



The Retreat
YORK



Annual Report

SATURDAY



A6G34O2I

A32

30/09/2017

#324

COMPANIES HOUSE

Contents

Our work	10	Independent Auditor's Report	16
Our work	10	Independent Auditor's Report to the	16
The focus of our work	6	Members of The Retreat York	16
Specialist Adult Services	6	Respective responsibilities of Trustees	16
Specialist Older Adult Services	7	and auditor	16
Outpatient Services	7	Scope of the audit of the financial statements	16
Learning Disabilities	7	Opinion on financial statements	16
Other Partnerships	7		
Our work in 2016	8	Our work in 2016	17
Achievements and Performance 2016	8	Statement of Financial Activities	17
Review of Performance against Objectives set	8	Balance Sheet	18
Employees and Volunteers	9	Statement of Cash Flows for the Year Ending	19
Research	11	31 December 2016	19
Our Targets for 2017	11	Notes to the Financial Statements	20
Our work in 2017	12	Our work in 2017	39
Financial Performance for the Year	12	Trustees and Directors	39
Changes in Fixed Assets	12	Chief Executive	39
Reserves Policy	12	Company Secretary	39
Plans for Future Periods	12	Leadership Team	39
Management of Investments	13	Auditor's	39
Principal Risks and Uncertainties	13	Investment Managers	39
Risk Management	13	Solicitors	39
Connected Charities	13	Bankers	39
Our work in 2018	14		
Constitution	14		
Company Members	14		
Directors	14		
Induction and Training	14		
Senior Management	14		
Governance Committee	14		
Remuneration Committee	14		
Finance & Resources Committee	14		
Trustees' Responsibilities Statement	15		
Employee involvement and employment	15		
of the disabled	15		
Public Benefit	15		
Auditors	15		

The Trustees, who are also the Directors of the charity for the purposes of the Companies Act 2006, submit their annual report and the audited financial statements for the year ended 31 December 2016. The Trustees have adopted the provisions of the Statement of Recommended Practice – Accounting and Reporting by Charities SORP FRS102 issued in 2015 and the Companies Act 2006, in preparing the annual report and financial statements of the charity.

The Retreat York is a charitable company limited by guarantee and governed by its Articles of Association. The company was incorporated on 20 November 2001 and obtained charitable status on 18 December 2001.

In the event of the charity being wound up any assets revert to the Religious Society of Friends (Quakers) and liability in respect of the guarantee is limited to £1 per Member of the charity.

Company Number 4325622

Charity Number 1089826

Report of the Chair and the Chief Executive Officer



CATHY WATERS
CHIEF EXECUTIVE



JENNIFER BARRACLOUGH
CLERK TO THE BOARD OF
TRUSTEE DIRECTORS

We write this joint report as an innovation in the life of The Retreat and the production of a new form of annual report.

2016 saw many significant changes and a number of challenges. Jennifer commenced as the new Clerk (chair) of the Board of trustee directors in March 2016. Cathy was appointed as CEO in the middle of September. From January 2016 until the new CEO arrived, an interim CEO worked part time to oversee the organisation. Barrie Oldham had stepped down as a trustee director in November 2015 in order to take on this role, following the early retirement of Jenny McAleese after 20 years at The Retreat.

After more than two years of preparation, significant changes to the constitution of The Retreat were implemented at an Extraordinary General Meeting in November 2016. These changes have clarified the trustee directors' responsibilities and laid down the category of members, appointed from within the body of Quakers in Britain. We continue to maintain our links with Quakers through our nominations process and through the creation of associates, who will help us in developing a contemporary Quaker understanding of mental health issues.

Other changes in management at a senior level occurred towards the end of 2016, and inevitably these changes have had an impact on the overall organisation. Staff continued nonetheless to work hard to ensure that we provide high quality, caring services for our service users. In the November CQC report, continuing reference was made to the way in which staff interact with service users to ensure dignity, respect and loving attention to often complex needs, in keeping with The Retreat's long Quaker tradition of humane treatment of those with mental health disorders.

In May 2016 we saw the successful opening of the Kemp Unit – a new female personality disorder and complex trauma unit. The unit provides stabilisation and containment for patients with complex needs. The reputation of the unit has increased over the first year and we are confident that this service will continue to develop and grow.

We also saw the successful launch of the North Yorkshire Autism and ADHD Assessment Service which was developed in collaboration with four Clinical Commissioning Groups in North Yorkshire and is the first adult assessment and diagnosis unit in the area.

Our staff continue to be our greatest asset and we will aim to ensure that we make their working lives as rewarding and positive as possible. We know, like many other mental health organisations across the country that we face ongoing challenges with recruitment, and we will continue to actively address this as well as retention of our valued staff.

We are looking forward to a positive and productive 2017, although we are realistic about pressures in the wider environment for mental health care and the specific issues facing the Retreat. We are in the process of developing a new strategic vision, which offers both challenge and opportunity to prepare The Retreat for the next stage of its long existence. 2017 will bring important decisions to make around buildings, resources and service provision. We aim to address these as one team and one organisation.

What we do

Our Aim

As a charitable provider of not-for-profit specialist mental health care we aim to work closely with the NHS to provide services for people with complex and challenging needs. We do this in an open and calming environment designed to enable recovery and independence. We provide successful therapeutic relationships based on respect, dignity and tolerance and ensure that the voices of the people who use our services along with their friends, family and carers are heard.

Our Vision

To deliver innovative, high quality specialist mental health services through compassion, collaboration and community.

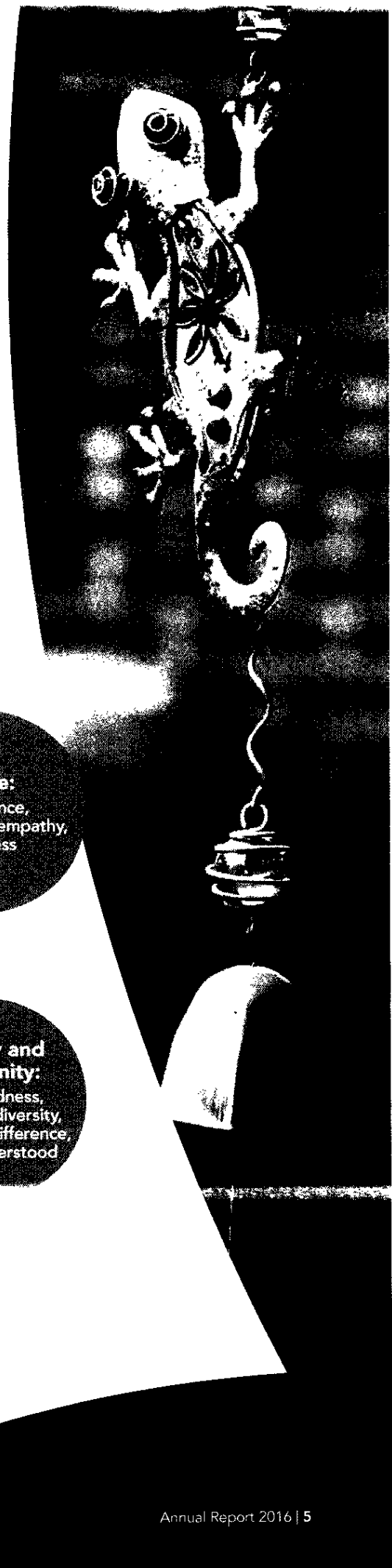
Our Mission

In a beautiful setting, we promote and support the well-being of people affected by mental ill-health, working with them to nurture their unique potential so that they can have a life worth living.

