

Company number: 06893564  
Charity number: 1139891  
OSCR number: SC043881

# Affinity Trust

Report and financial statements  
For the year ended 30 September 2018



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# Affinity Trust

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### For the year ended 30 September 2018

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## Affinity Trust

### Reference and administrative information

For the year ended 30 September 2018

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**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** 06893564

**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

**Country of registration** England & Wales and Scotland.

**Country of incorporation** United Kingdom

<b>Senior Management</b>	L Sowerby	Chief Executive and Company Secretary
<b>Team</b>	N Brittle	Development Director
	C Brooks	Finance Director
	V Neish	Director of Operations and Quality
	D Leedham	Director of Operations and Quality
	A Kippax	Human Resources Director

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

M Thomas	Chairman
K Cameron	Vice Chairman, Chair of the Remuneration, Asset Allocation and Nominations Committees (Appointed 11 January 2018)
J Edwards	
J Hawthorne	
M Moody	
A Taylor	(Retired 30 September 2018)
A Anketell	
Dr S Ross	Chair of the Quality Committee
T Tamblyn	Chair of the Finance and Audit Panel
D Walden	
S Rees	(Appointed 31 December 2018)

## **Affinity Trust**

### **Reference and administrative information**

**For the year ended 30 September 2018**

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<b>Bankers</b>	Bank of Scotland Phase 2 Canons House Canons Way Bristol BS99 7LB
	NatWest Willow Court Minns Business Park 7 West Way Oxford OX2 0JB
	Barclays Wytham Court 11 West Way Oxford OX2 0JB
<b>Investment Manager</b>	Coutts & Co 440 Strand London WC2R 0QS
<b>Solicitors</b>	Simons Muirhead & Burton LLP 8-9 Frith Street London W1D 3JB
<b>Auditor</b>	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108-114 Golden Lane LONDON EC1Y 0TL

The Trustees present their report and the audited financial statements for the year ended 30 September 2018.

Reference and administrative information set out on pages 1 and 2 forms part of this report. The financial statements comply with current statutory requirements and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

## **Objectives and activities**

### **Purposes and aims**

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

Affinity Trust now supports over one thousand people in communities across England and Scotland with support arrangements which range from a few hours per month to "24/7" intensive support. A key part of our ethos is to help support people to live in their own homes. The main activities of the organisation have been the provision of: -

**Supported living services** - 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 services** - providing smaller amounts of support on a flexible basis, including the new Positive Behaviour Support service for children and young people in Bradford.

**Shared living services** - 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. We also work with our commissioning partners to help find accommodation that Affinity Trust does not own, typically via Housing Associations or occasionally through private landlord short term leasing arrangements.

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

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 contributions from the people we support (as shown in Note 3).

## **Strategic Report**

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

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

## **Achievements and performance**

The charity's main activities and beneficiaries are described below. All its charitable activities focus on people with learning disabilities and are undertaken to further Affinity Trust's charitable purposes for the public benefit.

## **Beneficiaries of our services**

The beneficiaries of Affinity Trust are primarily the people to whom we provide direct support in our services across England and Scotland, whereby people are provided with the person centred support that they need to achieve their personal goals. As a result there is a direct and tangible benefit for each person in terms of being more independent and enabled to live a valued and fulfilled life in the particular community where they choose to live, with equality of access to services and the same opportunities and choices that all citizens have. There is also an indirect benefit for the families and friendship groups of the people we support, and beyond this the obvious wider benefits as a result of integrating people into their local communities. This is particularly the case where Affinity Trust helps support people to move back to their local community eg. where they may have been placed in a hospital setting, often remote from family and friends and at a greater financial cost.

At the start of the year 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 five key objectives for the organisation:-

- To improve quality of support;
- To provide skilled and engaged staff;
- To support an increased number of people;
- To ensure the organisation is financially resilient; and
- To enhance our overall support "offer".

The main achievements during the year were:-

- The organisation has continued to grow its provision of services for adults and increased both the number of people being supported (from 935 last year to 1015 people by the end of the year) and income levels (from £50.1m last year to £54.7m this year) through the award of significant new contracts in Portsmouth,

Blackpool, Accrington, Somerset and Aberdeen, in addition to expansion of services through individual referrals made on existing Framework agreements in a number of other areas.

- Following the award last year of its first service for children and young people, this Positive Behaviour Support service in Bradford commenced in March 2018 and is a partnership project working with Bradford MBC and Social and Sustainable Capital, a social investor providing financial investment via a Social Impact Bond and other support to the organisation over the life of the project. This is an exciting new and innovative opportunity to work with children and agencies supporting them at home with their families rather than in a residential care setting and the results to date are showing a real benefit for the children and their families.
- This year saw the launch of Active Support pilots in a number of areas across the organisation, with the aim being to further improve the quality of support and enable people to become more independent and achieve more for themselves. The success of the pilots is now being followed by an organisation wide implementation of Active Support principles and training.
- The quality of our services remains of paramount importance and the Trustees consider that the standard of support provided is very high and this is borne out by positive ratings from our regulator the Care Quality Commission - our CQC inspection results are above the national average for this sector, and by the end of the year 100% of our services were rated as "Good" and we also received our first Outstanding rating in "Well Led" within one of our largest registered locations.
- We undertook a second Employee Engagement Survey during the year and received a 19% increase in the response rate compared with the first survey, and a 5% increase in the average engagement score. It was very positive to see such a significant increase in employees engaging in the survey process. Management support, clarity of job role and the quality of training are among the most positive attributes that our staff commented on, with pay and wellbeing receiving the greatest number of more negative responses.
- In response to the first staff engagement survey, we launched an employee discount website ("affinity4you") at the end of March. The site offers thousands of discounts at popular retailers, helping employees to save money off groceries, holidays, meals out, cinemas etc. In November we launched a "Wellbeing Centre" on the site to coincide with Mental Health Day - this has videos and tips from wellness experts, exercise videos, nutritional tips and healthy recipes, impartial expert financial advice to help manage stress and sleep. Our Employee Assistance Programme is also accessible and promoted on the site. Over the next few months, it is planned to introduce recognition initiatives to give employees 'instant reward vouchers' to spend and recognise long service, as well as utilise the site as a communications channel to share important information and news.
- Total reserves increased by £0.6m since the start of the year and cash also increased by £2m as a result the disposal of three properties and an increased focus on our billing and collection processes. With times being extremely challenging for Local Authorities, the financial resilience of our organisation becomes ever more important and it is pleasing to report such positive progress in this area.

