. The policy recommends holding reserves to meet the equivalent of two months' operational turnover. Based on an annual turnover of £28.8 million anticipated for 2011/12 the required reserves level is £4.8 million. The current level of general reserves is below this target at £3.8 million.

Total designated funds are £2.7 million. The majority (£2.1 million) is fixed assets net of loans as the fixed assets are properties that are people's homes, that could not be realised in the short or medium term. The balance are designated reserves for a series of projects that the organisation intends to invest in during future financial years.

Currently cash funds not immediately required for working capital are held as fixed term, fixed interest bank deposits. This position is reviewed regularly and decisions as to alternative investments are considered by the board when considered necessary.

Plans for the future

The annual review of the Business Plan sets out three key strategic areas of activity: Quality, Growth and Financial Stability.

The new plan continues to focus on Affinity Trust's objective to support a greater number of people, and has therefore set out a strategy for future growth and development. Affinity Trust aims to become a provider of choice for people with learning disabilities, their families and commissioning bodies, and in doing so, has developed the following key objectives for 2011-2013:

- Increase the number of individuals supported,
- Aim for new business of £2 million next year,
- Maintain financial stability,
- Develop new specialist services, and
- Increase number of people on individual budgets,

The Business Plan also sets out the timescales for review and re-modelling of shared living (residential services) as well as reviews of other types of support provided by Affinity Trust to ensure that best practice is identified and followed across the organisation.

Affinity Trust involves its employees in the affairs, policy and performance of the organisation through a system of staff forums in each geographic division, team meetings, newsletters and staff surveys.

Affinity Trust

Report of the board of trustees

For the Year Ended 30 September 2011

Affinity Trust takes a positive approach to the employment, training and development of people with disabilities

The following areas constitute the main focus of the business plan

Quality:

Affinity Trust aims to develop its reputation as a high quality service provider and as such will concentrate on ensuring it provides choice, flexibility, increased independence and value for money. It will focus on recruiting and retaining high quality staff who are both competent and committed. Further work will take place to ensure Affinity Trust's back office systems and management processes operate efficiently. Affinity Trust will evidence positive outcomes for the people they support.

Growth:

Expansion and growth are key to increasing the number of individuals Affinity Trust supports. Affinity Trust will, therefore, look to develop progressive, strategically relevant models, increasing the number of contracts and undertake tenders in new areas. This in turn will reduce risk and ensure Affinity Trust's greater financial strength.

Financial Stability:

In order to maintain financial stability, any service making a loss will develop an action plan with timescales for improvement. Affinity Trust will seek to be competitive and offer value for money, working on both cashflow and credit control systems to optimise efficiency. IT disaster recovery plans will also continue to be reviewed and improved to protect the organisation in the event of a significant disruption to services.

Affinity Trust

Report of the board of trustees

For the Year Ended 30 September 2011

Statement of responsibilities of the board of trustees

The board of trustees (which is also the board of directors of Affinity Trust for the purpose of company law) is responsible for preparing the report of the board of trustees and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the trustees to prepare financial statements which give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including the income and expenditure, for the year. In preparing financial statements the board of trustees is 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 have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation

The trustees are responsible for keeping proper 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. The board of trustees is 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.

The board of trustees is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the trustees are aware there is no relevant audit information of which the auditors are unaware, and the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Guarantees

Members of the company guarantee to contribute an amount not exceeding £1 to the assets of the company in the event of winding up. The total number of guarantees at 30 September 2011 was 20 (2010 - 16).

Members of the board of trustees have no beneficial interest in the organisation.

Auditors

Sayer Vincent were re-appointed as the company's auditors during the year.

Approved by the board of trustees on 1 March 2012 and signed on its behalf by



Malcolm Thomas
Chairman

Affinity Trust

To the members of Affinity Trust

We have audited the financial statements of Affinity Trust for the year ended 30 September 2011 which comprise the Statement of Financial Activities, Balance Sheet, Cashflow statement and related notes. 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).