What we do

Our Values

Our values of Hope, Equality and Community, Courage, Care for our Environment, Peace, Honesty and Integrity are rooted in our Quaker heritage. We implement these values in every aspect of our work.



What we do

Therapeutic Relationships

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

The work of The Retreat is split into three general areas: inpatient services, outpatient services and our joint ventures with other charities and organisations. At any one time, care is provided to around 80 inpatients and approximately 650 different individuals per year receive therapy from our outpatient services. Our joint venture services enable us to provide care to a further 50 inpatients.

We have six specialist inpatient units: three for older adults and three specialist adult units. These are specifically designed to meet the needs of individuals whose complex and challenging needs are unable to be met within community or NHS settings. We are able to work successfully with individuals whose only other alternative would often be more restrictive secure mental health facilities.

Specialist Adult Services

During 2016, we had three units providing care within our Specialist Adult Services:

Acorn

The Acorn programme is a Therapeutic Community (TC) which uses a full Dialectical Behaviour Therapy (DBT) programme for women with complex needs, predominantly women who meet the criteria for borderline personality disorder and/or complex post-traumatic stress disorder.

We are delighted to confirm that the unit has maintained its accreditation by The Royal College of Psychiatrists as assessed by the Community of Communities during 2016.

Naomi

Naomi is a specialist service for women using a treatment approach informed by Cognitive Behavioural Therapy (CBT) in a therapeutic environment, which promotes recovery from a range of problems. These include eating disorders, anxiety and mood disorders including obsessive compulsive disorder, and post-traumatic stress disorder. Naomi specialises in treating people with more than one diagnosis.

80

inpatients

650

outpatients

6

specialist
inpatient units



What we do

Kemp

Kemp is a specialist service for women with severe and complex Personality Disorder with a focus on Borderline Personality Disorder and associated presentations, including Dissociative Identity Disorder (DID). Treatment includes the management of co-morbid conditions such as addictions, eating disorders and for identified patients recommendations around and preparation for specific trauma therapy.

Specialist Older Adult Services

During 2016, The Retreat had three units providing care within the Specialist Older Adult Services as follows:

Katherine Allen Unit

Katherine Allen unit provides care and treatment for women who have a primary diagnosis of a functional or organic disorder. The team are expert at providing care for patients with very challenging behaviours that has made them difficult to place previously.

The multidisciplinary team is experienced in understanding and resolving high risk and demanding behaviours in a dignified and respectful manner.

George Jepson Unit

George Jepson unit provides care and treatment for men who have a primary diagnosis of an organic disorder. We provide expert care and treatment for patients who may display behaviours that challenge others.

A collaborative multidisciplinary approach is used to support men in reducing distress, anxiety, frustration and high levels of aggression in a person centred way.

Strensall Unit

The Retreat Strensall is a mixed gender specialist mental health rehabilitation unit in the community. We provide care and treatment for older adults with long term mental health needs providing slower stream rehabilitation. Our staff work with individuals to support them to regain and develop new skills, enabling them to meet their full potential and wherever possible, progress to less supported accommodation.

Outpatient Services

The Tuke Centre is the outpatient service for The Retreat and provides a range of counselling, psychotherapy, psychiatric and psychological services for individuals, groups, couples and families. These also include specialist diagnostic and treatment services for autism, trauma, personality disorders and eating disorders.

Learning Disabilities

Since September 2015 The Retreat has also been registered for the regulated activity of 'personal care' to provide domiciliary care services to people renting our accommodation under supported living arrangements. This is provided on two units – The Cottage and East Villa. People that use this service are not detained under the Mental Health Act 1983 (MHA), but they may have learning disabilities and autistic spectrum disorder. The learning disability service is funded by the City of York Council.

Other Partnerships

In 1998, The Retreat formed a joint venture company with The Disabilities Trust to create York House within the grounds of The Retreat. The joint venture company now operates three units on site with a total of 38 beds and provides an intensive neurobehavioral assessment and rehabilitation service for individuals with severe cognitive, physical and/or emotional problems following acquired brain injury. The achievements of York House over the last year are reported separately in their own Annual Report.

In February 2009 Northern Pathways opened Garrow House, a 12-bedded unit in the grounds of The Retreat. This service is for women with complex needs who are presently in low or medium secure services who want to move forward in their recovery and require support to do so. Northern Pathways is a joint venture company between The Retreat and Turning Point and unites both organisations' commitment to addressing an individual's need, rather than making individuals fit into existing services. The achievements of Garrow House over the last year are reported separately in Northern Pathways' Annual Report.

In April 2015, The Retreat York formed Bridging The Gap PD Services Limited as a joint venture with Community Links (Leeds) Limited to operate as a day care service for men with personality disorder. On 30 April 2016, The Retreat York ceased its ownership of shares in the joint venture and gifted its shares to Community Links (Leeds) Limited.

Strategic Report

Our performance against our objectives

2016 was a challenging year which saw significant change. The longstanding Chief Executive retired and an interim Chief Executive served for nine months until the appointment of a new CEO in September 2016. There were a number of changes to board membership during this time, including the appointment of a new Clerk (chair) in March 2016.

Like many other providers in the NHS and independent sector The Retreat has also had to respond to increasing financial pressures whilst maintaining high quality services. We approached this challenge sensitively and proactively and are satisfied that we were able to maintain the high quality of our services whilst pursuing improved business performance.

Review of Performance against Objectives

Our key objectives for 2016 were:

- To continue to promote positive mental health
- To provide high quality, sustainable services that deliver excellent outcomes
- To continue to develop the range of services on offer in outpatients
- To work with other organisations to ensure that the widest range of support is available to improve people's mental health

Our Objective	Our achievement
To continue to promote positive mental health	Mental Health Matters Promotional Campaign In May 2016 we undertook a promotional campaign to celebrate 25 years of outpatient services at The Retreat and to support the Mental Health Foundation to raise awareness during Mental Health Awareness Week. We produced a leaflet which was distributed to nearly 60,000 households in York, ran a radio campaign, advertised in the local paper and talked to GPs. The campaign was well received and resulted in an increased number of enquiries.
To provide high quality, sustainable services that deliver excellent outcomes	The launch of Kemp – a new female Personality Disorder and Complex Trauma unit The unit provides stabilisation and containment for patients with complex needs. The model uses Structured Clinical Management and offers a bespoke Trauma Package. The service is unique in that it specialises in the treatment of Dissociative Identity Disorder (DID) which is often an exclusion for other services. Feedback from service users has been consistently positive.
To continue to develop the range of services on offer in outpatients	Launch of the North Yorkshire Autism and ADHD Assessment Service In February 2016 we launched the North Yorkshire Autism and ADHD Assessment service. The service, which was developed in collaboration with four Clinical Commissioning Groups in North Yorkshire, is the first adult assessment and diagnosis service for North Yorkshire. We are delighted to have been part of this project and are pleased to have been able to support 175 people during 2016.
To work with other organisations to ensure that the widest range of support is available to improve people's mental health	Working in collaboration with partners We continued to sit on the York Mental Health Forum during 2016 and where possible have looked for opportunities to collaborate with our third sector partners to bid for opportunities that will allow us to deliver mental support to a wider audience.