## **Financial review**

For the year ended 30 September 2018 Affinity Trust achieved a positive net movement in funds of £0.6m being 1.0% on all its activities (prior year £1.6m being 3.3% on all activities). The reduction in surplus vs prior year was in part due to higher costs of pensions and holiday pay and a full year of costs of sleep ins which are paid by "topping up" overall earnings to National Living Wage. There was a growth in income from operational activities of approximately 9% compared with 12% growth reported last year. The growth is due to the impact

**Trustees' annual report**

**For the year ended 30 September 2018**

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of the new services and inflationary uplifts from most councils to fund the increase in National Living Wage at April 2018. It is extremely positive to report that the organisation once again managed to retain all of its existing major support contracts during the year.

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

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

Turnover of staff remains the most challenging area for the organisation reflecting the broader picture across the social care sector, where staff turnover rates have increased significantly over the past few years. The annual rate of staff turnover at Affinity Trust has remained fairly stable over the last two years at c. 31%, although it is increasing marginally year on year. In response to this we have invested in a larger, centralised recruitment team at our head office in Thame during the year with the aim of increasing candidate attraction and reducing recruitment timescales. Investment has also been made in a new recruitment system for implementation in March 2019.

Achievement of our financial targets for the year enabled the organisation to announce in September 2018 a one off cash award to staff of 1.5% which was paid in November with a total cost of c £0.4m. Agency costs increased again this year to 7.1% as a percentage of our income compared with 6.5% last year and this is directly linked to the staff turnover performance and challenges in many geographic areas with recruitment of permanent staff.

Our objectives to increase financial resilience included plans to reduce debtors (in particular debts more than 60 days past due) and increase cash balances and this was achieved with cash increasing by £2m and a reduction in older debt of c £0.5m and debtor days standing at 27.

The Court of Appeal judgement in the Royal Mencap Society vs Tomlinson-Blake case was extremely positive for Affinity Trust (and for the majority of providers in our sector) as it has confirmed our view that the organisation had paid its employees correctly. HMRC has subsequently issued updated guidance on working time and sleep in shifts and this confirmed that the sleep in shifts which our staff undertake do not constitute working time, but is classified as time when staff are "available for work and making use of suitable sleeping facilities" and are not working for NMW purposes. In our prior year accounts we noted a potential contingent liability risk relating to historical sleep in shifts; whilst the matter may be subject to further legal/regulatory review in the future, in the absence of any adverse finding at the current time it is not possible to quantify any contingent liability were any future challenge to arise. We made a "nil return" to HMRC as part of the Social Care Compliance Scheme in December 2018 on that basis. As referred to above, whilst it has been confirmed that historical sleep in shifts did not need to be paid at NMW rates, current sleep in shifts continue to be paid on a topping up basis as councils are currently funding most of this additional cost. This may change in future if councils change their approach to funding these shifts.



In relation to our property assets, we disposed of two small homes in Surrey in October 2017 and another small residential care home in July 2018, all of which were surplus to operational requirements in the local areas although the need for accommodation for people with learning disabilities remains a priority more generally. Planned and responsive maintenance activities are undertaken by our new partners, Fairhome.

## **Reserves policy**

The Board has reviewed the reserves policy and confirmed the need to hold reserves to meet all potential creditor obligations as they fall due. A minimum level of general reserves equivalent to one month's payroll expenditure (c. £4m) is required to ensure staff payroll commitments are always met, as staff are typically paid in advance of Local Authorities paying for the support provided. Free reserves of £9.4m are above the minimum amount due to the generation of additional funds during the year given the uncertainty relating to sleep in shifts. The current level of cash backed reserves (including investments, which are held for the long term but are in effect "liquid" assets) is £9.1m 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 mainly 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 24 months.

Restricted funds consist of a capital grant of £0.3m and a small number of voluntary donations from friends and family of people we support and members of the public (see fundraising policy below).

Any cash funds not immediately required for working capital are held as short term (less than one year, typically 95 day notice) bank deposits. This position is reviewed regularly and decisions as to alternative investments are considered by the Board when considered necessary. When cash balance levels increase (and where these additional funds are not invested with Coutts) transfers are made from our main account with NatWest to holdings in Barclays and Bank of Scotland 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 stock markets globally continued to perform well and the overall value of the investment portfolio increased by c £0.1m to £1.5m. The investments are made for the long term and short term fluctuations in value do not present a concern.

## **Fundraising Policy and Approach**

As reflected in the Statement of Financial Activities and in Note 3 to the financial statements, Affinity Trust's income is almost wholly contractual in nature via Local Authority support contracts and as a result the organisation is not reliant on voluntary donations or other fundraising income. No proactive fundraising is undertaken and we do not contract with any third parties to fundraise on our behalf. Consequently we do not need to be registered with the Fundraising Regulator. Occasionally we receive voluntary donations from members of the public or family and friends of people we support and to avoid potential conflicts of interest our policy is that our staff should not proactively fundraise for the people they are supporting.

## **Principal risks and uncertainties**

During the year the Board of Trustees has 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 and cost pressures created by the National Living Wage/Scottish Living Wage, increased costs of holiday pay and the ongoing impact of additional costs paid to staff who work sleep in shifts (see also comments in Financial Review section above). These areas are managed by regular financial forecasting and regular discussions and negotiations with local authority commissioning and contract partners to obtain additional funding where this is needed. We were successful in agreeing additional funding from the majority of Local Authorities and other commissioning partners in relation to the increase in NLW at 1 April 2018 however the additional costs of higher Auto-enrolment pension, holiday pay and sleep ins (and the "on-cost" impact of these on employer national insurance payments) are not generally being fully funded within Local Authority settlements.
- Potential loss of high value contracts – this risk is largely managed by ensuring that the services we provide are of the highest quality, that we are responsive to any requests for changes to our approaches and proactive in suggesting different ways of providing support and are seen to provide value for money. No significant contracts were lost in the year.
- Difficulties in recruiting and retaining staff which may have an impact on the quality of support provision – as referred to earlier in this report this is the greatest area of challenge for the organisation at the present time and continued focus is placed on our recruitment processes and engagement with staff to identify improved methods of candidate attraction and reduce the number of reasons for staff leaving the organisation. These efforts have been strengthened recently via the setting up of a specialist centralised recruitment team at the Head Office in Thame.

- Safeguarding and/or the risk of a serious incident involving people supported by the organisation – this risk area is predominantly managed through rigorous internal quality control processes including self-audit and an extensive programme of staff induction, training and development.

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.

