

Company number: 6893564

Charity number: 1139891

OSCR No. SC043881

Affinity Trust

Report and Financial Statements

30 September 2015



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Affinity Trust

Reference and administrative details

For the year ended 30 September 2015

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 and with the Office of the Scottish Charity Regulator (OSCR) on 21 March 2013.	
Company number	6893564	
Charity number	1139891	
OSCR number	SC043881	
Governing document	The organisation is governed by its 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	
Senior Management Team	L Sowerby P Middlewood C Brooks V Niesh D Leedham S Baker	Chief Executive and Company Secretary Development Director Finance Director Director of Operations and Quality Director of Operations and Quality Human Resources Director
Trustees	M Thomas K Cameron C Gabriel J Hawthorne M Moody A Taylor A Anketell Dr S Ross T Tamblyn D Walden I Robertson	Chairman Vice Chairman, and Chair of the Remuneration Committee and Asset Allocation Committee Chair of the Quality Committee Chair of the Finance and Audit Panel (resigned 2 July 2015)

Affinity Trust

Reference and administrative details

For the year ended 30 September 2015

Bankers	Bank of Scotland	Nat West	Barclays
	Phase 2	Willow Court	Wytham Court
	Canons House	Minns Business Park	11 West Way
	Canons Way	7 West Way	Oxford
	Bristol	Oxford	OX2 0JB
	BS99 7LB	OX2 0JB	
Investment Manager	Coutts		
	120 High Street		
	Oxford		
	OX1 4DF		
Solicitors	Laytons LLP		
	2 More London Riverside		
	London		
	SE1 2AP		
Auditors	Sayer Vincent LLP		
	Chartered accountants and statutory auditors		
	Invicta House		
	108–114 Golden Lane		
	London		
	EC1Y 0TL		

Affinity Trust

Report of the Board of Trustees

For the year ended 30 September 2015

The Board of Trustees presents its report and the audited financial statements for the year ended 30 September 2015.

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 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 and is registered with the Charity Commission and OSCR. It is managed by a Board of Trustees, who are the directors of the company, and who serve fixed terms of office. The company was established and is governed by its articles of association which establish the objects and powers of the company.

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 of Trustees considers how planned activities will contribute to the aims and objectives that have been set.

Recruitment of new Trustees takes place through a formal open recruitment process. A formal induction process for new Trustees is in place which includes the visiting of services delivered and meeting all levels of staff. Annual appraisals are conducted for individual Trustees.

The Board of Trustees has established a number of Committees which receive more detailed information and provide greater scrutiny of their designated areas than would be possible by the Board itself. However, the Board continues to receive regular reports and information concerning these areas. The Committees are:

The Finance and Audit Panel which meets six times a year and reviews management accounts, draft financial statements, budgets and forecasts, compliance with financial regulations, appointment of auditors, bankers and other external service providers, financial risk assessments, the Treasury Management and Investment Policy and Reserves Policy;

The Asset Allocation Committee which meets twice a year to review and monitor non-cash investments in accordance with the risk tolerance set out in the Treasury Management and Investment Policy; and

The Quality Committee which meets three times a year to review quality assurance of support services, safeguarding, health and safety, staff training and other areas relating to and affecting the quality of support which is delivered.

The Finance and Audit Panel consists of five Trustees one of whom is the Chair as an ex-officio member, the Quality Committee and the Asset Allocation Committee each consist of four Trustees including the Chair of the Board as an ex-officio member. All Committees are attended by members of the Senior Management Team.

The salaries and benefits of the senior management group are determined by the Remuneration Committee which is comprised of three Trustees and meets annually. Trustees' remuneration is reviewed and determined by an independent panel.

Affinity Trust

Report of the Board of Trustees

For the year ended 30 September 2015

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

Mission statement

To enable people with learning disabilities to pursue 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, two Directors 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.

The seven divisions and their related County (or unitary) councils for whom we provide services are:-

East – Cambridgeshire, Bedfordshire and Peterborough City Council

East Anglia – Norfolk, Suffolk and Essex

North - West Yorkshire, South Yorkshire, and Tameside MBC

Scotland - South Ayrshire, Argyll and Bute

South – West Berkshire, Hampshire, Oxfordshire, Wokingham BC and Surrey

South East - Kent and East Sussex

Midlands - Leicestershire, Sandwell MBC, Herefordshire and Staffordshire.

The main activities of the organisation have been the provision of: -

Supported living - providing personalised support for people living in their own home. The levels of support are substantial but flexible to meet the needs of the individual. Increasingly, the emphasis on support is more towards people who have more complex and specialist needs, for example people with a dual diagnosis of mental health and learning disability, learning disability with autism and/or people who challenge.

Outreach - providing smaller amounts of support on a flexible basis.

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

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

Housing - Affinity Trust owns a number of properties, most of which provide accommodation for people in our supported living services.

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

Affinity Trust

Report of the Board of Trustees

For the year ended 30 September 2015

The main source of funding for the organisation is Local Government contractual income, and to a much lesser extent income from the NHS and also Central Government through Supporting People funding and contributions from the people we support (as shown in Note 3). These funding sources directly contribute towards the overall objectives of the organisation (providing high quality and safe support and supporting a greater number of people) as the income is used to fund the resources (staff, managers, training costs, travel and transport costs etc) required to operate each particular support contract.

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. The annual Business Plan is communicated to managers by the Senior Management Team either at divisional meetings or at the annual Managers Conference.