Strategic Report

Employees and Volunteers

Staff profile

Bronwen Gray

Quaker Chaplain

"After seven years at The Retreat it continues to be a privilege to work in an organisation that lives and breathes its values. Equality and community are at the heart of our values, and I like to think that this is one of the threads that is woven throughout our history, starting in the late 1700s when staff at The Retreat reached out to the mentally ill as human beings of equal worth. As a Quaker working in a Quaker organisation it really matters to me that the values are lived out in this way."

"In my work as chaplain, spirituality is a central part of my role. It is lovely to feel the support for spirituality across the organisation, and to continually be reminded that while this is the central element of my job, this work is shared by so many people across the organisations, from the trustees to the domestic staff."



Strategic Report

Employees and Volunteers

Staff profile

Gavin Lewis

RMN – Adult Services – Acorn

"Being able to build effective therapeutic relationships with people who use Acorn is important to me. Particularly as the nature of the work we do relies upon those effective relationships in order for our clients to be able to progress. And being able to do that, and be a part of that person making a difference in their life is very rewarding."

"I think the approach on Acorn is very effective for the people that use it. The combination of DBT, individual therapy, small group therapy, life skills, encouraging occupation engagement and the community meetings all help people process their difficulties, build confidence in everyday skills, build healthy relationships and find meaning in their lives to carry on when they leave Acorn. I think it gives people hope that things can be different and life is worth living."



Staff profile

Glynis Chapman

Volunteer – Older Adult Services
– George Jepson

"I was a school teacher for 38 years and really enjoyed working with children and their families. I use some of the same skills in my work at The Retreat and really enjoy getting to know and building relationships with the patients."

"I have volunteered at The Retreat for 11 years and come in three to four times a week. For me it is a privilege to work here. I give staff the opportunity to get on with nursing care by helping to run group activities. The music group is one of my favourites as the patients find it so calming and it allows their friends, family and carers to join in and relax."



Strategic Report

Research

Research continues to be an important driver to improving the quality of care across all our services and we are pleased to have participated in the following projects in 2016:

Journal publications

- * Petty, S., Denning, T., Griffiths, A., & Coleston, D. (2016). Where is the happiness in dementia? *International Psychogeriatrics*. 28(10), 1752-1753.
- * Rankin, S., & Petty, S. (2016). *Older adult recovery: "What are we working towards?"* *Mental Health Review Journal*, 21(1), 1-10.

Conference presentations

- * Denning, T. (2016). Where is the happiness in dementia? INTERDEM Annual meeting at Alzheimers' Europe, Copenhagen. 31 October 2016. Oral presentation.
- * Siena, L., & Petty, S. (2016). Does massage reduce stress in individuals with dementia? Institute of Mental Health, Annual Research Day 10 May 2016. Oral presentation.
- * Acton, N., Petty, S. (2016). What resources help maximize resilience at work? Working with inpatient older adults presenting complex mental health needs. Institute of Mental Health, Annual Research Day 10 May 2016. Oral presentation.
- * McFetridge, M & Hauenstein Swan, A. (2017). CPTSD; How complex can it be? The United Kingdom Psychological Trauma Society (UKPTS) Annual Conference. Clinical Workshop.
- * McFetridge, M, Lewis, G & Dunlop, B. (2017). What's Attachment got to do with it? The annual conference of the British and Irish Group for the Study of Personality Disorder. Poster presentation.

Our Targets for 2017

The work described above has laid some of the foundations for our current plans and has given us the opportunity to consider more fully that which should characterise The Retreat, and what services we are best placed to offer in an increasingly complex and demanding field of health provision.

Objectives

1. To improve the overall financial stability of the Retreat
2. To maximise our opportunities to enhance occupancy levels and other service offerings
3. To ensure that we are working with staff to ensure that the Retreat is a positive and rewarding place to work
4. To successfully close our Strensall facility by the end of 2017
5. To implement our emerging strategy
6. Deliver an options appraisal on our overall estate (buildings and land)

Financial Review

Statement of Financial Activities

The Statement of Financial Activities for the period is set out on page 17 of the financial statements.

The operating results of The Retreat includes the expenditure on the charity's two key areas of operation of Specialist Older Adult Services and Specialist Adult Services. In the year ended 31 December 2016 our operations produced a deficit of £910,650 (2015 – deficit £105,287). Other net income from investments, donations, legacies and grants produced income of £614,490 (2015 – £407,223).

The result was an overall deficit for the year amounting to £910,650 (2015 – deficit £105,287). After taking into account total investment gains of £803,255 (2015 – losses £17,029) and an actuarial loss on the defined benefit pension scheme of £1,313,872 (2015 – gain £2,213,921), there was a net deficit of £1,421,267 (2015 – net surplus £2,091,605).

These disappointing results have also been affected by a net pension expense of £325,000 (2015 – expense £544,000). In addition to this an actuarial loss of £1,313,872 has been deducted from reserves.

The reversal of finances over this short period is a matter of considerable concern. We are aware that the causes are both internal and external, and include both significant organisational change and more stringent demands on NHS resources.

Changes in Fixed Assets

The movements in fixed assets during the year are set out in note 9 of the financial statements.

Reserves Policy

It is the policy of the charity to maintain undesignated funds, which are the free reserves of the charity, at a level sufficient to cover between 6 and 18 months of expenditure, a range between £6,000,000 and £18,000,000. This is to ensure that in periods of poor trading, the company can continue to operate without cash flow problems.

Our policy is, therefore, to build up reserves to the required level by means of annual operating surpluses and judicious management of our investment assets.

Presently the undesignated reserves amount to £12,841,853 (2015 – £14,059,800). This figure excludes the pension asset of £4,298,000 on the basis that this asset does not result in any cash flow to the charity and is likely to diminish over time.

Reserves for the necessary upgrade and development of the charity's operational properties are segregated into a separate development fund, currently totalling £4,765,000 (2015 – £5,000,000). This is an estimate of the costs required to upgrade the present facilities and brand new ones where planning consent has already been obtained.

Plans for Future Periods

The next few years will present a number of challenges for The Retreat. The pressure on the Government debt position is bringing to bear financial constraints upon the NHS. NHS Commissioners represent 96% of our in-patient business and therefore we are obliged to manage our own cost base carefully, whilst continuing to maintain high quality services. This is a particularly challenging objective given the ever increasing demands placed upon us by the NHS.

Responding to a national move to provide care outside a hospital environment, The Retreat is conducting a thorough strategic review to ensure that we widen our services appropriately to include relevant and effective out-patient services. At the same time, we will address low occupancy issues to maintain income levels and engage with both best practice in mental health care and expanding need.

The physical environment in which we provide inpatient care is also the subject of a significant review with the expectation that major capital expenditure will be required in the future to address this issue.

During 2017, we will undertake a process of implementing a clearer strategic direction, additional financial analysis and greater controls over expenditure. We do not expect to see a substantial recovery until at least 2018. We will continue to keep clearly at the forefront of our priorities both patient and staffing expectations. The strength of our reserves allows us to continue to regard The Retreat as a going concern. We are committed to an underlying Quaker ethos which reflects our aspiration to ensure that for all those who are engaged with The Retreat, compassion and caring will bring about lives worth living.

Financial Review

Management of Investments

The Retreat York is looking to maximise the return in terms of both income and capital. As permitted by the charity's Articles of Association, the Trustees have given the investment managers discretion to manage the portfolio within an agreed risk profile.