## **Plans for the future**

Affinity Trust's strategic objectives remain largely unchanged from those set out at the start of the year. The focus remains on being a provider of high quality with a strong desire to support more people with learning disabilities, especially those people who may have more complex needs. We will also continue to seek opportunities to support more children and young people following the success in Bradford.

There are numerous challenges facing the broader social care sector at the current time and Affinity Trust intends to continue to work with all stakeholders to tackle these and ensure that it continues to support people safely and with a personalised approach and to continue to grow in pursuit of these overall objectives for the benefit of more people with learning disabilities, their families and their friends. The roll-out of Active Support will be central to this. The challenges facing the broader sector are mainly in relation to pressures on Local Authority funding at the same time as costs are rising at above inflationary levels due to National Living Wage and increasing auto-enrolment related pension costs.

As well as financial challenges we recognise that opportunities are also apparent, for example the Transforming Care Programme, which will create greater opportunities for people with specialist and complex needs to be supported in the community.

The organisation's day to day focus and longer term focus will remain the recruitment and retention of the right people to provide a stable and skilled staff team that will be well trained with development opportunities provided to all those who desire further progression. We have strengthened our efforts to engage and communicate with staff through a comprehensive response to the recent staff engagement survey and improved and more regular staff communications to keep people in touch with organisational progress.

## **Structure, governance and management**

The organisation is a charitable company limited by guarantee and is registered with the Charity Commission and OSCR. Governance is led 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.

## **Appointment of trustees**

Recruitment of new Trustees takes place through a formal open recruitment process.

**Trustees' annual report**

**For the year ended 30 September 2018**

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**Trustee induction and training**

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 auditor's, bankers and other external service providers, financial risk assessments, the Treasury Management and Investment Policy and Reserves Policy. The Finance and Audit Panel consists of five Trustees one of whom is the Chair as an ex-officio member;

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. The Asset Allocation Committee consists of five Trustees including the Chair of the Board as an ex-officio member;

The Quality Committee which meets four 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 Quality Committee consists of four Trustees including the Chair of the Board as an ex-officio member;

The Remuneration Committee which comprises of three Trustees and meets annually to review and determine the remuneration of the Senior Management Team; and

The Nominations Committee consists of four Trustees including the Chair of the Board and meets as required to facilitate the recruitment of new Trustees and other such matters.

All Committees (except the Remuneration and Nominations Committees) are attended by members of the Senior Management Team.

Trustees are remunerated and are able to claim expenses for any work undertaken on behalf of the charity and such remuneration is reviewed and determined by an independent panel. Remuneration and expenses reclaimed from the charity are set out in note 7 to the financial statements.

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 now structured into ten geographic operating divisions each headed by a Divisional Director.

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

**East** – Cambridgeshire, Central Bedfordshire, Bedford Borough, Northamptonshire and Peterborough City Council

**East Anglia** – Norfolk, Suffolk and Southend MBC

**North** – Leeds, Sheffield

**North West** – Bradford MBC and Tameside

**Scotland** - South Ayrshire, Argyll and Bute

**South** – Hampshire, Portsmouth, Oxfordshire, Surrey, Royal Borough of Windsor & Maidenhead and Wokingham BC

**South East** - Kent and East Sussex

**Midlands** - Sandwell MBC, Herefordshire, Staffordshire and Wolverhampton City Council.

**Central** – Leicestershire County and Leicester City Council

**South West** - Somerset

## **Remuneration policy for key management personnel**

As outlined above under Structure, Governance and Management, the Remuneration Committee is a sub committee of the Board comprised of three Trustees which meets annually to review and determine the remuneration of the Senior Management Team. The Committee uses all available relevant benchmark data to determine levels of remuneration including any comparable sector remuneration information.

## **Policy for employment of disabled persons**

Affinity Trust aims to provide full and fair opportunities for employment of disabled applicants and to ensure, through training and practical assistance when required, their continued employment and promotion. Staff who become disabled will be given support and accorded every possible opportunity for maintaining their position or for retraining if appropriate. The company's health and safety policy ensures safe and healthy work environments for all staff. The organisation is committed to ensuring that those staff who require extra equipment, facilities or assistance, both routinely and in an emergency, will have such needs met.

All disabled employees have the opportunity to contribute to discussions about workplace health and safety through the staff forum, team meetings and in individual meetings with their manager.

Newly appointed disabled staff and staff who become disabled will receive specific information and training on all relevant matters of health and safety. Affinity Trust will ensure that the information is presented in such a way as to be readily understood.

## **Employee information**

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 (including the second organisation wide employee engagement survey referred to earlier). The annual Business Plan is communicated to managers by the Senior Management Team either at divisional meetings each autumn or at the annual managers' conference. Part of the feedback from the employee engagement survey was a request by staff to receive more support in relation to wellbeing and this will be addressed during the year ahead.

## **Statement on Modern Slavery**

Affinity Trust abhors the practice of any form of slavery and is committed to taking measures to prevent this occurring within the organisation or within any of its suppliers. The approach reflects a commitment to act ethically and responsibly in all business relationships and to ensure that slavery and human trafficking are not present in any part of our business or in our supply chain. We recognise that the nature of Affinity Trust's work does not make it a high risk business, but we accept and understand our obligations under the Act and are ensuring that we comply with the requirements of the Act and fulfil our obligations. Affinity Trust is committed to ensuring that human trafficking is not taking place in any part of the organisation and is not being carried out by any of our suppliers. However, we recognise potential risk e.g. in suppliers of agency staff and are taking further measures to seek confirmation from our major suppliers that human trafficking is not taking place within their organisations.

If any supplier was found to have engaged in modern slavery Affinity Trust would immediately cease using them as a supplier. To tackle slavery and human trafficking, Affinity Trust will:

1. Identify, monitor and assess categories of third party spend most at risk from slavery and human trafficking;
2. Incorporate anti-slavery and human trafficking obligations into procurement agreements and subcontracting arrangements on a risk assessed basis;
3. Provide training to relevant employees, to ensure a high level of understanding of the risks of slavery and human trafficking;
4. Publicise our whistleblowing policy.

Affinity Trust's work on this subject is led by our Director of Human Resources and the work and our approach is implemented by a robust management structure throughout our organisation. The subject of modern slavery and human trafficking has been included in the induction training provided to all of our managers.