Strategic Report

At the start of the year ended 30 September 2015, the Board of Trustees reviewed the key aims and objectives for the organisation and set them out in a Strategic Plan. The Strategic Plan identified three overarching key objectives for the organisation - i) Provide high quality, person centred, safe support; ii) Provide skilled and engaged staff iii) Support an increased number of people.

During the year the Board of Trustees 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 managed during the year were:

- Local Authority planned reductions in spending
- Potential loss of high value contracts
- Difficulties in recruiting and retaining staff and managing staff absence
- The risk of a serious incident involving staff/people supported
- The implications of the new CQC inspection regime

The Board of Trustees 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.

The main achievements during the year were:-

- An increase in annual income from charitable activities to £41.6m (from £37.8m in the prior year)
- Continued growth in the number of people we support through both local referrals and award of new contracts, with support packages for 90 new people awarded with an annual contract value of c £4.4m.
- Further development of the Carista operational IT system to deliver improved processes for Learning and Development, Restrictions/Deprivation Of Liberty and supporting people with their personal finances
- An increase in total reserves from £8.6m to £10.2m.
- 18 new framework places gained including 6 specialist frameworks
- Stability in the average number of staff absence days
- Improved housing policies and better quality of repairs and maintenance work following outsourcing of this function to the Salvation Army Housing Association

Affinity Trust

Report of the Board of Trustees

For the year ended 30 September 2015

The organisation has continued to expand its services across England and Scotland and was successful in securing a significant new service in Tameside, Greater Manchester in July 2015 for 27 people which has been successfully integrated into our North division. In Scotland we continued to grow in Cowal and Bute, increasing the number of people we support by 8, including a service with supported living accommodation on the Isle of Bute. In our Midlands division, we have worked closely with our commissioning partners in Leicestershire to establish a 4 person service in Blaby, which consists of two short term accommodation flats and two permanent supported living flats which opened in early January 2016. A property was acquired by Affinity Trust for this purpose, with assistance from a Central Government grant, and has been renovated to a high standard, including the capacity for Assistive Technology. In our Midlands division we also opened a number of new services in Staffordshire and Leicestershire.

In total, Affinity Trust now supports c. 850 people in communities across England and Scotland with support arrangements which range from a few hours per month to "24/7" intensive support. During the year we have worked with a number of Local Authorities to bring people back to their home towns and counties and live in their local communities, and a key part of our ethos is also to help support people to live in their own homes.

Financial review

For the year ended 30 September 2015 Affinity Trust achieved a surplus of £1.6m being 3.7% on all its activities. There was a growth in income from operational activities of approximately 10% due to the impact of the new services described above.

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

- Income, costs and surplus comparisons to budget and prior year and forecasts;
- Staff turnover and absence management;
- Payroll and agency staff costs, trend and comparison to targets;
- Aged debtor management
- Cash balances

In addition to the growth in income from new services, there was also a significant exceptional gain on disposal following the disposal of an empty property of c £1.1m. The combined impact of the growth in income and the property gain lead to an increase in the overall surplus in the year which has been transferred to reserves. Staff turnover remains a challenging area for the broader sector, with staff turnover rates increasing generally. Staff turnover at Affinity Trust was approximately 3% higher than the previous year. The property disposal gain together with other underlying cost savings enabled the organisation to make a one-off pay award to staff in September 2015. Due to pressures/funding cuts the company regrettably did not feel able to make any consolidated award to staff this year. Agency costs were higher than the previous year, and this is linked in part to the staff turnover performance referred to above. Debtor management continues to be an area of ongoing significant success, with levels of > 90 day debts typically less than 10% of total debtors and debtor days around 30.

In relation to our property assets, as referred to above Affinity Trust purchased a property in Blaby, Leicestershire in April 2015 to provide supported living accommodation for people coming out of assessment and treatment units. This property has been the subject of substantial alterations and refurbishment. In addition to this purchase, two properties which were surplus to operational requirements were disposed of and a further existing property in Cambridgeshire was the subject of a major refurbishment programme. Planned and responsive maintenance activities were also

Affinity Trust

Report of the Board of Trustees

For the year ended 30 September 2015

outsourced to the Salvation Army Housing Association during the year as part of our strategy to provide improved quality and in particular more reliable response times.

The Board has reviewed the reserves policy and confirmed the need to hold reserves to meet all creditor obligations as they fall due and to meet future expenditure for which no liability currently exists. A level of reserves equivalent to one month's net payroll expenditure (c £2m) is always required to ensure staff payroll commitments are always met, as staff are typically paid in advance of Local Authorities paying for the support provided. The current level of cash backed reserves (including investments, which are held for the long term but are in effect "liquid" assets) is £5.7m and the organisation is well placed as it enters the new financial year.

Total designated funds are £3.3m. The majority (£2.3m) 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 is designated reserves for a series of projects that the organisation intends to invest in and these project funds will mostly be expended within the next 12 months.

Currently cash funds not immediately required for working capital are held as fixed short term (less than one year) fixed interest bank deposits. This position is reviewed regularly and decisions as to alternative investments are considered by the Board when considered necessary. Cash balances are held across three different banks to reduce the organisation's overall financial risk in the event of a banking sector failure.