Subject only to compatibility with the principles of The Religious Society of Friends, the Trustees have unrestricted powers of investment. The Retreat operates an ethical investment policy, whereby it does not invest in companies which derive a significant proportion of their turnover from any of the following activities:

- * Gambling
- * The production or sale of alcohol, tobacco or armaments
- * The publishing or distribution of pornography

The investment managers, Sarasin & Partners, are monitored by the Trustees by reference to a number of indices and benchmarks including the performance achieved by other similar funds. In 2016 the fund's performance of 1.4% increase in value was below the median increase of 6.1% achieved by other funds in the survey used. A review of the investment strategy is currently underway.

Principal Risks and Uncertainties

The Retreat is affected by a number of external influences outside its control. The single most significant of these is the National Health Service, from which The Retreat generates the majority of its fee income and with which it has to compete for staff.

The NHS have not been awarding any inflationary uplift in fees for several years now and given the pressures on Government funding it is likely that downward pressure on fees will continue.

Risk Management

The Trustees are responsible for reviewing major strategic, financial and operational risks to which the charity is exposed, and systems have been established to mitigate those risks. These risks include changes in NHS Commissioning, loss of key personnel and inability to attract sufficient trained clinicians. Methods of dealing with these risks include maintaining close working relationships with key NHS Commissioners and paying market rates to our staff in order to aid recruitment and retention. Internal risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Systems have been established to ensure that risks are reviewed on a regular basis.

Connected Charities

The Retreat York has a connected charity, The Retreat York Benevolent Fund, which provides funds for the care of individuals on both an inpatient and outpatient basis. This charity, whose Trustees include two of the Trustees of The Retreat York, is administered from The Retreat York.

The Retreat York Benevolent Fund provides grants to help Friend patients (or those closely associated with Friends) who are unable to meet the lowest fees. Grants made during 2016 amounted to £5,825 for three individuals. The total funds of the Benevolent Fund at 31 December 2016 amounted to £1,944,048. Audited financial statements for The Retreat York Benevolent Fund are available from The Retreat York.

For some years The Retreat York has undertaken a joint venture with The Disabilities Trust to operate a unit for individuals with an acquired brain injury. The unit is known as York House and the joint venture company is called York House Ventures Limited. Transactions with The Disabilities Trust are disclosed in note 21 to the accounts.

The Retreat York has been engaged in a joint venture with Turning Point for some years to operate a women's high support unit. The unit is known as Garrow House and the joint venture company is called Northern Pathways Limited. Transactions with Turning Point are disclosed in note 21 to the accounts.

Governance

Introduction

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

Company Members

Up to November 2016 there were twenty-four Members of the company, all members of the Religious Society of Friends (Quakers), of whom seventeen were appointed nationally and seven were appointed regionally as follows:

- Lincolnshire, Nottinghamshire and Derbyshire Area Meetings 1 – General Meeting for Scotland 1 – Westmorland Regional Meeting 1 – Quakers in Yorkshire 4.

At the EGM on 24 November 2016 these arrangements were simplified to make clear the role and responsibilities of the Directors, a majority of whom are required to be members of the Religious Society of Friends. The previous pattern of appointments was laid down and with effect from that date the Directors are the company Members.

Directors

The management of The Retreat York is vested in the Board of Directors. The Directors are also charity trustees as defined in the Charities Act. Trustee Directors are appointed for a period of four years and are eligible for re-appointment for a further four years. The maximum number of Directors is eleven and the minimum three.

The person appointed as the chair of the Directors is known as the Clerk. The Clerk and Deputy Clerk must be members of The Religious Society of Friends.

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

Director Induction and Training

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

Interim Chief Executive

Until September 2016 and the appointment of a permanent Chief Executive, Cathy Waters, the interim Chief Executive, former Trustee Director Barrie Oldham, provided guidance and support. Staffing levels were addressed, in the context of the year's financial pressures, and work began on evaluating the right use of existing buildings and property, to ensure that our facilities are fit for purpose now and for future development.

Governance Committee

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

Remuneration Committee

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

Finance & Resources Committee

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

Governance

Trustees' Responsibilities Statement

The Trustees (who are also Directors of The Retreat 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 the year. 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 2015 (FRS102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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; and

The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Employee involvement and employment of the disabled

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

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

Public Benefit

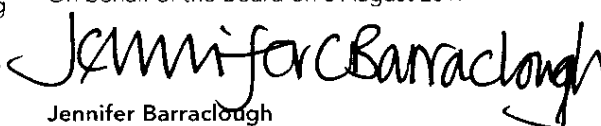
The Trustees review the performance, aims and objectives of the company every year. In carrying out the review, the Trustees refer to the Charity Commission's guidance on public benefit to ensure that all future and planned activities meet that guidance.

Auditors

A resolution proposing that BHP, Chartered Accountants be re-appointed as auditors of the charity will be put to the Annual General Meeting.

In approving the Trustees' Annual Report, we also approve the Strategic Report included there in, in our capacity as company directors.

On behalf of the Board on 8 August 2017


Jennifer Barraclough
Clerk

Independent Auditor's Report

*an independent Auditor's Report to the
Members of The Retreat York*

We have audited the financial statements of The Retreat York for the year ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 15, 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.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate

Our opinion on the financial statements is:

In our opinion the financial statements:

Give a true and fair view of the state of the charitable company's affairs as at 31 December 2016, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;

have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

The information given in the Trustees' Annual Report, including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

the Strategic Report and the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Trustees' Annual Report.

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

Adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or

the financial statements are not in agreement with the accounting records and returns; or

certain disclosures of Trustees' remuneration specified by law are not made; or

we have not received all the information and explanations we require for our audit.

BHP

Jane Marshall (Senior Statutory Auditor)
For and on behalf of BHP, Chartered Accountants
Statutory Auditor, Bathurst House, 86 Micklegate
York, YO1 6LQ
10 August 2017

Financial Statements

Statement of Financial Activities

(incorporating an income and expenditure account)

		Restricted Funds	Unrestricted Funds	Total Funds 2016	Total Funds 2015
	Note	£	£	£	£
INCOME FROM					
Donations and legacies		4,368	237,669	242,037	71,898
Charitable activities					
Patient fees and other charges	4	-	11,192,404	11,192,404	10,565,200
Investments					
Rents		-	395,783	395,783	389,952
Investment income	2	-	387,593	387,593	345,711
Other finance income	3	-	203,000	203,000	141,000
Net income from joint ventures	5	-	254,416	254,416	350,183
Total income		4,368	12,670,865	12,675,233	11,863,944
EXPENDITURE ON					
Raising funds					
Investment management fees		-	15,140	15,140	10,386
Charitable activities					
Specialist older adult services		2,212	6,190,319	6,192,531	6,448,937
Specialist adult services		2,834	7,375,378	7,378,212	5,509,908
Total expenditure	6a	5,046	13,580,837	13,585,883	11,969,231
Net expenditure before gains and losses on investments		(678)	(909,972)	(910,650)	(105,287)
Net gains/(losses) on investments		-	803,255	803,255	(17,029)
Net expenditure before transfers		(678)	(106,717)	(107,395)	(122,316)
Transfer of funds	13	-	-	-	-
Net expenditure for the year		(678)	(106,717)	(107,395)	(122,316)
Actuarial (loss)/gain on defined benefit scheme	3	-	(1,313,872)	(1,313,872)	2,213,921
Net movement in funds		(678)	(1,420,589)	(1,421,267)	2,091,605
RECONCILIATION OF FUNDS					
Fund balance 1 January		75,353	43,002,472	43,077,825	40,986,220
Fund balance at 31 December		74,675	41,581,883	41,656,558	43,077,825

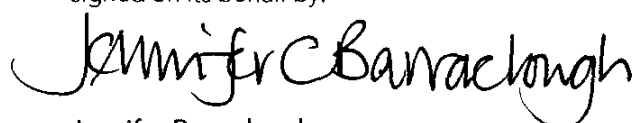
All amounts derive from continuing activities. All gains and losses recognised in the year are included in the Statement of Financial Activities.