## **Anti-Corruption and Bribery Policy**

Affinity Trust is committed to achieving the highest standard of probity, accountability and openness. This is achieved through a formal policy that is communicated to all staff to ensure that everyone is aware of and has complete clarity about what is acceptable in our dealings with our operating partners, be they suppliers, customers/commissioners or the people we support and their friends and families. Affinity Trust regards bribery and corruption as completely unacceptable. No bribe or inducement should ever be made to any person, or accepted from any other person, in any circumstance, whether or not such inducements result in personal gain.

## **Environmental Policy**

The Trustees are aware of the importance of protecting the local environments where services are operated and committed to ensuring that the activities of the organisation have a minimal adverse impact on the environment. Wherever possible, travel related environmental impacts are minimised through the provision of technology to facilitate meetings and/or online training provision and whilst the organisation only operates from a relatively small number of properties (for accommodation or office use), each of these locations has been the subject of an energy audit under the Energy Saving Opportunities Scheme (ESOS).

## **Charity Governance Code**

The Trustees follow the Charity Governance Code and as part of its commitment to the code the Board undertook a full review of the organisations performance against the seven principles of the code during the year.

## **Statement of responsibilities of the Trustees**

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

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

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

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

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

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

## Affinity Trust

### Trustees' annual report

**For the year ended 30 September 2018**

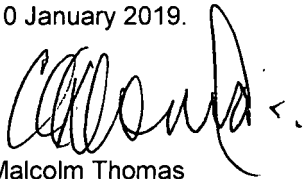
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#### Guarantees

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 2018 was 20 (2017 - 20).

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

The Trustees' annual report which includes the strategic report has been approved by the Trustees on 10 January 2019.

A handwritten signature in black ink, appearing to read 'Malcolm Thomas', is written over the printed name.

Malcolm Thomas  
Chairman



## Independent auditor's report

To the members of

**Affinity Trust**

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### Opinion

We have audited the financial statements of Affinity Trust (the 'charitable company') for the year ended 30 September 2018 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 30 September 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- 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)

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information

The other information comprises the information included in the Trustees' annual report, including the strategic report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for

## **Independent auditor's report**

**To the members of**

### **Affinity Trust**

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the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

- The information given in the Trustees' annual report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The Trustees' annual report, including the strategic report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' annual report, including the strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 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.

## **Responsibilities of Trustees**

As explained more fully in the statement of Trustees' responsibilities set out in the trustees' annual report, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## **Independent auditor's report**

**To the members of**

**Affinity Trust**

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

We have been appointed as auditor 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

## **Independent auditor's report**

**To the members of**

**Affinity Trust**

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### **Use of our report**

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

Helen Elliott (Senior statutory auditor)

10 January 2019

for and on behalf of Sayer Vincent LLP, Statutory Auditor

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

Sayer Vincent LLP is eligible to act as 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 2018

	Note	Unrestricted £	Restricted £	2018 Total £	Unrestricted £	Restricted £	2017 Total £
<b>Income from:</b>							
Donations and legacies	2	-	5,424	5,424	10	1,624	1,634
Charitable activities							
Supported living	3	47,330,628	-	47,330,628	42,807,357	-	42,807,357
Shared living	3	4,054,824	-	4,054,824	3,902,999	-	3,902,999
Outreach services	3	1,651,435	-	1,651,435	1,814,034	-	1,814,034
Supported employment & day opportunities	3	767,475	-	767,475	802,268	-	802,268
Social enterprises	3	461,065	-	461,065	403,698	-	403,698
Housing	3	441,252	-	441,252	393,530	-	393,530
Investments	4	43,891	-	43,891	53,525	-	53,525
Surplus on disposal of property		444,790	-	444,790	400,252	-	400,252
<b>Total income</b>		<b>55,195,360</b>	<b>5,424</b>	<b>55,200,784</b>	<b>50,577,673</b>	<b>1,624</b>	<b>50,579,297</b>
<b>Expenditure on:</b>							
Raising funds							
Investment manager's fees	5	9,090	-	9,090	17,920	-	17,920
Charitable activities							
Supported living	5	47,762,293	3,732	47,766,025	42,020,811	-	42,020,811
Shared living	5	3,584,773	-	3,584,773	3,605,804	-	3,605,804
Outreach services	5	1,592,647	-	1,592,647	1,723,523	-	1,723,523
Supported employment & day opportunities	5	771,871	-	771,871	778,961	-	778,961
Social enterprises	5	400,568	-	400,568	354,821	-	354,821
Housing	5	556,651	-	556,651	649,600	-	649,600
<b>Total expenditure</b>		<b>54,677,893</b>	<b>3,732</b>	<b>54,681,625</b>	<b>49,151,440</b>	<b>-</b>	<b>49,151,440</b>
<b>Net income / (expenditure) before net gains on investments</b>		<b>517,467</b>	<b>1,692</b>	<b>519,159</b>	<b>1,426,233</b>	<b>1,624</b>	<b>1,427,857</b>
Net gains on investments		40,744	-	40,744	218,885	-	218,885
<b>Net income / (expenditure) for the year</b>	6	<b>558,211</b>	<b>1,692</b>	<b>559,903</b>	<b>1,645,118</b>	<b>1,624</b>	<b>1,646,742</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		12,075,915	305,376	12,381,291	10,430,797	303,752	10,734,549
<b>Total funds carried forward</b>	20	<b>12,634,126</b>	<b>307,068</b>	<b>12,941,194</b>	<b>12,075,915</b>	<b>305,376</b>	<b>12,381,291</b>

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 20 to the financial statements.

# Affinity Trust

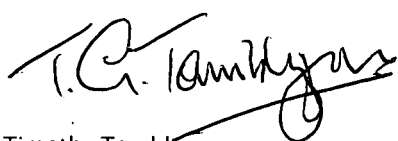
## Balance sheet

Company no. 6893564

As at 30 September 2018

	Note	£	2018 £	£	2017 £
<b>Fixed assets:</b>					
Housing properties	11		3,439,709		3,983,074
Other tangible fixed assets	12		123,840		117,418
Investments	13		1,511,407		1,442,852
			<u>5,074,956</u>		<u>5,543,344</u>
<b>Current assets:</b>					
Stocks	14	76,420		83,356	
Debtors	15	6,786,825		6,870,046	
Cash at bank and in hand		7,629,633		5,612,758	
			<u>14,492,878</u>	<u>12,566,160</u>	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	16	5,344,269		4,398,197	
				<u>4,398,197</u>	
<b>Net current assets</b>			<u>9,148,609</u>		<u>8,167,963</u>
<b>Total assets less current liabilities</b>			<u>14,223,565</u>		<u>13,711,307</u>
Creditors: amounts falling due after one year	18		1,282,371		1,330,016
				<u>1,330,016</u>	
<b>Total net assets</b>			<u><u>12,941,194</u></u>		<u><u>12,381,291</u></u>
<b>The funds of the charity:</b>	20				
Restricted income funds			307,068		305,376
Unrestricted income funds:					
Designated funds		3,264,900		2,666,727	
General funds		9,369,226		9,409,188	
			<u>12,634,126</u>	<u>12,075,915</u>	
<b>Total unrestricted funds</b>			<u>12,634,126</u>		<u>12,075,915</u>
<b>Total charity funds</b>			<u><u>12,941,194</u></u>		<u><u>12,381,291</u></u>