Investment policy

Affinity Trust's investment policy is documented within the Treasury Management and Investment Policy, which is reviewed annually by the Asset Allocation Committee. To summarise the policy, a widely diversified investment portfolio is established within which a range of investments across the whole risk spectrum from high to low may be held with the expectation that there will be no concentration of assets at the high or low end of the risk spectrum at any point in time. The Asset Allocation Committee is responsible for determining a suitable investment strategy using this approach. The objective is to invest the portfolio to provide a return that exceeds the real (inflation adjusted) value of capital over the longer term. The portfolio is well diversified and avoids over dependence on individual companies, industry sectors, geographic markets or asset classes. In managing the investments, Affinity Trust expects its fund manager to actively manage currency risk, credit risk and counter-party risk. In order to manage inflation risk, Affinity Trust follows an investment strategy that contains a reasonable proportion of equities and real assets.

Affinity Trust reserves the right to ask its fund manager to dispose of any collective investment where it is felt that the funds represent a conflict with Affinity Trust's values.

During the year, a further £1m was transferred from cash balances to the Coutts investment portfolio. Towards the end of the financial year global stock markets suffered from financial uncertainties in the Chinese economy, and as a result equity indexes fell in emerging markets, Europe and the UK. As a result the overall valuation of the investment portfolio fell during the financial year with an unrealised loss of £179,560 reported within the Statement of Financial Activities. This is considered to be well within the normal range of cyclical economic and market movements and markets had partially recovered by the end of December and the portfolio valuation had increased to £2.4m. The investments are made for the long term and short term reductions in value do not currently present a concern.

Report of the Board of Trustees

For the year ended 30 September 2015

Plans for the future

The Strategic Plan for 2015-17 is set out in the form of a Strategy Map and Balanced Scorecard. The Strategy Map shows our objectives against four different perspectives; i) what is required by the people we support and the Local Authorities who purchase our services; ii) the Capacities or capabilities we need to deliver the objectives; iii) the Learning and Development activities needed within the organisation to deliver the Capacities and iv) the Resources required to make all of these things happen.

The Balanced Scorecard takes each of the objectives and sets out i) the Indicators which we will use to monitor progress against each objective; ii) Targets which quantify the level of achievement required and iii) Initiatives which set out the work we need to do to deliver each objective.

The key objectives identified for the period 2015-2017 are:

- Provide high quality, person centred, safe support
- Support more people
- Provide skilled and engaged staff
- To deliver high quality and continuous improvement
- Demonstrate excellence and value for money
- The right people with the right skills and values in the right jobs
- Increase contracts in existing markets, and explore new markets
- Budgets to adequately resource staff training
- Data on quality standards and processes to generate improvement
- Training and support which translates values into positive interactions/attitudes
- Infrastructure and IT which supports growth based on quality
- Surplus to invest in organisational development and management information

Detailed initiatives, indicators and KPIs have been established to deliver the above objectives.

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 including the Strategic Report 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 Board of Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company, for the year. In preparing these 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.

Affinity Trust

Report of the Board of Trustees

For the year ended 30 September 2015

The Board of Trustees is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable it to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). It 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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the Board of Trustees is aware: there is no relevant audit information of which the charitable company's auditors are unaware; and the Board of Trustees has taken all steps that it ought to have taken to make Trustees aware of any relevant audit information and to establish that the auditors are aware of that information.

Guarantees

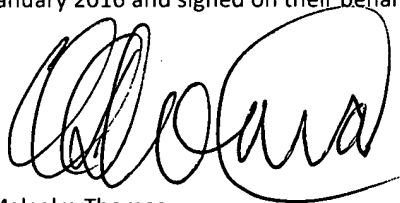
Members of the company guarantee to contribute an amount not exceeding £1 to the assets of the company in the event of winding up. The total number of guarantees at 30 September 2015 was 20 (2014 - 20).

Members of the Board of Trustees have no beneficial interest in the organisation.

Auditors

Sayer Vincent LLP were re-appointed as the charitable company's auditors during the year and have expressed their willingness to continue in that capacity.

The Report of the Board of Trustees which includes the Strategic Report has been approved by the Trustees on 14 January 2016 and signed on their behalf by

A handwritten signature in black ink, appearing to read 'Malcolm Thomas', is written over a horizontal line.

Malcolm Thomas
Chairman

Independent auditors' report

To the members and Trustees of

Affinity Trust

We have audited the financial statements of Affinity Trust for the year ended 30 September 2015 which comprise the statement of financial activities, balance sheet, cashflow statement and the 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 and Trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's members and Trustees 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 and Trustees, 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 as set out in the report of the Board of Trustees, 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. We have been appointed as auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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 including the Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2015 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Independent auditors' report

To the members and Trustees of

Affinity Trust

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Board of Trustees, including the Strategic Report, 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 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require 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)

9 February 2016

for and on behalf of Sayer Vincent LLP, Statutory Auditors

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

Sayer Vincent LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Affinity Trust