Financial Statements

18 | Annual Report 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	9	19,230,052	18,096,518
Investments	10	13,616,471	12,463,955
Investment in joint ventures and subsidiaries	10e	12,501	12,501
Total fixed assets		32,859,024	30,572,974
Current assets			
Debtors	11	2,346,504	2,801,810
Cash at bank and in hand		3,030,172	4,915,874
Total current assets		5,376,676	7,717,684
Creditors: amounts falling due within one year	12	(877,142)	(810,833)
Net current assets		4,499,534	6,906,851
Total assets less current liabilities excluding pension scheme asset		37,358,558	37,479,825
Defined benefit pension scheme asset	3	4,298,000	5,598,000
Net assets	15	41,656,558	43,077,825
Unrestricted funds	13		
General			
Investment revaluation reserve	10c	1,454,422	771,290
Other		15,685,431	18,886,510
		17,139,853	19,657,800
Designated:			
Tangible fixed assets fund – cost		14,729,248	13,595,714
– revaluation		4,500,804	4,500,804
		19,230,052	18,096,518
Development fund		4,765,000	5,000,000
Designated funds		110,740	119,224
Other funds		336,238	128,930
		24,442,030	23,344,672
		41,581,883	43,002,472
Restricted funds	14	74,675	75,353
Total charity funds		41,656,558	43,077,825

The financial statements on pages 17-38 were approved by the Board of Directors on 8 August 2017 and are signed on its behalf by:



Jennifer Barraclough
Clerk
Company Number 4325622

Financial Statements

Statement of Cash Flows for the Year Ending 31 December 2016

	Note	2016 £	2015 £
Cash used in operating activities	16	(390,966)	(259,166)
Cash flows from investing activities			
Investment income received		387,593	345,711
Purchase of tangible fixed assets		(1,533,453)	(901,012)
Sale proceeds of fixed assets		385	1,450
Purchase of investments		(2,927,303)	(7,395,879)
Sale proceeds of investments		2,525,421	5,298,604
Cash used in investing activities		(1,547,357)	(2,651,126)
(Decrease) in cash and cash equivalents in the year		(1,938,323)	(2,910,292)
Cash and cash equivalents at the beginning of the year		5,296,276	8,206,568
Cash and cash equivalents at the end of the year	17	3,357,953	5,296,276

Financial Statements

Notes to the financial statements

1 Accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of certain fixed assets at valuation and investments at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities SORP (FRS102), the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS102) and the Companies Act 2006.

The Retreat York constitutes a public benefit entity as defined by FRS102.

The financial statements are prepared in sterling, which is the functional currency of the charity.

Monetary amounts in these financial statements are rounded to the nearest £, with the exception of monetary amounts in Note 3, which are rounded to the nearest £,000.

(b) Joint venture

A joint venture is an entity in which the company holds a long term interest and which is jointly controlled by the company and one or more ventures under a contractual arrangement. The results of joint ventures are accounted for using the net equity method of accounting.

The figures included in the financial statements have been based on audited accounts, adjusted where necessary by reference to unaudited management accounts for the subsequent period to 31 December.

(c) Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

(d) Incoming resources

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Patient fees and other charges are accounted for in the period in which the service is provided.

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

Financial Statements

(e) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category.

Charitable activities include expenditure associated with Specialist Older Adult Services and Specialist Adult Services and include both the direct costs and support costs relating to these activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Support costs include central functions and have been allocated to activity cost categories on the basis of time spent.

(f) Depreciation

Depreciation is provided at rates estimated to write off the cost of fixed assets over their useful lives. The annual rates used in 2016 are:-

• Short leasehold buildings	Over the period of the lease
• Furniture, plant and equipment	16.5% straight line
• Vehicles	25% on the reducing balance
• Fire precaution work	15% straight line
• Computer equipment and software	25% straight line

Freehold buildings are not depreciated because the buildings are maintained in good condition so that their value is not impaired by the passage of time and in consequence any element of depreciation would be immaterial. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not greater than the recoverable amount. Fire precaution work is included within land and buildings and is depreciated at the rates shown above.

Expenditure of less than £1,200 is not capitalised unless it constitutes components which are part of a large building project.

(g) Investments

Investments are included at their market value on 31 December 2016 and the increase or decrease in value between accounting dates, together with the profits and losses on disposals, is recognised in the Statement of Financial Activities.

(h) 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.

(i) 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.

(j) Creditors and provisions

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

Financial Statements

(k) 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.

(l) Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

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

(m) Operating leases

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred.

2 Investment income

	2016 £	2015 £
Dividend income	363,082	327,293
Interest receivable	24,511	18,418
	387,593	345,711

3 Provision for employees' pensions

Actuarial valuation

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

Amounts recognised in the Balance Sheet	2016	2015
	1,000	1,000
Fair value of scheme assets	43,801	37,935
Present value of scheme liabilities	39,503	32,337
Recognisable surplus	4,298	5,598

Financial Statements

3 Provision for employees' pensions continued

Amounts recognised in the SOFA	2016 £,000	2015 £,000
Interest on scheme liabilities	1,181	1,155
Expected return on scheme assets	(1,384)	(1,296)
Finance income	(203)	(141)
Current service cost including administration expenses	528	685
Total pension cost recognised in SOFA	325	544

Amounts recognised in the statement of total recognised gains and losses	2016 £,000	2015 £,000
Cumulative actuarial gain at 31 December	6,995	5,673
Actual return on assets less interest	5,531	85
Actuarial (gain)/loss on liabilities	(6,853)	1,487
Adjustment to fair value	-	643
Amount recognised in other comprehensive income	(1,322)	2,215

Change in scheme assets	£,000	£,000
Fair value of scheme assets at 1 January	37,935	36,846
Adjustment to fair value	-	643
Expected return on scheme assets	1,384	1,296
Administration expenses	(102)	(100)
Employer contributions	347	433
Member contributions	148	189
Benefits paid	(1,442)	(1,457)
Actuarial gain on assets	5,531	85
Fair value of scheme assets at 31 December	43,801	37,935
Actual return on scheme assets	6,915	1,381
Change in scheme liabilities		
Scheme liabilities at 1 January	32,337	33,352
Expected current service cost	426	585
Interest cost	1,181	1,155
Member contributions	148	189
Benefits paid	(1,442)	(1,457)
Actuarial gain/(loss) due to experience	6,853	(1,487)
Present value of scheme liabilities at 31 December	39,503	32,337

The employer expects to contribute £289,000 into the scheme in 2017.