Approved by the trustees on 10 January 2019 and signed on their behalf by



Timothy Tambllyn  
Trustee and Chair of the Finance and Audit Panel

Affinity Trust

Statement of cash flows

For the year ended 30 September 2018

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
<b>Net cash (used in) operating activities</b>	21	1,038,219	1,013,076
<b>Cash flows from investing activities:</b>			
Dividends from investments		36,900	51,623
Interest received		6,991	1,902
Interest paid		(25,038)	(26,535)
Proceeds from the sale of property fixed assets		1,083,098	679,552
Proceeds from the sale of non-property fixed assets		1,103	5,131
Purchase of fixed assets		(57,231)	(58,514)
Proceeds from sale of investments		181,989	1,845,921
Purchase of investments		(170,418)	(412,623)
<b>Net cash (used in) investing activities</b>		1,057,394	2,086,457
<b>Cash flows from financing activities:</b>			
Repayments of borrowing		(189,358)	(187,228)
Cash inflows from new borrowing		150,000	-
<b>Net cash provided by / (used in) financing activities</b>		(39,358)	(187,228)
<b>Change in cash and cash equivalents in the year</b>		2,056,255	2,912,305
<b>Cash and cash equivalents at the beginning of the year</b>		5,612,758	2,617,454
<b>Change in cash and cash equivalents in respect of cash held by investment manager</b>		(39,380)	82,999
<b>Cash and cash equivalents at the end of the year</b>		7,629,633	5,612,758

**1 Accounting policies**

**a) Statutory information**

Affinity Trust is a charitable company limited by guarantee and is incorporated in England & Wales and Scotland. The registered office address is 1 St Andrew's Court, Wellington Street, Thame, OX9 3WT.

**b) Basis of preparation**

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

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

**c) Public benefit entity**

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

**d) Going concern**

The Trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

Key judgements that the charitable company has made which have a significant effect on the accounts include the impact of potential future reductions in Local Authority funding that may or may not then have an impact on contractual hourly rates; the impact of increases in future costs such as the national living wage; and the potential loss of contracts following retendering processes.

The Trustees do not consider that there are any sources of estimation uncertainty, including from reviewing any impact of the contingent liabilities in note 24, at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**e) Income**

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

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

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

**f) Income from investments**

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

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment advisor of the dividend yield of the investment portfolio.

**g) Fund accounting**

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

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

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



**1 Accounting policies (continued)**

**h) Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in generating investment income via its investment portfolio managed by Coutts & Co.
- Expenditure on charitable activities includes the costs of delivering the supported living, registered care and outreach/opportunities services in addition to the cost of the social enterprise and housing activities.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

**i) Allocation of support and governance costs**

Expenditure is allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function is apportioned based on staff cost attributable to each activity.

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

**j) Operating leases**

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

**k) Tangible fixed assets**

Items of equipment are capitalised where the purchase price exceeds £2,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

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	0%
● Property alterations	10%
● Cars	25% – 33%
● Office equipment	10% – 50%

A rate of 0% depreciation is provided on freehold 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 102. When the carrying amount of the asset is higher than the recoverable amount the asset is written down. Should the recoverable amount of the asset then exceed its carrying amount, the impairment provision will be reversed.

**l) Listed investments**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Net gains/(losses) on investments' in the statement of financial activities.

Notes to the financial statements

For the year ended 30 September 2018

1 Accounting policies (continued)

m) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. 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. Provision is made where necessary for obsolete, slow moving and defective stocks.

n) Debtors

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

o) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held by the charitable company on behalf of the people supported.

p) Creditors

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

q) Financial instruments

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

r) Pensions

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 25).

In addition the charity makes contributions to the West Yorkshire Pension Fund, South Yorkshire Pension Fund and the Essex Pension Fund (all 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 25).

s) Contingent liabilities

The payment of interest accrued on grants payable to the Secretary of State for Health 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 (see note 24).

2 Income from donations

	Unrestricted £	Restricted £	2018 Total £	2017 Total £
Donations	–	5,424	5,424	1,634
	–	5,424	5,424	1,634

3 Income from charitable activities

	Unrestricted £	Restricted £	2018 Total £	2017 Total £
<b>Supported living</b>				
Local and NHS authorities	46,947,119	-	46,947,119	41,992,336
Supporting People	-	-	-	1,922
Contributions from the people we support	383,509	-	383,509	813,099
Sub-total for Supported living	47,330,628	-	47,330,628	42,807,357
<b>Shared living</b>				
Local authorities	4,044,491	-	4,044,491	3,890,765
Contributions from the people we support	10,333	-	10,333	12,234
Sub-total for Shared living	4,054,824	-	4,054,824	3,902,999
<b>Outreach services</b>				
Local authorities	1,631,457	-	1,631,457	1,677,655
Contributions from the people we support	19,978	-	19,978	136,379
Sub-total for Outreach services	1,651,435	-	1,651,435	1,814,034
<b>Supported employment &amp; day opportunities</b>				
Local authorities	755,679	-	755,679	622,840
Contributions from the people we support	11,796	-	11,796	179,428
Sub-total for Supported employment & day opportunities	767,475	-	767,475	802,268
<b>Social enterprises</b>				
Trading sales	461,065	-	461,065	403,698
Sub-total for Social enterprises	461,065	-	461,065	403,698
<b>Housing</b>				
Local authorities	81,209	-	81,209	47,352
Housing benefit	201,414	-	201,414	200,483
Contributions from the people we support	158,629	-	158,629	145,695
Sub-total for Housing	441,252	-	441,252	393,530
<b>Total income from charitable activities</b>	<b>54,706,679</b>	<b>-</b>	<b>54,706,679</b>	<b>50,123,886</b>

4 Income from investments

	Unrestricted £	Restricted £	2018 Total £	2017 Total £
Bank interest	6,991	-	6,991	1,902
Income from investments	36,900	-	36,900	51,623
	43,891	-	43,891	53,525