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

Respective responsibilities of trustees and auditors

As explained more fully in the statement of responsibilities of the board of trustees set out in the report of the board of trustees (which is also the board of directors of the charitable company for the purposes of company law) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the report of the board of trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Affinity Trust

To the members of Affinity Trust

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2011 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 properly prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the board of trustees for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

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

Helen Elliott, Senior Statutory Auditor
for and on behalf of Sayer Vincent, Statutory Auditors

SAYER VINCENT
8 Angel Gate
City Road
LONDON
EC1V 2SJ

12 March 2012

Affinity Trust

Statement of financial activities (incorporating an income and expenditure account)

For the Year Ended 30 September 2011

				12 months to 30 September 2011 Total £	17 months to 30 September 2010 Total £
	Note	Restricted £	Unrestricted £		
Incoming resources					
<i>Incoming resources from generated funds</i>					
Investment income	2	-	25,790	25,790	12,742
<i>Incoming resources from charitable activities</i>	3				
Shared living		-	4,156,369	4,156,369	11,328,362
Supported living		-	17,228,400	17,228,400	14,981,098
Outreach services		-	2,299,606	2,299,606	4,077,244
Supported employment & day opportunities		52,468	960,644	1,013,112	1,314,662
Social enterprises		-	295,606	295,606	385,830
Housing		-	321,731	321,731	490,412
Other charitable incoming resources		-	-	-	1,125
Total incoming resources		52,468	25,288,146	25,340,614	32,591,475
Resources expended					
<i>Charitable activities</i>					
Shared living		-	3,733,973	3,733,973	10,755,402
Supported living		4,787	16,996,498	17,001,285	14,474,786
Outreach services		-	2,538,692	2,538,692	4,433,315
Supported employment & day opportunities		72,864	884,108	956,972	1,230,595
Social enterprises		-	283,588	283,588	350,229
Housing		-	468,937	468,937	455,764
<i>Governance costs</i>		-	80,604	80,604	105,929
Total resources expended	4	77,651	24,986,400	25,064,051	31,806,020
Net movement in funds	5	(25,183)	301,746	276,563	785,455
Total funds brought forward		56,209	6,213,407	6,269,616	5,484,161
Total funds carried forward		31,026	6,515,153	6,546,179	6,269,616

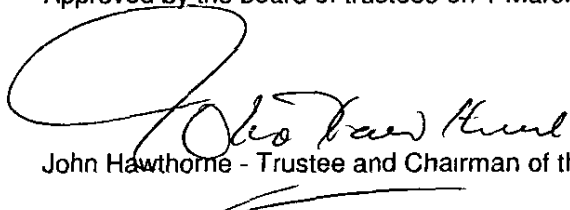
All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 15 to the financial statements.

Affinity Trust - Company Number 6893564

Balance sheet as at 30 September 2011

	Note	£	2011 £	2010 £
Fixed assets				
Housing properties	8		3,558,113	3,989,693
Other tangible fixed assets	9		<u>95,704</u>	<u>123,883</u>
Total fixed assets			3,653,817	4,113,576
Current assets				
Stocks	10	110,261		83,048
Debtors	11	2,497,319		2,280,718
Short term deposits		800,000		-
Cash at bank and in hand		<u>2,601,705</u>		<u>2,966,675</u>
Total current assets		6,009,285		5,330,441
Liabilities				
Creditors amounts due within one year	12	<u>1,729,070</u>		<u>1,639,977</u>
Net current assets			4,280,215	3,690,464
Total assets less current liabilities			7,934,032	7,804,040
Creditors: amounts due after more than one year	13		<u>1,387,853</u>	<u>1,534,424</u>
Net assets	14		<u>6,546,179</u>	<u>6,269,616</u>
Funds				
Restricted funds	15		31,026	56,209
Unrestricted income funds				
Designated funds	15		2,732,049	2,768,997
General funds	15		<u>3,783,104</u>	<u>3,444,410</u>
Total funds			<u>6,546,179</u>	<u>6,269,616</u>