Financial Statements

3 Provision for employees' pensions continued

Principal weighted average actuarial assumptions	2016	2015
Inflation assumption	3.20%	2.90%
Consumer Price Index	2.20%	1.90%
Rate of increase in salaries	3.20%	2.90%
Discount rate	2.80%	3.70%
Rate of increase in pensions in payment where increases are linked to inflation – Limited price index 5%	2.10%	1.80%
– Limited price index 3%	2.00%	1.70%
– Limited price index 2.5%	1.90%	1.60%

Expected return on scheme assets	Long term rate return expected at 31.12.16	Value at 31.12.16 £,000	Long term rate return expected at 31.12.15	Value at 31.12.15 £,000
Equities	-	-	-	-
Bonds	-	-	-	-
Gilts	-	-	-	-
Diversified Growth Funds	7.40%	43,926	7.40%	38,039
Cash and net current assets	0.50%	(125)	0.50%	(104)
	7.60%	43,801	7.60%	37,935

The overall expected return on assets of 7.60% at 31 December 2016 (2015 – 7.60%) is the weighted average of the expected returns for each assets class.

Historical analysis

Details of assets, liabilities and experienced gains and losses for the year to 31 December.

	2016 £,000	2015 £,000	2014 £,000	2013 £,000	2012 £,000
Fair value of scheme assets	43,801	37,935	36,846	35,112	30,236
Value of scheme liabilities	39,503	32,337	33,352	29,459	28,837
Surplus/(deficit) in the scheme	4,298	5,598	3,494	5,653	1,399
Experience adjustments on scheme assets	5,531	85	4	3,373	1,311
Experience (losses) and gains on scheme liabilities	-	-	(92)	88	83

Financial Statements

3 Provision for employees' pensions continued

Balance sheet reconciliations	2016 £,000	2015 £,000
Gross balance sheet asset at 1 January	5,598	3,494
Pension expense recognised in SOFA	(325)	(544)
Amounts recognised in the statement of total recognised gains and losses in the year	(1,322)	2,215
Actual contributions made by the employer in the year	347	433
Gross balance sheet asset at 31 December	4,298	5,598

4 Patient fees and other charges

	2016 £	2015 £
Fees from patients	11,042,396	10,402,386
Grants to cover full cost of reduced fees:		
Benevolent Fund for Friend patients	5,825	13,560
	11,048,221	10,415,946
Sundry income	144,183	149,254
	11,192,404	10,565,200

Financial Statements

5 Joint ventures and subsidiaries

- (a) The Retreat York has undertaken a joint venture to operate a unit for individuals with an acquired brain injury since 1998. The service is known as York House and in 2015, we opened a third unit, adding a further 10 beds to the 28 beds previously on site. The year end of the joint venture is 31 May. The results for the year to 31 December 2016, based on audited financial statements to 31 May 2016 and management account information since that date, are as follows:

	£
Fee income and contributions received	3,102,459
Expenditure on charitable activities	(2,825,863)
Share of net results for the year to 31 December 2016	276,596

The company's share of the net assets of the joint venture as at 31 May 2016 (the figures as at 31 December 2016 are not available) is as follows:

	£
Fixed assets	71,799
Current assets	537,140
Liabilities due within one year	(608,439)
Net assets	500

As all surpluses are distributed equally to the two joint venture partners, there are no net assets in the balance sheet at 31 December 2016 other than the share capital.

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

- (b) The Retreat York has undertaken a joint venture to operate a 12 bedded unit for women. The unit is known as Garrow House. The year end of the joint venture is 31 March. The results for the year to 31 December 2016, based on audited financial statements to 31 March 2016 and management account information since that date, are as follows:

	£
Fee income and contributions received	994,414
Expenditure on charitable activities	(1,016,594)
Share of net results for the year to 31 December 2016	(22,180)

The company's share of the net assets of the joint venture as at 31 March 2016 (the figures as at 31 December 2016 are not available) is as follows:

	£
Current assets	188,000
Liabilities due within one year	(176,000)
Net assets	12,000

All surpluses are distributed equally to the two joint venture partners with the exception of a designated asset maintenance reserve of £41,000. The only other net asset in the balance sheet at 31 December 2016 is the share capital.

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

Financial Statements

5 Joint ventures and subsidiaries continued

- (c) The Retreat York owns 1 share in Cottage Villa Limited representing 100% of its share capital. The company is set up to collect rents from The Retreat York's Learning Disability Service. The year end of the company is 31 December. The results for the period to 31 December 2016, based on audited financial statements are as follows:

	£
Fee income and contributions received	32,228
Expenditure on charitable activities	(32,228)
Share of net results for the period to 31 December 2016	-

The company's share of the net assets of the subsidiary as at 31 December 2016 is as follows:

	£
Current assets	1
Net assets	1

As all surplus is gift aided to The Retreat York, there are no net assets in the balance sheet at 31 December 2016 other than the share capital.

Financial Statements

6 Analysis of expenditure

(a)	Direct costs £	Support costs £	2016 total £	2015 total £
Specialist adult services	6,461,922	916,290	7,378,212	5,509,908
Specialist older adult services	5,577,247	615,284	6,192,531	6,448,937
Investment management fees	15,140	-	15,140	10,386
	12,054,309	1,531,574	13,585,883	11,969,231

(b) Support costs totalling £1,531,574 have been allocated across activities. These include costs associated with providing IT, payroll, personnel, finance, property and other central services to the charity.

(c) Employees

	2016 £	2015 £
Salaries	7,680,429	6,954,665
Employer's NI	571,750	491,096
Pension Scheme	625,349	720,320
	8,377,528	8,166,081

The average number of employees in the year was:

Medical staff	4	4
Nursing staff	264	224
Other clinical staff	36	35
Administration and support staff	28	28
Estate maintenance	9	11
Hotel services	35	42
	376	344

The Charity also operates a defined contribution scheme, the assets of which are held separately from the Charity. The amounts charged in the SOFA are the contributions paid to the scheme.

Financial Statements

6 Analysis of expenditure continued

(d) Employees – continued

The numbers of employees whose emoluments exceeded £60,000 were as follows:

Band of earnings	Number 2016	Number 2015
£70,000 – £79,999	4	4
£80,000 – £89,999	1	1
£90,000 – £99,999	1	-
£110,000 – £119,999	-	-
£120,000 – £130,999	3	4

Of the above, the number of staff to whom retirement benefits are accruing under the defined benefit pension scheme at 31 December 2016 is 9 (2015 – 9).

(e) Employees – continued

The Charity Trustees were neither paid nor received any benefits from the Charity (2015 – £Nil).

	2016 £	2015 £
Travel expenses reimbursed to Trustees	13,358	5,478
Number of Trustees reimbursed	6	12

A premium of £2,242 (2015 – £2,171) for Trustee indemnity insurance was paid by the Company during the year.

The key management personnel of The Retreat York are the Leadership Team, as per the Trustees' Annual Report. The total employee benefits of the key management personnel were £508,615 (2015 – £462,571).

Total redundancy payments amounted to £161,119 (2015 – £Nil).