Affinity Trust

Notes to the financial statements

For the year ended 30 September 2018

5 Analysis of expenditure

	Charitable activities									2018 Total £	2017 Total £
	Cost of raising funds £	Supported living £	Shared living £	Outreach services £	Supported employment & day opportunities £	Social enterprises £	Housing £	Support costs £	Governance costs £		
Staff costs (Note 7)	-	40,008,709	2,735,263	1,300,455	577,352	123,310	48,017	4,756,603	52,662	49,602,371	43,763,035
Training	-	294,804	18,699	10,193	5,753	1,013	-	217,800	-	548,262	500,681
Recruitment	-	188,559	12,059	7,150	3,230	596	-	2,704	12,960	227,258	253,863
Insurance	-	137,247	9,613	4,977	2,101	428	364	15,591	229	170,550	165,639
Transport and travel costs	-	339,377	101,161	54,147	19,942	2,670	-	321,494	25,051	863,842	816,149
Property related costs	-	290,110	120,827	4,209	60,831	31,853	366,658	690,192	278	1,564,958	1,934,427
Office costs	-	207,561	16,132	11,170	5,488	2,101	-	294,835	733	538,020	463,566
Regulatory, advisory & professional fees payable	9,090	134,731	17,086	3,543	1,616	10,365	44,048	176,798	20,389	417,665	580,054
Trading purchases	-	-	-	-	-	204,570	-	-	-	204,570	177,085
Activities	-	14,567	29,136	42	5,132	703	-	2,861	-	52,441	71,564
Food and household goods	-	97,381	110,400	820	3,388	2,187	-	31,594	-	245,770	202,412
Sundries	-	19,920	1,937	(159)	(23)	2,178	90,323	131,116	626	245,918	222,965
	9,090	41,732,966	3,172,313	1,396,547	684,810	381,974	549,410	6,641,588	112,928	54,681,625	49,151,440
Support costs	-	5,932,193	405,564	192,822	85,605	18,283	7,120	(6,641,588)	-	-	-
Governance costs	-	100,866	6,896	3,279	1,456	311	121	-	(112,928)	-	-
<b>Total expenditure 2018</b>	<b>9,090</b>	<b>47,766,025</b>	<b>3,584,773</b>	<b>1,592,647</b>	<b>771,871</b>	<b>400,568</b>	<b>556,651</b>	<b>-</b>	<b>-</b>	<b>54,681,625</b>	<b>49,151,440</b>
<b>Total expenditure 2017</b>	<b>17,920</b>	<b>42,020,811</b>	<b>3,605,804</b>	<b>1,723,523</b>	<b>778,961</b>	<b>354,821</b>	<b>649,600</b>	<b>-</b>	<b>-</b>	<b>49,151,440</b>	

## Notes to the financial statements

For the year ended 30 September 2018

## 6 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2018 £	2017 £
Depreciation	89,758	100,724
Impairment reversals	(133,894)	-
Profit on disposal of non-property fixed assets	(1,103)	(5,131)
Interest payable on long term loans	25,038	26,535
Surplus on disposal of properties	(444,790)	(400,252)
Operating lease rentals:		
Property	577,677	565,573
Other	110,116	132,322
Auditor's remuneration (excluding VAT):		
Audit	19,450	18,500
Other services	3,000	-

## 7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2018 £	2017 £
Salaries and wages	41,126,033	36,535,737
Redundancy and termination costs (paid and settled)	16,529	72,570
Social security costs	3,394,932	2,870,357
Employer's contribution to defined contribution pension schemes	557,199	422,674
Operating costs of defined benefit pension schemes	604,313	542,875
	45,699,006	40,444,213
Agency costs	3,903,365	3,318,822
	49,602,371	43,763,035

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

	2018 No.	2017 No.
£70,000 – £79,999	1	-
£80,000 – £89,999	1	4
£90,000 – £99,999	3	-
£120,001 – £130,000	1	1

The total employee benefits (including employer pension contributions and employer's national insurance) of the key management personnel were £573,110 (2017: £578,164). In addition, the following was paid to trustees:

	2018 £	2017 £
Board of trustees' remuneration	51,262	52,127
Board of trustees' expenses	33,732	23,682
	84,994	75,809

## Notes to the financial statements

For the year ended 30 September 2018

**7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel (continued)**

Board members were paid £4,430 each (2017: £4,430). Board members who are also members of the Finance and Audit Panel were paid £5,200 each (2017: £5,200) and Board members who are also members of the Quality Committee were paid £4,945 each (2017: £4,945). The Chairman was paid £8,140 (2017: £8,147). Board members are paid with the approval of the Charity Commission.

Travel, subsistence, phone and IT expenses were incurred on behalf of 10 (2017: 9) 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.

Individual amounts paid to each Trustee for the current and prior year were as follows:-

	2018 £	2017 £
M Thomas (Chairman)	8,140	8,147
K Cameron (Vice Chair)	5,200	5,200
S Ross	4,945	4,945
T Tamblyn	5,200	5,200
D Walden	5,200	5,200
A Taylor	4,430	4,430
J Hawthorne	5,200	5,200
A Anketell	4,430	4,430
M Moody	4,945	4,945
J Edwards	3,203	-
C Gabriel	369	4,430
	<u>51,262</u>	<u>52,127</u>

**8 Staff numbers**

The average number of employees for 2017 has been restated as a new more accurate method of calculating this has been implemented. The average number of employees (head count based on number of staff employed) during the year was as follows:

	2018 No.	2017 No.
Shared living	110	106
Supported living	1,650	1,501
Outreach services	60	88
Supported employment & day opportunities	36	38
Social enterprises	9	9
Housing	1	1
Support	119	110
	<u>1,985</u>	<u>1,853</u>

**9 Related party transactions**

There are no related party transactions to disclose for 2018 (2017: none) other than those disclosed in note 7.