Approved by the board of trustees on 1 March 2012 and signed on its behalf by



John Hawthorne - Trustee and Chairman of the Finance and Audit panel

Affinity Trust

Cashflow statement for the Year Ended 30 September 2011

	12 months to 30 September 2011	17 months to 30 September 2010
	£	£
Net cash flow from operating activities	468,772	985,775
Returns on investments and servicing of finance		
Interest received	25,790	12,742
Interest paid	<u>(15,459)</u>	<u>(26,777)</u>
Net cashflow from investments and servicing of finance	10,331	(14,035)
Capital expenditure		
Payments to acquire tangible fixed assets	(44,073)	(100,366)
Receipts from sale of fixed assets	<u>143,415</u>	<u>1,125</u>
	99,342	(99,241)
Financing		
Repayment of loans	(143,415)	(199,113)
	<u>435,030</u>	<u>673,386</u>

Reconciliation of net incoming resources to net cash flow from operating activities

	2011 £	2010 £
Net movement in funds	276,563	785,455
Interest received	(25,790)	(12,742)
Interest paid	15,459	26,777
Depreciation	328,969	251,443
Loss/(profit) on disposal of fixed assets	31,448	(1,125)
(Increase)/decrease in stock	(27,213)	994
(Increase)/decrease in debtors	(216,601)	783,387
Increase/(decrease) in creditors	<u>85,937</u>	<u>(848,414)</u>
	<u>468,772</u>	<u>985,775</u>

Affinity Trust**Cashflow statement****For the year ended 30 September 2011****Analysis of changes in net debt**

	At 1 October 2010 £	Cash flow £	Other Changes	At 30 September 2011 £
Cash and short term deposits.				
Cash in hand and at bank	2,966,675	(364,970)	-	2,601,705
Short term deposits	-	800,000	-	800,000
	<u>2,966,675</u>	<u>435,030</u>	<u>-</u>	<u>3,401,705</u>

Analysis of changes in debt

	At 1 October 2010 £	Cash flow £	Other changes £	At 30 September 2011 £
Debt				
Debt due within one year	(143,421)	143,421	(146,577)	(146,577)
Debt due after one year	<u>(1,534,424)</u>	<u>(6)</u>	<u>146,577</u>	<u>(1,387,853)</u>
	<u>(1,677,845)</u>	<u>143,415</u>	<u>-</u>	<u>(1,534,430)</u>
Total	<u>1,288,830</u>	<u>578,445</u>	<u>-</u>	<u>1,867,275</u>

Affinity Trust

Notes to the Financial Statements for the year ended 30 September 2011

1. Accounting policies

- a) The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 2006. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities.
- b) Income from charges to people supported, local authority fees and the social enterprise is recognised as it is earned. Voluntary income is received by way of donations and gifts and is included in full in the statement of financial activities when receivable.
- c) Revenue grants are credited to the statement of financial activities when received or receivable whichever is earlier, unless they relate to a specific future period, in which case they are deferred.
- d) Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered.

Resources expended are allocated directly to each activity area if the cost relates directly to that activity. Central support costs are allocated on the basis of staff costs for each activity.

Governance costs include the management of Affinity Trust's assets, organisational management and compliance with constitutional and statutory requirements.

- e) Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life on a straight line basis. The depreciation rates in use are as follows:

Freehold property	nil
Property alterations	10%
Cars	33%
Office equipment	10% - 50%

Items of equipment are capitalised where the individual purchase price exceeds £2,000.

- f) No depreciation is provided on freehold housing property because the company has a policy to maintain the properties to a high standard through a continuing programme of refurbishment and maintenance. Consequently the lives of the properties and their residual values are such that any depreciation charge would be immaterial.

An annual impairment review is undertaken in accordance with Financial Reporting Standard 11 - Impairment of fixed assets and goodwill. When the carrying amount of the asset is higher than the recoverable amount the asset is written down.

Alterations made to freehold property are depreciated over 10 years.