(f) Net income/(expenditure) for the year

	2016 £	2015 £
Net income/(expenditure) is stated after charging:		
Auditor's remuneration – audit services	17,730	17,202
– other audit related expenses	3,100	4,320
Amounts paid under operating leases: land and buildings	63,000	63,000
Pension contributions	625,349	720,320
Depreciation	399,681	314,246

7 Taxation

As a charity, The Retreat York is exempt from tax on income and gains falling within the available tax exemptions to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

Financial Statements

8 SOFA prior year comparatives

	Restricted funds £	Unrestricted funds £	Total funds 2015 £
INCOME FROM			
Donations and legacies	11,022	60,876	71,898
Charitable activities			
Patient fees and other charges	-	10,565,200	10,565,200
Investments			
Rents	-	389,952	389,952
Investment income	-	345,711	345,711
Other finance income	-	141,000	141,000
Net income from joint ventures	-	350,183	350,183
Total income	11,022	11,852,922	11,863,944
EXPENDITURE ON			
Raising funds			
Investment management fees	-	10,386	10,386
Charitable activities			
Specialist older adult services	7,451	6,441,486	6,448,937
Specialist adult services	6,385	5,503,523	5,509,908
Total expenditure	13,836	11,955,395	11,969,231
Net expenditure before gains and losses on investments	(2,814)	(102,473)	(105,287)
Net (losses) on investments	-	(17,029)	(17,029)
Net expenditure before transfers	(2,814)	(119,502)	(122,316)
Transfer of funds	-	-	-
Net expenditure for the year	(2,814)	(119,502)	(122,316)
Actuarial gain on defined benefit scheme	-	2,213,921	2,213,921
Net movement in funds	(2,814)	2,094,419	2,091,605

Financial Statements

9 Fixed assets

	Freehold land and buildings £	Short leasehold land and buildings £	Furniture plant, equipment, vehicles £	Total £
Cost or valuation				
At 1 January	17,512,038	316,696	1,781,989	19,610,723
Additions in year	918,599	20,994	593,860	1,533,453
Disposals in the year	-	-	(43,846)	(43,846)
At 31 December 2016	18,430,637	337,690	2,332,003	21,100,330
Depreciation				
At 1 January	263,864	111,400	1,138,941	1,514,205
Charge for the year	20,205	35,660	343,816	399,681
Disposals	-	-	(43,608)	(43,608)
At 31 December 2016	284,069	147,060	1,439,149	1,870,278
Net book value				
At 31 December 2016	18,146,568	190,630	892,854	19,230,052
At 31 December 2015	17,248,174	205,296	643,048	18,096,518

The freehold land and buildings were valued as at 31 December 1998 by Weatherall Green and Smith and the valuations incorporated into the accounts. The operational properties were valued at £6.695m on a depreciated replacement cost basis. The temporarily non-operational properties included in fixed assets were valued at £355,000 on an open market basis, and at the valuation date were let producing rental income of £35,900 per annum. From that date up to the 31 December 2016 additions costing £11,380,637 have been capitalised and are included in the balance of £18,430,637 above.

A further valuation on a depreciated replacement cost basis was carried out by Lawrence Hannah in April 2015. The operational properties were valued at £16.65m. The company decided not to incorporate this valuation into the accounts. Additions to freehold properties after the date of this valuation total £1,510,813.

The company has taken advantage of the provisions contained within FRS102 not to adopt a policy of revaluation.

On a historical cost basis the freehold land and buildings would have a net book value at 31 December 2016 of £13,929,833 (2015 – £13,011,234).

Financial Statements

10 Investments

	2016 £	2015 £
(a) Movements in year at market value		
Market value at 1 January 2016	12,083,553	10,003,307
Acquisitions at cost	2,927,303	7,395,879
Disposals at book value	(2,544,727)	(5,334,909)
Net gains on revaluation at 31 December 2016	822,561	19,276
	13,288,690	12,083,553
Investment cash	327,781	380,402
Market value at 31 December 2016	13,616,471	12,463,955
Historical cost		
At 31 December 2016	12,143,109	11,657,480
(b) Realised losses in the year		
Proceeds	2,525,421	5,298,604
Disposals at book value	(2,544,727)	(5,334,909)
	(19,306)	(36,305)
(c) Reconciliation and movement in unrealised gains		
Unrealised gains at 1 January 2016	771,290	1,351,178
(Less) in respect of disposals in the year	(139,429)	(599,164)
Add net gains arising on revaluations in the period	822,561	19,276
Unrealised gains at 31 December 2016	1,454,422	771,290
(d) Analysis of market value		
Listed securities – UK	7,213,725	7,523,709
– Overseas	6,074,965	4,559,844
Cash deposits	327,781	380,402
	13,616,471	12,463,955

Included within investments are holdings in the following investments representing more than 5% of the value of the portfolio at 31 December 2016:

Sarasin Equisar Socially Responsible – B Inc	20.9%
Sarasin Medium Term Reserve	15.9%
Sarasin Equisar Socially Responsible (Sterling Hedged) – B Inc	15.6%
Sarasin Sterling Bond CLS A Inc	9.1%

Financial Statements

10 Investments continued

(e) Investment in joint ventures and subsidiaries

The company owns 500 ordinary shares of £1 each in York House Ventures Limited representing 50% of its share capital. The company is incorporated in England and Wales. Further details relating to York House Ventures Limited are given in note 5a.

The company owns 500 ordinary shares of £1 each in Northern Pathways Limited representing 50% of its share capital. The company is incorporated in England and Wales. Further details relating to Northern Pathways Limited are given in note 5b.

The company owns 1 share in Cottage Villa Limited representing 100% of its share capital. The company is incorporated in England and Wales. Further details relating to Cottage Villa Limited are given in note 5c.

The investment in joint venture is made up as follows:

	2016 £	2015 £
York House Ventures Limited	500	500
Northern Pathways Limited	12,000	12,000
Cottage Villa Limited	1	1
	<u>12,501</u>	<u>12,501</u>

11 Debtors

	2016 £	2015 £
Trade debtors	1,540,129	1,933,635
Prepayments and accrued income	143,550	158,557
Amount due from joint ventures	472,951	515,342
Other debtors	75,267	63,774
The Retreat Benevolent Fund	-	2,070
The Retreat York Pension Scheme	114,607	128,432
	<u>2,346,504</u>	<u>2,801,810</u>

12 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	282,639	322,168
Accruals	99,917	58,171
Tax and social security	165,577	169,214
Other creditors	58,958	29,954
The Retreat Benevolent Fund	162	-
Monies due to patients	269,889	231,326
	<u>877,142</u>	<u>810,833</u>

Financial Statements

13 Unrestricted funds

	At 1 January 2016 £	Net incoming resources £	Other recognised (losses)/ profits £	Transfers £	At 31 December 2016 £
General fund	19,657,800	(1,037,043)	(510,617)	(970,287)	17,139,853
Designated funds:					
Tangible fixed asset fund	18,096,518	-	-	1,133,534	19,230,052
Development fund	5,000,000	-	-	(235,000)	4,765,000
Patient legacy fund	119,224	(8,484)	-	-	110,740
Other funds	128,930	135,555	-	71,753	336,238
	43,002,472	(909,972)	(510,617)	-	41,581,883

General fund	2016 £	2015 £
General fund excluding pension asset	12,841,853	14,059,800
Pension asset	4,298,000	5,598,000
General fund	17,139,853	19,657,800

The general fund represents the free funds of the charity which are not designated for particular purposes and includes the pension asset.

Tangible fixed assets fund

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

Development fund

An amount of £4,765,000 in total has been earmarked for capital projects for the development of care services at The Retreat, York.

Patient legacy fund

Trustees have decided, following discussions with the family who bequeathed these funds, that they are designated for use to enhance the experience of patients at The Retreat on units where the former patient received care and treatment. To date expenditure has included drama therapy and patient holidays, as well as a memorial garden for use by patients, as requested by the family.