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

**10 Taxation**

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

## 11 Tangible fixed assets

Housing Assets Owned Outright			
	Freehold property £	Alterations £	Total £
<b>Cost</b>			
At the start of the year	3,320,269	332,184	3,652,453
Disposals in year	(632,562)	(28,208)	(660,770)
At the end of the year	2,687,707	303,976	2,991,683
<b>Depreciation</b>			
At the start of the year	–	239,959	239,959
Charge for the year	–	13,806	13,806
Eliminated on disposal	–	(22,462)	(22,462)
At the end of the year	–	231,303	231,303
<b>Net book value</b>			
At the end of the year	2,687,707	72,673	2,760,380
At the start of the year	3,320,269	92,225	3,412,494
<b>Other Housing Assets</b>			
	Freehold property £	Alterations £	Total £
<b>Cost</b>			
At the start of the year	755,000	249,310	1,004,310
At the end of the year	755,000	249,310	1,004,310
<b>Depreciation</b>			
At the start of the year	229,282	204,448	433,730
Depreciation charge	–	25,144	25,144
Impairment write back	(133,894)	–	(133,894)
At the end of the year	95,388	229,592	324,980
<b>Net book value</b>			
At the end of the year	659,612	19,718	679,330
At the start of the year	525,718	44,862	570,580

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 this year with valuations for each property resulting in a full or partial write back of previous impairments.

Total Housing Assets			
	Freehold property £	Alterations £	Total £
<b>Net book value</b>			
At the end of the year	3,347,319	92,390	3,439,709
At the start of the year	3,845,987	137,087	3,983,074

12 Other tangible fixed assets

	Cars and office equipment		
	Cars	Office equipment	Total
	£	£	£
<b>Cost</b>			
At the start of the year	84,181	513,807	597,988
Additions in year	-	57,231	57,231
Disposals in year	(1,553)	-	(1,553)
At the end of the year	82,628	571,038	653,666
<b>Depreciation</b>			
At the start of the year	81,680	398,890	480,570
Charge for the year	2,500	48,308	50,808
Eliminated on disposal	(1,552)	-	(1,552)
At the end of the year	82,628	447,198	529,826
<b>Net book value</b>			
At the end of the year	-	123,840	123,840
At the start of the year	2,501	114,917	117,418

All of the above assets are used for charitable purposes.

13 Investments

	2018	2017
	£	£
Fair value at the start of the year	1,422,204	2,636,617
Additions	170,418	412,623
Disposal proceeds	(181,989)	(1,845,921)
Net gain / (loss) on change in fair value	40,744	218,885
	1,451,377	1,422,204
Cash balance held by investment manager	60,030	20,648
Fair value at the end of the year	1,511,407	1,442,852
Historic cost at the end of the year	1,300,377	1,290,237
Investments comprise:		
	2018	2017
	£	£
UK/Europe/North America/Emerging markets common investment funds	1,451,377	1,422,204
Cash	60,030	20,648
	1,511,407	1,442,852

14 Stocks

	2018	2017
	£	£
Stocks held at Englefield Garden Centre	76,420	83,356
	76,420	83,356



Notes to the financial statements

For the year ended 30 September 2018

15 Debtors

	2018 £	2017 £
Trade debtors	4,341,166	4,578,583
Other debtors	195,276	138,481
Prepayments and accrued income	2,250,383	2,152,982
	<u>6,786,825</u>	<u>6,870,046</u>

16 Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loans	195,663	187,376
Trade creditors	650,065	531,486
Taxation and social security	838,978	755,874
Other creditors	864,160	367,517
Accruals and deferred income	2,795,403	2,555,944
	<u>5,344,269</u>	<u>4,398,197</u>

17 Deferred income

Deferred income comprises income that has been invoiced in advance or where credit notes are due.

	2018 £	2017 £
Balance at the beginning of the year	725,918	964,062
Amount released to income in the year	(725,918)	(964,062)
Amount deferred in the year	670,915	725,918
	<u>670,915</u>	<u>725,918</u>

18 Creditors: amounts falling due after one year

	2018 £	2017 £
Bank loans	818,571	866,216
Repayable grants:		
Secretary of State for Health	463,800	463,800
	<u>1,282,371</u>	<u>1,330,016</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 11. 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.

## 18 Creditors: amounts falling due after one year (continued)

Maturity of total debt is as follows

	2018 £	2017 £
In one year or less	195,663	187,376
Between one and two years	164,630	411,620
Between two and five years	554,620	237,433
Over five years	563,121	680,963
	<u>1,478,034</u>	<u>1,517,392</u>

## 19a Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	-	3,263,549	300,000	3,563,549
Investments	1,511,407	-	-	1,511,407
Net current assets	7,857,818	1,283,722	7,069	9,148,609
Creditors due after more than one year	-	(1,282,371)	-	(1,282,371)
Net assets at 30 September 2018	<u>9,369,225</u>	<u>3,264,900</u>	<u>307,069</u>	<u>12,941,194</u>

## 19b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	-	3,800,492	300,000	4,100,492
Investments	1,442,852	-	-	1,442,852
Net current assets	7,966,336	196,251	5,376	8,167,963
Creditors due after more than one year	-	(1,330,016)	-	(1,330,016)
Net assets at 30 September 2017	<u>9,409,188</u>	<u>2,666,727</u>	<u>305,376</u>	<u>12,381,291</u>

## Notes to the financial statements

For the year ended 30 September 2018

## 20a Movements in funds (current year)

	At the start of the year £	Income & gains £	Expenditure & losses £	Transfers £	At the end of the year £
<b>Restricted funds:</b>					
Ayrshire Activity club	3,025	500	(1,325)	-	2,200
Score Fund	1,351	4,924	(2,407)	-	3,868
Glen Road	300,000	-	-	-	300,000
Reading Services	1,000	-	-	-	1,000
<b>Total restricted funds</b>	<b>305,376</b>	<b>5,424</b>	<b>(3,732)</b>	<b>-</b>	<b>307,068</b>
<b>Unrestricted funds:</b>					
<b>Designated funds:</b>					
Property fund	2,171,971	-	-	-	2,171,971
Other tangible fixed assets	127,971	-	-	-	127,971
Project management fund	359,894	-	(146,325)	745,000	958,569
Assistive technology fund	4,742	-	(121)	-	4,621
Midlands Rugby Fund	2,149	-	(381)	-	1,768
<b>Total designated funds</b>	<b>2,666,727</b>	<b>-</b>	<b>(146,827)</b>	<b>745,000</b>	<b>3,264,900</b>
<b>General funds</b>	<b>9,409,188</b>	<b>55,236,104</b>	<b>(54,531,066)</b>	<b>(745,000)</b>	<b>9,369,226</b>
<b>Total unrestricted funds</b>	<b>12,075,915</b>	<b>55,236,104</b>	<b>(54,677,893)</b>	<b>-</b>	<b>12,634,126</b>
<b>Total funds at 30 September 2018</b>	<b>12,381,291</b>	<b>55,241,528</b>	<b>(54,681,625)</b>	<b>-</b>	<b>12,941,194</b>