Affinity Trust

Notes to the Financial Statements for the year ended 30 September 2011

1. Accounting policies (continued)

- g) Stocks of goods held for resale are stated at the lower of cost and net realisable value, after making due allowance for obsolete or damaged goods. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation.
- h) 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 together with a fair allocation of support costs.
- i) Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.
- j) Designated funds are unrestricted funds earmarked by the board of trustees for particular purposes.
- k) Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of financial activities in the year in which they fall due.
- l) Affinity Trust operates a defined contribution pension scheme. The assets of the scheme are held separately from those of Affinity Trust in an independently administered fund. The pension cost charge represents contributions payable under the scheme by Affinity Trust to the fund. Affinity Trust has no liability under the scheme other than for the payment of those contributions.

Certain employees are members of the NHS Pension Scheme, a defined benefit scheme. The company makes contributions on behalf of employees who are members in accordance with the requirements of the scheme. Other than those contributions there is no additional liability to Affinity Trust in respect of the scheme. See details in note 18.

- m) Amounts due back to the Berkshire Health Authority and the South West Surrey Health Authority are accounted for at the amount of grant initially awarded to Affinity Trust.

The payment of interest accrued on these grants is contingent on Affinity Trust intending to sell the properties purchased with the grants. The accrued interest is therefore disclosed as a contingent liability. The substance of the agreements Affinity Trust has with the health authorities is for the health authorities to receive their share of the increase in the value of the properties.

2. Incoming resources from generated funds

			12 months to 30 Sept 2011	17 months to 30 Sept 2010
	Restricted £	Unrestricted £	Total £	Total £
Bank interest	-	25,790	25,790	12,742

Affinity Trust

Notes to the Financial Statements for the year ended 30 September 2011

3. Incoming resources from charitable activities

			12 months to 30 Sept 2011 Total £	17 months to 30 Sept 2010 Total £
	Restricted £	Unrestricted £		
<u>Shared Living</u>				
Local authorities	-	4,110,519	4,110,519	11,176,211
Contributions from the people we support	-	42,262	42,262	151,561
Grants and donations	-	3,588	3,588	590
	-	4,156,369	4,156,369	11,328,362
<u>Supported Living</u>				
Local authorities	-	16,471,887	16,471,887	13,715,202
Supporting people	-	387,377	387,377	797,503
Contributions from the people we support	-	369,136	369,136	468,393
	-	17,228,400	17,228,400	14,981,098
<u>Outreach services</u>				
Local authorities	-	1,894,422	1,894,422	3,260,506
Supporting people	-	202,654	202,654	459,095
Contributions from the people we support	-	202,530	202,530	357,643
	-	2,299,606	2,299,606	4,077,244
<u>Supported employment & day opportunities</u>				
Local authorities	-	811,591	811,591	1,051,653
Contributions from the people we support	-	149,053	149,053	198,286
Grants and donations	52,468	-	52,468	64,723
	52,468	960,644	1,013,112	1,314,662
<u>Social enterprises</u>				
Trading sales	-	295,606	295,606	385,505
Grants and donations	-	-	-	325
	-	295,606	295,606	385,830
<u>Housing</u>				
Local authorities	-	191,776	191,776	288,884
Housing benefit	-	129,955	129,955	201,528
	-	321,731	321,731	490,412
<u>Other charitable incoming resources</u>				
Profit on disposal of fixed asset	-	-	-	1,125
	52,468	25,262,356	25,314,824	32,578,733