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

For the Year Ended 30 September 2015

		Restricted	Unrestricted	2015 Total	2014 Total
	Note	£	£	£	£
Incoming resources					
<i>Incoming resources from generated funds</i>					
Investment income	2	-	51,015	51,015	37,664
<i>Incoming resources from charitable activities</i>	3				
Supported living		1,024	33,627,041	33,628,065	28,572,099
Shared living		-	4,104,782	4,104,782	5,874,930
Outreach services		-	1,863,655	1,863,655	1,805,766
Supported employment & day opportunities		30	949,089	949,119	923,665
Social enterprises		-	414,583	414,583	363,903
Housing		300,000	317,373	617,373	248,907
<i>Surplus on disposal of property</i>		-	1,097,796	1,097,796	133,495
Total incoming resources		301,054	42,425,334	42,726,388	37,960,429
Resources expended					
<i>Cost of generating funds</i>					
Investment manager's fees		-	16,120	16,120	4,653
<i>Charitable activities</i>					
Supported living		2,944	33,448,650	33,451,594	27,908,221
Shared living		585	3,976,893	3,977,478	6,053,335
Outreach services		-	1,850,569	1,850,569	1,831,405
Supported employment & day opportunities		3,043	801,074	804,117	795,329
Social enterprises		-	391,947	391,947	370,333
Housing		-	387,105	387,105	238,399
<i>Governance costs</i>		-	118,395	118,395	109,389
Total resources expended	4	6,572	40,990,754	40,997,326	37,311,066
Net incoming resources before other recognised gains and losses	5	294,482	1,434,580	1,729,062	649,363
Realised gains/(losses)		-	13,706	13,706	(191)
Net income for the year		294,482	1,448,286	1,742,768	649,172
Unrealised losses		-	(179,560)	(179,560)	(2,607)
Net movement in funds		294,482	1,268,726	1,563,208	646,565
Reconciliation of funds					
Total funds brought forward		18,145	8,592,226	8,610,371	7,963,806
Total funds carried forward		312,627	9,860,952	10,173,579	8,610,371

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 16 to the financial statements.

Affinity Trust - Company Number 06893564

Balance sheet

As at 30 September 2015

	Note	£	2015 £	2014 £
Fixed assets				
Housing properties	8		4,137,216	3,913,129
Other tangible fixed assets	9		78,809	88,883
Investments	10		2,355,045	1,501,847
Total fixed assets			6,571,070	5,503,859
Current assets				
Stocks	11	87,131		80,337
Debtors	12	5,075,246		4,317,111
Short term deposits		1,711,337		1,064,176
Cash at bank and in hand		1,589,521		2,723,861
Total current assets		8,463,235		8,185,485
Liabilities				
Creditors: amounts due within one year	13	3,410,839		3,419,236
Net current assets			5,052,396	4,766,249
Total assets less current liabilities			11,623,466	10,270,108
Creditors: amounts due after more than one year	14		1,449,887	1,659,737
Net assets	15		10,173,579	8,610,371
Funds				
Restricted funds	16		312,627	18,145
Unrestricted income funds				
Designated funds	16		3,275,432	3,001,482
General funds	16		6,585,520	5,590,744
Total funds			10,173,579	8,610,371

Approved by the Board of Trustees on 14 January 2016 and signed on its behalf by



Timothy Tamblyn - Trustee and Chair of the Finance and Audit Panel

Affinity Trust

Cashflow statement

For the Year Ended 30 September 2015

	2015		2014
	£	£	£
Net cash (outflow)/inflow from operating activities	(50,747)		1,094,987
Returns on investments and servicing of finance			
Dividend Income	35,172		9,298
Interest received	15,843		28,366
Interest paid	<u>(29,810)</u>		<u>(20,809)</u>
Net cashflow from investments and servicing of finance	21,205		16,855
Capital Movements			
Payments to acquire tangible fixed assets	(745,011)		(973,213)
Receipts from sale of fixed assets	1,517,217		351,922
Payments to acquire investments	(1,259,628)		(1,463,054)
Receipts from sale of investments	172,731		41,079
Net movement in cash held for investments	<u>67,845</u>		<u>(82,670)</u>
	(246,846)		(2,259,431)
Financing			
Repayment of loans	(150,916)		(125,755)
New Loans	160,000		810,000
Repayment of grants	<u>(219,875)</u>		<u>(134,000)</u>
Movement in cash	<u>(487,179)</u>		<u>(597,344)</u>

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

	2015	2014
	£	£
Net incoming resources	1,729,062	649,363
Interest and dividends received	(51,015)	(37,664)
Interest paid	29,810	20,809
Depreciation	111,869	146,249
(Profit)/loss on disposal of fixed assets	(292)	1,134
Profit on disposal of properties	(1,097,796)	(133,495)
(Increase) in stock	(6,794)	(19,904)
(Increase) in debtors	(758,135)	(166,896)
(Decrease)/Increase in creditors	<u>(7,456)</u>	<u>635,391</u>
	<u>(50,747)</u>	<u>1,094,987</u>

Affinity Trust

Cashflow statement

For the Year Ended 30 September 2015

Analysis of changes in net debt

	At 1 October 2014 £	Cash flow £	Other Changes	At 30 September 2015 £
Cash and short term deposits:				
Cash in hand and at bank	2,723,861	(1,134,340)	-	1,589,521
Short term deposits	1,064,176	647,161	-	1,711,337
	<u>3,788,037</u>	<u>(487,179)</u>	<u>-</u>	<u>3,300,858</u>

Analysis of changes in debt

	At 1 October 2014 £	Cash flow £	Other changes £	At 30 September 2015 £
Debt:				
Debt due within one year	157,741	(157,741)	156,800	156,800
Debt due after one year	1,659,737	(53,050)	(156,800)	1,449,887
	<u>1,817,478</u>	<u>(210,791)</u>	<u>-</u>	<u>1,606,687</u>
Total	<u>1,970,559</u>	<u>(276,388)</u>	<u>-</u>	<u>1,694,171</u>

Affinity Trust

Notes to the Financial Statements

For the Year Ended 30 September 2015

1. Accounting policies

- a) The financial statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of investments 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.

An exercise has been carried out to reclassify income between charitable activity headings within the comparative figures in the statement of financial activities. This is purely a reclassification exercise with no change to the overall level of reported income.

- 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	25% - 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.