## Notes to the financial statements

For the year ended 30 September 2018

## 20b Movements in funds (prior year)

	At the start of the year £	Income & gains £	Expenditure & losses £	Transfers £	At the end of the year £
<b>Restricted funds:</b>					
Ayrshire Activity club	3,025	-	-	-	3,025
Score Fund	727	624	-	-	1,351
Glen Road	300,000	-	-	-	300,000
Reading Services	-	1,000	-	-	1,000
<b>Total restricted funds</b>	<b>303,752</b>	<b>1,624</b>	<b>-</b>	<b>-</b>	<b>305,376</b>
<b>Unrestricted funds:</b>					
<b>Designated funds:</b>					
Property improvement	117,440	-	(117,440)	-	-
Property fund	2,171,971	-	-	-	2,171,971
Other tangible fixed assets	127,971	-	-	-	127,971
Project management fund	471,629	-	(111,735)	-	359,894
Systems development fund	405	-	-	(405)	-
Assistive technology fund	13,439	-	(8,697)	-	4,742
Research fund	75,000	-	-	(75,000)	-
Midlands Rugby Fund	11,147	-	(8,998)	-	2,149
<b>Total designated funds</b>	<b>2,989,002</b>	<b>-</b>	<b>(246,870)</b>	<b>(75,405)</b>	<b>2,666,727</b>
<b>General funds</b>	<b>7,441,795</b>	<b>50,796,558</b>	<b>(48,904,570)</b>	<b>75,405</b>	<b>9,409,188</b>
<b>Total unrestricted funds</b>	<b>10,430,797</b>	<b>50,796,558</b>	<b>(49,151,440)</b>	<b>-</b>	<b>12,075,915</b>
<b>Total funds at 30 September 2017</b>	<b>10,734,549</b>	<b>50,798,182</b>	<b>(49,151,440)</b>	<b>-</b>	<b>12,381,291</b>

## Purposes of restricted funds

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

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

**Little Glen Road:** Grant given to cover a bond repayable to the Local Authority upon the sale of the property.

**Reading services:** A donation was made by a private individual to be used for any purpose within the Reading services.

## Purposes of designated funds

**Property improvement:** This fund had 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.

## Notes to the financial statements

For the year ended 30 September 2018

## 20 Movements in funds (continued)

## Purposes of designated funds (continued)

**Project management fund:** This fund has been set aside to provide resources to manage growth and planned changes in the organisation.

**Systems development fund:** This fund was set up to provide for the set up of a new IT system 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.

**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.

**Fair value reserve**

This is now included within general funds.

## 21 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2018 £	2017 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	559,903	1,646,742
Gains on investments	(40,744)	(218,885)
Dividends and interest from investments	(43,891)	(53,525)
Interest payable	25,038	26,535
Depreciation charges	89,758	100,724
Impairment reversals	(133,894)	-
Profit on the disposal of properties	(444,790)	(400,252)
Profit on the disposal of fixed assets	(1,103)	(5,131)
Increase in stocks	6,936	346
Decrease in debtors	83,221	73,923
Increase in creditors	937,785	(157,401)
Net cash provided by / (used in) operating activities	1,038,219	1,013,076

## 22 Operating lease commitments

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

	Land and buildings		Other items	
	2018 £	2017 £	2018 £	2017 £
Less than one year	221,680	260,012	112,106	91,231
One to two years	113,279	148,191	51,278	74,520
Two to five years	77,114	140,026	29,357	48,163
Over five years	5,600	19,200	-	-
	417,673	567,428	192,741	213,914

## 23 Post balance sheet events

Subsequent to the year end, two wholly owned properties were sold for total proceeds of £665,000 yielding a gain on disposal of c. £350,000.

## 24 Contingent liabilities

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, but only to the maximum amount of any proceeds received.

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 2018, the contingent liability due to the Secretary of State for Health in the event of Affinity Trust selling all of the properties is:

	2018	2017
	£	£
Accrued interest payable to the Secretary of State for Health	<u>2,537,254</u>	<u>2,401,300</u>

In our prior year accounts we noted a potential contingent liability risk relating to historical sleep in shifts. As referred to in the Trustees' report, the subsequent Court of Appeal judgement in the Royal Mencap Society vs Tomlinson-Blake case was extremely positive for Affinity Trust and confirmed our view that the organisation had paid its employees correctly, which has been further validated by HMRC's updated guidance on working time and sleep in shifts which confirms that staff are not working for NMW purposes. Whilst the matter may be subject to further legal/regulatory review in the future, in the absence of any adverse finding at the current time it is not possible to quantify any contingent liability were any future challenge to arise.

## 25 Defined benefit pension schemes

### NHS Pension Scheme

The NHS Pension Schemes are unfunded, defined benefit schemes that cover NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. Past and present employees are covered by the provisions of these two schemes. The schemes are not designed to be run in a way that would enable individual bodies to identify their share of the underlying scheme assets and liabilities and therefore each scheme is accounted for as if it were a defined contribution scheme with the cost of participation in the scheme taken as equal to the employers contribution rate which is currently 14.3%. In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these is as follows:-

#### a) Accounting Valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial, data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2018 is based on valuation data at 31 March 2017, updated to 31 March 2018 with global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used. The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

## 25 Defined benefit pension schemes (continued)

### NHS Pension Scheme (continued)

#### b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers. The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and employee and employer representatives as deemed appropriate. The next actuarial valuation is to be carried out as at 31 March 2016 and is currently being prepared. The direction assumptions are published by HM Treasury which are used to complete the valuation calculations, from which the final valuation report can be signed off by the Scheme Actuary. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this "employer cost cap assessment", any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

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.

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.

Employers' pension contribution costs are applied to resources expended as and when they become due. The total employer contribution payable in the year ended 30 September 2018 by Affinity Trust was £516,640 (2017: £502,300). Employees pay contributions of 6.5% (manual staff 5%) of their pensionable pay.

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.

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 2018 were £10,774 (2017: £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.

**25 Defined benefit pension schemes (continued)**

**South Yorkshire Pension Fund**

After the transfer of a number of services in Sheffield in November 2017, one employee retained their membership of the South Yorkshire Pension Fund (SYPF) 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 21% of salary and employees pay 6.5%. Total employer contributions to the SYPF for the year ended September 2018 were £10,074 (2017: £nil).

**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 2018 were £40,557 (2017: £40,575). The outstanding amount at 30 September was £4,4560 (2017 £3,466). 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. A commercial bond with a value of £117,000 is in place 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.

**26 Legal status of the charity**

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