Affinity Trust

Notes to the financial statements

For the year ended 30 September 2011

4. Total resources expended

	Shared living £	Supported living £	Outreach services £	Day opportunities £	Social enterprises £	Housing £	Governance costs £	Support costs £	12 months to 30 Sept 2011 £	17 months to 30 Sept 2010 Total £
Staff costs	2,939,543	14,311,899	2,023,602	669,644	90,449	25,599	45,869	1,152,292	21,258,897	26,658,944
Training	82,834	397,052	50,474	19,229	2,064	-	1,125	49,603	602,381	579,264
Recruitment	10,882	70,521	12,058	3,781	749	-	7,728	76,768	182,487	268,750
Insurance	17,241	77,228	11,038	4,477	596	318	371	7,512	118,781	340,793
Transport and travel costs	111,917	219,606	80,341	37,794	1,790	1,896	13,437	57,858	524,639	743,025
Property related costs	74,503	207,238	75,218	116,698	42,264	432,200	1,270	143,246	1,092,637	1,365,579
Office costs	34,463	127,644	70,683	15,115	7,305	812	1,184	215,468	472,674	543,461
Fees payable	15,061	64,717	10,303	1,955	4,273	5,500	5,108	123,784	230,701	405,578
Sundries	13,545	1,674	-	-	837	283	339	(1,662)	15,016	18,597
Trading purchases	-	-	-	-	124,250	-	-	-	124,250	152,104
Activities	48,299	69,190	13,805	23,391	-	-	-	-	154,685	238,588
Food and household goods	118,239	152,390	7,058	3,962	782	-	-	4,472	286,903	491,337
Total resources expended	3,466,527	15,699,159	2,354,580	896,046	275,359	486,608	76,431	1,829,341	25,064,051	31,806,020
Apportionment of support costs	267,446	1,302,126	184,112	60,926	8,229	2,329	4,173	(1,829,341)	-	-
Total resources expended	3,733,973	17,001,285	2,538,692	956,972	283,588	488,937	80,604	-	25,064,051	31,806,020

Support costs are apportioned in ratio to the staff costs for resources expended

Affinity Trust

Notes to the financial statements for the year ended 30 September 2011

5. Net incoming resources for the year

This is stated after charging	12 months to 30 Sept 2011 £	17 months to 30 Sept 2010 £
Interest payable on long term loans	15,459	26,777
Depreciation	328,969	251,443
Loss/(profit) on disposal of fixed assets	31,448	(1,125)
Board of trustees' remuneration	38,115	48,648
Board of trustees' expenses	13,437	16,003
Auditors' remuneration		
▪ Audit in current period	19,560	20,000
▪ Under accrual in prior year	-	-
▪ Other services	-	662
Operating lease rentals		
▪ Property	230,468	360,168
▪ Other	55,457	87,141

Board members are paid £3,713 each per annum (2010 £3,713) and the Chairman is paid £5,835 (2010 £5,835) for their contribution to the organisation

Travel and subsistence expenses were incurred on behalf of 12 trustees in the course of their duties

Affinity Trust holds professional indemnity insurance which includes indemnity for members of the board of trustees and officers. This policy also includes fidelity guarantee insurance

Affinity Trust

Notes to the financial statements for the year ended 30 September 2011

6. Staff costs and numbers

	12 months to 30 Sept 2011 £	17 months to 30 Sept 2010 £
Salaries and wages	18,632,395	23,197,195
Social security costs	1,531,231	1,949,531
Pension contributions	404,608	609,169
Other staff costs	690,662	903,059
	<u>21,258,896</u>	<u>26,658,954</u>

The number of staff positions earning more than £60,000 pa was

	12 months to 30 Sept 2011 No.	17 months to 30 Sept 2010 No
£60,000 - £70,000	1	2
£70,000 - £80,000	1	-
£80,000 - £90,000	-	1
£90,000 - £100,000	1	-
	<u>1</u>	<u>-</u>

Pension contributions in respect of the above employees totalled £13,138 for 12 months (2010 £11,973 for 17 months)

The average weekly number of employees (full-time equivalent) during the period was as follows

	12 months to 30 Sept 2011 No.	17 months to 30 Sept 2010 No
Shared living	170.9	216.9
Supported living	448.2	326.1
Outreach services	107.1	104.2
Supported employment & day opportunities	39.2	33.8
Social enterprises	3.8	4.1
Housing	0.5	0.5
Support	66.6	62.4
	<u>836.3</u>	<u>748.0</u>

7 Taxation

Affinity Trust is exempt from Corporation Tax as its income is charitable and is applied to charitable purposes

Affinity Trust

Notes to the financial statements for the year ended 30 September 2011

8. Tangible Fixed Assets

Housing Assets Owned Outright			
	Freehold property £	Alterations £	Totals £
Cost			
At the start of the year	2,186,106	293,950	2,480,056
Disposals	(285,000)	-	(285,000)
At the end of the year	1,901,106	293,950	2,195,056
Depreciation			
At the start of the year	115,000	134,220	249,220
Disposals	(115,000)	-	(115,000)
Charge for the year	-	27,395	27,395
At the end of the year	-	161,615	161,615
Net book value			
At the end of the year	1,901,106	132,335	2,033,441
At the start of the year	2,071,106	159,730	2,230,836