- g) Investments held as fixed assets are revalued at mid-market value at the balance sheet date. Investment gains or losses for the period, including any gain or loss on the sale of investments and any gain or loss resulting from revaluing investments to market value, are taken to the statement of financial activities.

Affinity Trust

Notes to the Financial Statements

For the Year Ended 30 September 2015

1. Accounting policies (continued)

- h) 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.
- i) 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.
- j) Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.
- k) Designated funds are unrestricted funds earmarked by the Board of Trustees for particular purposes.
- l) 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.
- m) 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 20.

In addition the charity makes contributions to the West Yorkshire Pension Fund and Essex Pension Fund (both defined benefit schemes). The employer's contributions are determined in relation to the current service period only, and consequently the charity accounts for contributions to the schemes as if they were defined contribution schemes. See details in note 20.

- n) Amounts due back to the Secretary of State for Health 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 Secretary of State for Health is for the Secretary of State to receive their share of the increase in the value of the properties.

2. Incoming resources from generated funds

	Restricted £	Unrestricted £	2015 Total £	2014 Total £
Bank interest	-	15,843	15,843	28,366
Income from investments	-	35,172	35,172	9,298
	-	51,015	51,015	37,664

Affinity Trust

Notes to the Financial Statements

For the Year Ended 30 September 2015

3. Incoming resources from charitable activities

	Restricted £	Unrestricted £	2015 Total £	2014 Total £
<u>Supported Living</u>				
Local and NHS authorities	-	33,064,322	33,064,322	28,003,526
Supporting People	-	3,677	3,677	7,457
Contributions from the people we support	<u>1,024</u>	<u>559,042</u>	<u>560,066</u>	<u>561,116</u>
	1,024	33,627,041	33,628,065	28,572,099
<u>Shared Living</u>				
Local authorities	-	4,048,904	4,048,904	5,799,035
Contributions from the people we support	<u>-</u>	<u>55,878</u>	<u>55,878</u>	<u>75,895</u>
	-	4,104,782	4,104,782	5,874,930
<u>Outreach services</u>				
Local authorities	-	1,360,920	1,360,920	1,324,207
Supporting People	-	348,100	348,100	355,641
Contributions from the people we support	<u>-</u>	<u>154,635</u>	<u>154,635</u>	<u>125,918</u>
	-	1,863,655	1,863,655	1,805,766
<u>Supported employment & day opportunities</u>				
Local authorities	-	720,974	720,974	695,573
Contributions from the people we support	-	227,905	227,905	228,092
Grants and donations	<u>30</u>	<u>210</u>	<u>240</u>	<u>-</u>
	30	949,089	949,119	923,665
<u>Social enterprises</u>				
Trading sales	<u>-</u>	<u>414,583</u>	<u>414,583</u>	<u>363,903</u>
	-	414,583	414,583	363,903
<u>Housing</u>				
Local authorities	-	192,260	192,260	110,696
Housing benefit	-	125,113	125,113	138,211
Grants and donations	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
	<u>300,000</u>	<u>317,373</u>	<u>617,373</u>	<u>248,907</u>
	<u>301,054</u>	<u>41,276,523</u>	<u>41,577,577</u>	<u>37,789,270</u>

Affinity Trust

Notes to the financial statements

For the Year Ended 30 September 2015

4. Charitable Expenditure

	Supported living	Shared living	Outreach services	Supported employment & day opportunities	Social enterprises	Housing	Governance costs	Support costs	2015 Total	2014 Total
	£	£	£	£	£	£	£	£	£	£
Staff costs (note 6)	28,022,531	3,022,985	1,442,341	622,011	97,731	25,032	52,330	2,825,312	36,110,274	32,707,810
Training	543,818	50,623	31,164	12,363	2,867	-	584	59,332	700,751	688,512
Recruitment	164,584	20,003	7,259	2,680	850	-	-	46,102	241,478	237,251
Insurance	191,050	18,545	10,772	4,287	768	-	408	13,384	239,215	236,564
Transport and travel costs	358,017	86,737	74,072	28,996	557	3,413	22,580	141,064	715,436	710,206
Property related costs	405,849	210,904	24,138	27,581	38,919	209,343	4,626	223,613	1,144,974	968,029
Office costs	286,716	52,586	61,004	17,440	21,172	115,500	1,266	327,946	883,630	761,099
Regulatory, advisory & professional fees payable	103,733	15,252	5,017	2,279	9,835	30,866	30,411	142,663	340,056	425,513
Trading purchases	-	-	-	-	205,397	-	-	-	205,397	166,924
Activities	53,233	37,522	85	8,045	-	-	-	(4,060)	94,825	106,021
Food and household goods	65,109	105,942	1,009	3,642	388	-	-	3,983	180,073	222,733
Sundries	46,228	10,016	28,448	3,525	2,265	83	194	34,338	125,097	75,751
Total resources expended	30,240,868	3,631,115	1,685,311	732,850	380,749	384,237	112,399	3,813,677	40,981,206	37,306,413
Apportionment of support costs	3,210,726	346,363	165,258	71,268	11,198	2,868	5,996	(3,813,677)	-	-
Total resources expended	33,451,594	3,977,478	1,850,569	804,117	391,947	387,105	118,395	-	40,981,206	37,306,413

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 2015

5. Net incoming resources for the year

This is stated after charging/(crediting):

	2015	2014
	£	£
Interest payable on long term loans	29,810	20,809
Depreciation	111,869	146,249
(Profit) / loss on disposal of non property fixed assets	(292)	1,134
Surplus on disposal of properties	(1,097,796)	(133,495)
Board of Trustees' remuneration	51,091	52,871
Board of Trustees' expenses	24,178	16,692
Auditors' remuneration:		
▪ Audit	17,800	17,500
Operating lease rentals:		
▪ Property	393,683	341,900
▪ Other	68,637	51,312

Board members were paid £4,367 each (2014: £4,250). Board members who are also members of the Finance and Audit Panel were paid £5,137 each (2014: £5,000) and Board members who are also members of the Quality Committee were paid £4,712 each. The Chairman was paid £8,014 (2014: £7,800).