Other Housing Assets			
	Freehold property £	Alterations £	Totals £
Cost			
At the start and end of the year	1,370,000	441,883	1,811,883
Depreciation			
At the start of the year	-	53,026	53,026
Charge for the year	190,000	44,185	234,185
At the end of the year	190,000	97,211	287,211
Net book value			
At the end of the year	1,180,000	344,672	1,524,672
At the start of the year	1,370,000	388,857	1,758,857

Housing assets which are the subject of a legal charge in favour of the Secretary of State are shown separately from those which are owned outright by Affinity Trust. An impairment provision of £190,000 was made in the year to reflect a permanent diminution in the net realisable value of these housing assets.

Total Housing Assets			
	Freehold property £	Alterations £	Totals £
Net book value			
At the end of the year	3,081,106	477,007	3,558,113
At the start of the year	3,441,106	548,587	3,989,693

Affinity Trust

Notes to the financial statements for the year ended 30 September 2011

9. Other tangible fixed assets

	Cars and office equipment		
	Cars £	Office equipment £	Totals £
Cost			
At the start of the year	144,192	188,111	332,303
Additions in year	40,056	4,017	44,073
Disposals in year	(40,156)	-	(40,156)
At the end of the period	<u>144,092</u>	<u>192,128</u>	<u>336,220</u>
Depreciation			
At the start of the year	107,779	100,641	208,420
Charge for the year	21,302	46,087	67,389
Disposals in the year	(35,293)	-	(35,293)
At the end of the period	<u>93,788</u>	<u>146,728</u>	<u>240,516</u>
Net book value			
At the end of the year	<u>50,304</u>	<u>45,400</u>	<u>95,704</u>
At the start of the year	<u>36,413</u>	<u>87,470</u>	<u>123,883</u>

10. Stocks

	2011 £	2010 £
Stocks held at Englefield Garden Centre	<u>110,261</u>	<u>83,048</u>

11. Debtors

	2011 £	2010 £
Trade debtors	1,805,570	1,687,432
Other debtors	4,891	14,063
Prepayments and accrued income	<u>686,858</u>	<u>579,223</u>
	<u>2,497,319</u>	<u>2,280,718</u>

Affinity Trust

Notes to the financial statements for the year ended 30 September 2011

12. Creditors : amounts due within one year

	2011 £	2010 £
Bank loans	146,577	143,421
Trade creditors	153,463	131,663
Taxation and social security	507,721	478,254
Other creditors	81,157	225,845
Accruals and deferred income	538,865	363,926
Variable pay accrual	301,287	296,868
	<u>1,729,070</u>	<u>1,639,977</u>

13. Creditors . amounts due after one year

	2011 £	2010 £
Bank loans	570,178	716,749
Repayable grants		
Berkshire Health Authority	66,375	66,375
South West Surrey Health Authority	751,300	751,300
	<u>1,387,853</u>	<u>1,534,424</u>

Bank loans are secured by first mortgages held by the Bank of Scotland and Nat West plc on Affinity Trust's properties. Interest is accruing on the Nat West loan at a rate of 1.25% above base rate. Interest is accruing on the Bank of Scotland loans at a rate of 2% above base rate.

Amounts owed to the Secretary of State for Health are secured by a second charge on the properties shown as Other Housing Assets in note 8. The amounts owed were used to fund the balance of the purchase price of properties, alterations and fixtures and fittings over sums advanced by the Bank of Scotland.

Any ultimate sale proceeds from these houses will be used to repay the Secretary of State for Health to a maximum of the original input in addition to rolled up compound interest of four percent above bank base rate. The maximum amounts repayable will not exceed the sale proceeds after settlement of sums due to the Bank of Scotland.

Maturity of total debt is as follows

Maturity of total debt is as follows

	2011 £	2010 £
In one year or less	146,577	143,421
Between one and two years	193,073	146,577
Between two and five years	199,908	258,541
Over five years	994,872	1,129,306
	<u>1,534,430</u>	<u>1,677,845</u>

Affinity Trust

Notes to the financial statements for the year ended 30 September 2011

14. Analysis of net assets between funds

	Restricted funds £	Designated funds £	General funds £	Total funds £
Tangible fixed assets	-	3,653,817	-	3,653,817
Net current assets	31,026	466,085	3,783,104	4,280,215
Creditors due after more than one year	-	(1,387,853)	-	(1,387,853)
Net assets at the end of the period	31,026	2,732,049	3,783,104	6,546,179

15. Movements in funds

	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers £	At the end of the year £
Restricted funds:					
Big Lottery	20,987	42,877	(63,864)	-	-
Thames and Chiltern Trust	24,149	-	(1,409)	-	22,740
Scottish Executive	4,787	-	(4,787)	-	-
LDPB Fund	-	1,515	(1,515)	-	-
Pauline Yemm	-	110	(110)	-	-
Hereford LDP	-	5,966	(5,966)	-	-
Zurich Community Trust	-	2,000	-	-	2,000
Keymed	6,286	-	-	-	6,286
Total restricted funds	56,209	52,468	(77,651)	-	31,026

Purposes of restricted funds

Big Lottery A revenue grant was received to support the work of the supported employment project Contact

Thames and Chiltern Trust At the winding up of the Thames and Chiltern Trust, a separate registered charity, the balance held was transferred and is held for a specific project in the south of England

Scottish Executive A grant was received for training and staff development in Scotland

LDPB Fund. A grant was received from Herefordshire County Council to provide sporting opportunities, recreation and employment opportunities for people with learning disabilities

Pauline Yemm: A donation was received for trips and outings for people we support

Hereford LDP: Funding was obtained from Herefordshire Council to support the production of a DVD aimed at promoting fitness for people with learning disabilities

Zurich Community Trust. A grant was received to facilitate the establishment of a learning disability hockey section in Cheltenham

Keymed: A grant was awarded to enable breaks for carers

Affinity Trust

Notes to the financial statements for the year ended 30 September 2011

15. Movements in funds (continued)

	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers £	At the end of the year £
Unrestricted funds.					
<i>Designated funds</i>					
Property improvement	118,070	-	(24,952)	-	93,118
Property fund	2,311,848	-	(290,346)	2,181	2,023,683
Other tangible fixed assets	123,883	-	(70,071)	41,892	95,704
Project management fund	196,647	-	(115,068)	271,000	352,579
Systems development fund	-	-	-	131,000	131,000
Assistive technology fund	-	-	-	20,000	20,000
Change of legal status	18,549	-	(2,584)	-	15,965
<i>Total designated funds</i>	2,768,997	-	(503,021)	466,073	2,732,049
General funds	3,444,410	25,288,146	(24,483,379)	(466,073)	3,783,104
Total	6,213,407	25,288,146	(24,986,400)	-	6,515,153
Total funds	6,269,616	25,340,614	(25,064,051)	-	6,546,179

Purposes of designated funds

Property Improvement This fund has been set aside for major repairs of properties

Property fund: This fund is set aside to account for the net assets held as property and the outstanding loans/repayable grants due on the property. The annual property depreciation expense is charged to the fund, and net loan repayment is transferred into the fund.

Other tangible fixed assets: This fund is set aside to account for the fixed assets held excluding properties. The annual depreciation expense is charged to this fund.

Project management fund: This fund has been set aside to provide resources to manage growth and planned changes in the organisation. Additional funds were transferred in the year to support the set up of new specialist services and manage other new large contracts.

Systems development fund: This fund was set up in the year to provide for the set up of new operational systems to assist the organisation monitor and measure quality and performance.

Assistive technology fund: This fund was set up to promote the introduction of assistive technology within services for the benefit of people supported and where funds are not available to meet the cost of the technology.