Travel, subsistence, phone and IT expenses were incurred on behalf of 10 (2014: 11) 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 2015

6. Staff costs and numbers

	2015 £	2014 £
Salaries and wages	30,408,240	27,805,276
Social security costs	2,276,932	2,098,866
Pension contributions	831,810	865,110
Agency costs	2,593,292	1,938,558
	36,110,274	32,707,810

The number of staff positions earning £60,000 or more p.a. was:

	2015 No.	2014 No.
£60,000 - £70,000	1	-
£70,001 - £80,000	-	2
£80,001 - £90,000	2	2
£90,001 - £100,000	1	1
£100,001 - £110,000	-	1
£100,001 - £120,000	1	-

Pension contributions in respect of the above employees totalled £19,947 (2014: £23,351)

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

	2015 No.	2014 No. Restated
Shared living	142.2	183.5
Supported living	1052.2	976.0
Outreach services	81.3	90.4
Supported employment & day opportunities	35.7	36.3
Social enterprises	5.1	5.2
Housing	-	0.5
Support	99.1	111.9
	1,415.6	1,403.8

The figures have been restated as average weekly numbers, previously used year end actual.

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 2015

8. Tangible Fixed Assets

	Housing Assets Owned Outright		
	Freehold property	Alterations	Totals
	£	£	£
Cost			
At the start of the year	2,781,260	305,662	3,086,922
Additions	609,169	82,712	691,881
At the end of the year	3,390,429	388,374	3,778,803
Depreciation			
At the start of the year	-	236,625	236,625
Charge for the year	-	25,404	25,404
At the end of the year	-	262,029	262,029
Net book value			
At the end of the year	3,390,429	126,345	3,516,774
At the start of the year	2,781,260	69,037	2,850,297

	Other Housing Assets		
	Freehold property	Alterations	Totals
	£	£	£
Cost			
At the start of the year	1,190,000	362,780	1,552,780
Additions	-	3,850	3,850
Disposals	(435,000)	(117,320)	(552,320)
At the end of the year	755,000	249,310	1,004,310
Depreciation			
At the start of the year	301,282	188,666	489,948
Charge for the year	-	27,349	27,349
Disposal in the year	-	(61,429)	(61,429)
Impairment released on disposal	(72,000)	-	(72,000)
At the end of the year	229,282	154,586	383,868
Net book value			
At the end of the year	525,718	94,724	620,442
At the start of the year	888,718	174,114	1,062,832

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. A review was undertaken but no additional impairment provision was needed.

	Total Housing Assets		
	Freehold property	Alterations	Totals
	£	£	£
Net book value			
At the end of the year	3,916,147	221,069	4,137,216
At the start of the year	3,669,978	243,151	3,913,129

Affinity Trust

Notes to the financial statements

For the Year Ended 30 September 2015

9. Other tangible fixed assets

	Cars and office equipment		
	Cars	Office equipment	Totals
	£	£	£
Cost			
At the start of the year	111,458	334,464	445,922
Additions in year	-	49,280	49,280
Disposals in year	(4,553)	(14,048)	(18,601)
At the end of the year	<u>106,905</u>	<u>369,696</u>	<u>476,601</u>
Depreciation			
At the start of the year	85,365	271,674	357,039
Charge for the year	13,851	45,265	59,116
Disposals in the year	(4,468)	(13,895)	(18,363)
At the end of the year	<u>94,748</u>	<u>303,044</u>	<u>397,792</u>
Net book value			
At the end of the year	<u>12,157</u>	<u>66,652</u>	<u>78,809</u>
At the start of the year	<u>26,093</u>	<u>62,790</u>	<u>88,883</u>

Affinity Trust

Notes to the financial statements

For the Year Ended 30 September 2015

10. Investments

	2015 £	2014 £
Market value at the start of the year	1,419,177	-
Additions at historic cost	1,259,628	1,463,054
Disposals at carrying value	(159,025)	(41,270)
Unrealised loss	(179,560)	(2,607)
	<u>2,340,220</u>	<u>1,419,177</u>
Cash balance held by Investment Manager	14,825	82,670
	<u>2,355,045</u>	<u>1,501,847</u>
Market value at the end of the year		
	<u>2,355,045</u>	<u>1,501,847</u>
Historic cost at the end of the year	<u>2,528,781</u>	<u>1,504,454</u>

Investments comprise:

	2015 £	2014 £
UK/Europe/North America/Emerging markets common investment funds	<u>2,340,220</u>	<u>1,419,177</u>

Investments representing over 5% by value of the portfolio comprise:

	2015 £	2014 £
Aviva Global high yield bond fund	-	75,106
Coutts Equator equity units (North America)	-	107,061
Coutts Equator equity units (United Kingdom)	877,315	343,294
Coutts Equator specialist equity/income units (United Kingdom)	-	236,927
Coutts multi asset UK growth fund	<u>443,654</u>	<u>286,736</u>

11. Stocks

	2015 £	2014 £
Stocks held at Englefield Garden Centre	<u>87,131</u>	<u>80,337</u>

12. Debtors

	2015 £	2014 £
Trade debtors	3,669,659	3,120,379
Other debtors	89,770	56,300
Prepayments and accrued income	<u>1,315,817</u>	<u>1,140,432</u>
	<u>5,075,246</u>	<u>4,317,111</u>

Affinity Trust

Notes to the financial statements

For the Year Ended 30 September 2015

13. Creditors : amounts due within one year

	2015 £	2014 £
Bank loans	156,800	157,741
Trade creditors	318,669	377,157
Taxation and social security	831,316	603,671
Other creditors	342,561	335,658
Accruals and deferred income	1,761,493	1,945,009
	<u>3,410,839</u>	<u>3,419,236</u>

14. Creditors : amounts due after one year

	2015 £	2014 £
Bank loans	986,087	976,062
Repayable grants: Secretary of State for Health	<u>463,800</u>	<u>683,675</u>
	<u>1,449,887</u>	<u>1,659,737</u>

Bank loans are secured by first mortgages held by NatWest plc on Affinity Trust's housing properties owned outright. Interest is accruing on the NatWest loans at rates between 1.25% and 2.25% 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

	2015 £	2014 £
In one year or less	156,800	157,741
Between one and two years	160,387	161,369
Between two and five years	468,908	506,748
Over five years	820,592	991,620
	<u>1,606,687</u>	<u>1,817,478</u>

Affinity Trust

Notes to the financial statements

For the Year Ended 30 September 2015

15. Analysis of net assets between funds

	Restricted funds £	Designated funds £	General funds £	Total funds £
Tangible fixed assets	300,000	3,916,025		4,216,025
Investments	-	-	2,355,045	2,355,045
Net current assets	12,627	809,294	4,230,475	5,052,396
Creditors due after more than one year	-	(1,449,887)	-	(1,449,887)
Net assets at the end of the year	312,627	3,275,432	6,585,520	10,173,579

16. Movements in funds

	At the start of the year £	Incoming resources £	Outgoing resources £	Gains/ (losses) & transfers £	At the end of the year £
Restricted funds:					
Thames and Chiltern Trust	2,944	-	(2,944)	-	-
Ayrshire Activity club	5,201	104	(2,280)	-	3,025
Tudor House Improvement	10,000	-	(585)	-	9,415
Score Fund	-	950	(763)	-	187
Little Glen Road		300,000	-	-	300,000
Total restricted funds	18,145	301,054	(6,572)	-	312,627
	£	£	£	£	£
Unrestricted funds:					
<i>Designated funds:</i>					
Property improvement	205,497	-	(88,057)	-	117,440
Property fund	2,095,651	-	-	134,878	2,230,529
Other tangible fixed assets	88,883	-	(10,074)	-	78,809
Project management fund	356,463	-	(211,667)	518,000	662,796
Systems development fund	159,988	-	(149,472)	84,000	94,516
Assistive technology fund	20,000	-	(3,678)	-	16,322
Research fund	75,000	-	-	-	75,000
Midlands Rugby Fund	-	20	-	-	20
Total designated funds	3,001,482	20	(462,948)	736,878	3,275,432
General funds	5,590,744	42,425,314	(40,527,806)	(902,732)	6,585,520
Total unrestricted funds	8,592,226	42,425,334	(40,990,754)	(165,854)	9,860,952
Total funds	8,610,371	42,726,388	(40,997,326)	(165,854)	10,173,579

Affinity Trust

Notes to the financial statements

For the Year Ended 30 September 2015

16. Movements in funds (continued)

Purposes of restricted funds

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 projects in the south of England. This has now been spent on these purposes.

Ayrshire Activity Club: A club set up for the use of people with learning disabilities in Ayr.

Tudor House Improvement: A grant to be used by one person we support at this service.

Score Fund: Donations to provide opportunities for People with Learning Disabilities.

Little Glen Road : Grant given to cover property alterations to make suitable for People with Learning Disabilities.

Purposes of designated funds

Property improvement: This fund has been set aside for major repairs of properties.

Property fund: This fund accounts 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 to provide for the set up of new IT system to assist the organisation monitor and measure quality and performance. Additional funds were transferred in the year to provide for systems staff training and the costs of a second phase of the project.

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.

Research fund - This fund was set up to extend the organisation's knowledge base in relation to supporting people with more complex needs.

Midlands Rugby Fund: Donations to provide opportunities for People with Learning Disabilities.

Affinity Trust

Notes to the financial statements

For the Year Ended 30 September 2015

17. Operating lease commitments

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

	Land & Buildings		Other items	
	2015	2014	2015	2014
		Restated		Restated
	£	£	£	£
Less than 1 year	109,636	28,237	14,756	34,601
1 - 2 Years	87,416	82,120	9,270	4,466
2 - 5 Years	26,400	87,416	-	-
	<u>223,452</u>	<u>197,773</u>	<u>24,026</u>	<u>39,067</u>

The figures have been restated as value payable for one year, previously used total value payable.

18. Contingent liability

Affinity Trust has a contingent liability with regard to grants used to purchase six properties. Affinity Trust will be liable to pay the interest accrued on grants to the Secretary of State for Health if the properties are sold.