Change of legal status: Due to the requirements of the new Charities Act 2006, TACT decided to transmute to a private limited company and to register as a charity. This fund is to cover the costs of that registration, the change in legal status to a limited company and the costs arising out of that. Further regulatory and legal costs may still be incurred.

Affinity Trust

Notes to the financial statements for the year ended 30 September 2011

16. Operating lease commitments

Affinity Trust had annual commitments at the period end under operating leases expiring as follows

	Land & Buildings		Other items	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	£	£	£	£
Less than 1 year	33,720	40,200	25,842	29,821
1 - 2 Years	20,000	25,901	41,272	15,152
2 - 5 Years	183,370	24,600	8,036	44,086
Over 5 years	10,800	134,693	-	-
	<u>247,890</u>	<u>225,394</u>	<u>75,150</u>	<u>89,059</u>

17. Contingent liability

Affinity Trust has a contingent liability with regard to grants used to purchase nine properties Affinity Trust will be liable to pay the interest accrued on grants from the Berkshire Health Authority and the South West Surrey Health Authority when a decision is made to sell the properties

The substance of the agreements Affinity Trust has with the health authorities is for the health authorities to retain ownership over any change in the value of the properties and consequently the interest paid is offset against the sale proceeds

At 30 September 2011, the contingent liability due to the health authorities in the event of Affinity Trust selling all of the properties is

	30 Sept 2011	30 Sept 2010
	£	£
Berkshire Health Authority	270,524	256,016
South West Surrey Health Authority	<u>2,828,530</u>	<u>2,674,375</u>
	<u>3,099,054</u>	<u>2,930,391</u>

Affinity Trust

Notes to the financial statements for the year ended 30 September 2011

18. Defined benefit pension scheme

NHS Pension Scheme

The NHS Pension Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. As a consequence it is not possible for Affinity Trust to identify its share of the underlying scheme.

The NHS Pension Scheme is an unfunded scheme under which contributions for employees and employers are paid to the Exchequer which in turn meets the cost of paying benefits as and when they fall due. In order to assess an appropriate contribution cost historically there has been an associated notional fund of assets deemed to be invested in UK Government stocks.

The latest report on the scheme was dated December 2007 based on an actuarial investigation as at 31 March 2004. This has been a period of significant change for the NHSPS:

- a) the scheme has assumed responsibility for paying pensions increases which were previously met from the Consolidated Fund
- b) the financial arrangements for the scheme has moved to the SCAPE methodology
- c) the nature of assets attributed to the notional fund of the scheme has been changed and their amount has been reassessed to take account of a) and b) above
- d) changes in the structure of the scheme's benefits and contributions planned to take effect from 1 April 2008 including a new scheme for new entrants has been accepted by ministers

Notional assets of the scheme at 31 March 2004 were £123.7 bn and employers' contribution were payable at 14% of pensionable pay. The next valuation will be as at 31 March 2008.

Liabilities of the scheme at 31 March 2004 were £127 bn. This is mainly due to transfer of liability for pension increases previously met by the Exchequer now being met by the scheme.

The proposed changes to the scheme are expected to reduce both the value of the accrued liabilities and the build up of future liabilities and maintain employer contribution at the current level of 14%.

Employers' pension contribution costs are applied to resources expended as and when they become due. Employer contribution rates are reviewed every four years following a scheme valuation carried out by the Government Actuary. On advice from the Actuary the contribution may be varied from time to time to reflect changes in the Scheme's liabilities. In 2011 employers paid 14% (2010 - 14%). The total employer contribution payable in the 12 month period to 30 September 2011 was £366,659 (2010 - £476,073 for 17 months). Employees pay contributions of 6.5% (manual staff 5%) of their pensionable pay.

18. Defined benefit pension scheme (continued)

NHS Pension Scheme (continued)

The scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th of the best of the last three years' pensionable pay for each year of service. A lump sum normally equivalent to 3 years' pension is payable on retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

Early payment of a pension, with enhancement, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension (subject to certain conditions) for death after retirement, is payable.

The scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies. Under the arrangement Affinity Trust can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made.