The substance of the agreements Affinity Trust has with the Secretary of State for Health is for the Secretary of State for Health 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 2015, the contingent liability due to the Secretary of State for Health in the event of Affinity Trust selling all of the properties is:

	2015	2014
	£	£
Accrued interest payable to the Secretary of State for Health	<u>2,176,880</u>	<u>3,061,997</u>

19. Capital Commitments

	2015	2014
	£	£
Authorised and contracted for but not provided in the financial statements:		
Freehold property improvements and purchases.	<u>277,000</u>	<u>141,191</u>

Affinity Trust

Notes to the financial statements

For the Year Ended 30 September 2015

20. Defined benefit pension schemes

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. Affinity Trust has no liability in respect of the scheme except in relation to the ongoing employers contribution rate which is currently 14.3%.

The most recently published full valuation report was based on data at 31 March 2012 (prior to this, the last published valuation was as at March 2004) and published in 2014.

The employer's contribution rate payable is 14.3% (2014 14%) of pensionable pay with employees contributing between 5 and 8.5% of pensionable pay depending on the level of their pay. The employer's contribution rate has increased to 14.3% with effect from 1 April 2015 as a result of the notional deficit at March 2012 (see below).

There are 1.3 million contributors to the scheme, 700,000 pensions in payment and 519,000 deferred pensioners. Notional liabilities of the Scheme at 31 March 2012 were £240.4bn with notional assets of £230.3bn giving a notional past service deficit of £10.1bn.

Employers' pension contribution costs are applied to resources expended as and when they become due. On advice from the Actuary the contribution may be varied from time to time to reflect changes in the Scheme's liabilities. In 2015 employers paid 14.3% (2014 - 14%). The total employer contribution payable in the year ended 30 September 2015 by Affinity Trust was £436,607 (2014 - £504,674). Employees pay contributions of 6.5% (manual staff 5%) of their pensionable pay. The outstanding amount at 30 September was £53,146 (2014 - £58,563).

The scheme is a "final salary" scheme. Following consultation in 2006, a number of changes to the NHS Pension Scheme were introduced. On 1 April 2008 a new "2008 Section" of the Scheme was set up for new joiners on or after 1 April 2008. Joiners prior to this date are in the "1995 Section". For 1995 Section members, annual pensions are based on 1/80th of the best of the last three years' pensionable pay for each year of service. For members of the 2008 section, pensions are based on 1/60th of the average of the best three consecutive years in the last ten. A lump sum normally equivalent to 3 years' pension is payable on retirement; for members of the 2008 section the lump sum will be a maximum of 25% of the value of their fund at retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and have historically been based on changes in Retail Prices in the twelve months ending 30 September in the previous calendar year. From 2011/12, the Consumer Price Index replaced the Retail Price Index. 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 in some circumstances, 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.

Affinity Trust

Notes to the financial statements

For the Year Ended 30 September 2015

20. Defined benefit pension schemes (continued)

NHS Pension Scheme (continued)

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.

West Yorkshire Pension Fund

Following the transfer of services from the Bradford and District Care Trust in December 2011, 12 employees retained their membership of the West Yorkshire Pension Fund (WYPF) which is a defined benefit scheme and operates under the provisions of the Local Government Pension Scheme (Administration) Regulations 2008 (as amended). The employer's normal contribution rate is 15.8% of salary and employees pay 6.5%. Total employer contributions to the WYPF for the year ended September 2015 were Nil (2014 £21k). The amount outstanding at 30 September 2015 is Nil (2014 Nil). Affinity Trust and the City of Bradford Metropolitan District Council entered into an Admission Agreement and a separate commercial contract dated December 2012 and the substance of these agreements in relation to pension costs is that Affinity Trust's only liability is to pay the monthly employer contributions as determined from time to time by the Scheme actuary. Any actuarial deficit relating to the 12 employees at the end of the contract remains with the Council. The financial statements therefore reflect only the value of the monthly employer contributions described above. Following a triannual actuarial revaluation of the scheme, Affinity Trust were advised that an actuarial surplus had accumulated since the contract commenced and as a result no monthly contributions were required to be paid after March 2014.

Essex Pension Fund

Following the transfer of services from Southend On Sea Borough Council in May 2014, 11 employees (9 active members, 2 non-active members) retained their membership of the Essex Pension Fund which is a defined benefit scheme and operates under the provisions of the Local Government Pension Scheme (Administration) Regulations 2008 (as amended). Affinity Trust pays an employer's contribution of 22.2% of salary and employees pay 6.5%. Total employer contributions to the Essex Pension Fund for the year ended September 2015 were £44k (2014 £17k). The outstanding amount at 30 September was £4,845 (2014 £4,723). Affinity Trust, Essex County Council and Southend on Sea Borough Council entered into an Admission Agreement and a separate commercial contract and the substance of these agreements in relation to pension costs is that Affinity Trust's only liability is to pay the monthly employer contributions as determined from time to time by the Scheme actuary (currently 22.2%). Any actuarial deficit relating to the employees at the end of the contract remains with the Council (with the exception of any strain costs caused by early retirement through redundancy, and no redundancies occurred during the year). The financial statements therefore reflect only the value of the monthly employer contributions described above. In connection with the process for gaining Admitted Body status for the Essex Pension Fund, a commercial bond with a value of £201,000 was agreed to underwrite any outstanding pension related payments to the Essex Pension Fund. The bond agreement is a tripartite agreement between Affinity Trust, Natwest Bank plc and Essex County Council (the Administering Authority for the Essex Pension Fund) and as security for the bond Natwest Bank plc has a floating charge over a number of Affinity Trust's freehold properties.