Other funds

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

Financial Statements

13 Unrestricted funds continued

Transfers

	£	£
Transfers to tangible fixed asset fund		
Additions	(1,533,453)	
Depreciation	399,681	
Net book value of disposals	238	(1,133,534)
Transfer to development fund		235,000
Net transfer to designated funds		898,534
		-

14 Restricted funds

	At 1 January 2016 £	Incoming resources £	Resources expended £	Transfers £	At 31 December 2016 £
Parkinson's Grant Fund	32,090	-	(600)	-	31,490
Social Enterprise Fund	6,812	2,229	(1,078)	-	7,963
Patient Holiday Fund	4,855	-	-	-	4,855
Other funds	31,596	2,139	(3,368)	-	30,367
	75,353	4,368	(5,046)	-	74,675

Parkinson's Grant Fund	This fund comprises funds donated by the Trustees of Albert Parkinson's Settlement, a small charitable trust in appreciation of the quality of care and treatment provided to a particular patient of The Retreat and the donor expressed a wish that at least part of the donation be applied in some way for the benefit of nursing staff.
Social Enterprise Fund	This fund comprises amounts raised by the sale of goods and refreshments from shops staffed by volunteers. Funds generated will be utilised to fund the Social Enterprise and the development and implementation of the vocational pathway, as defined by the people who use the service, being The Retreat York, York House and Garrow House.
Patient Holiday Fund	This is a fund arising from donations specifically given to pay for holiday breaks for patients.
Other funds	These funds comprise specific donations from external bodies to be spent on other benefits for patients.

Financial Statements

15 Analysis of net assets between funds

	Fixed assets £	Investments £	Net current assets £	Pension asset £	Fund balances £
Restricted funds	-	-	74,675	-	74,675
Unrestricted funds:					
Designated funds					
Tangible fixed asset	19,230,052	-	-	-	19,230,052
Development fund	-	4,765,000	-	-	4,765,000
Patient legacy fund	-	-	110,740	-	110,740
General fund	-	8,863,972	3,977,881	4,298,000	17,139,853
Other funds	-	-	336,238	-	336,238
	19,230,052	13,628,972	4,499,534	4,298,000	41,656,558

16 Reconciliation of net movement in funds to net cash flow from operating activities

	2016 £	2015 £
Net (outgoing) resources for the period	(910,650)	(105,287)
Add back depreciation charges	399,681	314,246
Deduct (profit)/loss on disposal	(147)	(552)
Deduct interest income shown in investing activities	(387,593)	(345,711)
Deduct other finance income	(203,000)	(141,000)
Decrease/(increase) in debtors	455,306	(96,832)
Increase/(decrease) in creditors	66,309	(109,561)
(Increase)/decrease in investment in joint ventures and subsidiaries	-	(25,390)
Pension cost in excess of contributions made	189,128	250,921
	(390,966)	(259,166)

17 Analysis of cash and cash equivalents

	2016 £	2015 £
Cash in hand	3,030,172	4,915,874
Cash awaiting investment	327,781	380,402
Total cash and cash equivalents	3,357,953	5,296,276

Financial Statements

18 Operating leases

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings	
	2016	2015
	£	£
Operating leases which expire:		
Within 1 to 5 years	252,000	315,000

19 Capital commitments

Capital expenditure authorised by the Board of Directors but not provided for in the accounts amounted to:

	2016	2015
	£	£
Contracted for	-	-

20 Contingent liability

The Retreat York received a grant from the NHS towards the cost of capital works carried out to upgrade Garrow House in order that a high support forensic service can be provided in that building. The grant is repayable to the NHS during the first 10 years of use of the building, which commenced in February 2008, if The Retreat were to elect to no longer make the property available for use by the NHS. The amount which is repayable declines by an equal sum as each of the 10 years is completed.

In recognition of this contingent liability in February 2008 The Retreat York granted a legal charge over Garrow House to the NHS which can be exercised in the event of all or a proportion of the grant becoming repayable to the NHS.

21 Related party transactions

- (a) During the year the following amounts were received for services provided to York House.

	2016	2015
	£	£
Services provided	84,637	100,487
Overheads recharged	1,025	2,157
Rent	216,989	223,487
	302,651	326,131

The amount owing by York House at 31 December 2016 in respect of services and unremitted surpluses is £438,805 (2015 – £465,429).

Financial Statements

21 Related party transactions continued

(b) During the year the following amounts were received for services provided to Garrow House.

	2016 £	2015 £
Services provided	69,392	73,547
Overheads recharged	7,246	6,951
Rent	198,892	164,485
	275,530	244,983

The amount owing by Garrow House at 31 December 2016 in respect of services and unremitted surpluses is £34,146 (2015 – £49,913).

(c) During the period the following amounts were received for services provided to East Villa.

	2016 £	2015 £
Services provided	~	2,000
Rent	~	3,333
	~	5,333

The amount owing by East Villa at 31 December 2016 in respect of services and unremitted surpluses is £Nil (2015 – £41,421).

Who's Who



Trustees and Directors

The board itself underwent considerable change during 2015, with the resignation and death of its chair, Stuart Humby; he was replaced by an interim chair, David Peryer, who in turn handed over to Jennifer Barraclough in March 2016. Other trustee directors left the board, and new members began to be appointed during the course of 2016.

Sallie Ashe ^{1,3}

Jennifer Barraclough (Appointed 1 January 2016)

Malcolm Bowker ¹ (Appointed 1 January 2016)

James Eddington ² (Appointed 1 January 2017)

Rob Griffiths

John Miles

Jane Muers ²

Jackie Turpin ¹ (Appointed 1 January 2017)

Mike Wash ²

¹ Member of the Finance & Resources Committee

² Member of the Governance Committee

³ Member of the Remuneration Committee

Chief Executive

Cathy Waters (Appointed 12 September 2016)

Jenny McAleese (Retired 31 October 2016)

John Barrie Oldham (Interim CEO from 14 December 2015 to 12 September 2016)

Company Secretary

Peter Edley (Appointed 27 October 2016)

Robert Brownlow (Retired 31 August 2016)

In late 2015, The Retreat's director of 20 years, Jenny McAleese confirmed early retirement. Jenny brought the organisation from a time of monetary loss and constraint into one of considerable financial stability. She oversaw the maintenance of The Retreat's reputation as a compassionate and effective mental health care provider and brought about several valuable joint ventures and partnerships. During this time, she was assisted by the careful stewardship of the Director of Finance, Robert Brownlow, who took planned retirement in the summer of 2016 after 17 years of loyal service. We record here our appreciation of their commitment and achievements.

Leadership Team

Cathy Waters	Chief Executive (Appointed 12 September 2016)
Jenny McAleese	Chief Executive (Retired 31 October 2016)
Dan Anderson	Medical Director (Resigned 22 June 2016)
Jon Barker	Medical Director (Secondment until 1 April 2017)
Kim Bevan	Director of Business and Service Development (Appointed 1 February 2017)
Peter Edley	Director of Finance, IT and Support Services (Appointed 1 February 2017)
Robert Brownlow	Director of Finance & Facilities (Retired 31 August 2016)
Caroline Johnson	Director of Operations
Jodie Roberts	Director of Business and Service Development (Resigned 31 December 2016)
Jo Skinner	Marketing and Communications Manager
Linda Stephens	Director of Organisational Change, Quality and Facilities (Resigned 30 November 2016)

Auditors

BHP, Chartered Accountants, Bathurst House, 86 Micklegate, York, YO1 6LQ

Investment Managers

Sarasin & Partners, Juxon House, 100 St Paul's Churchyard, London EC4M 8BU

Solicitors

Ford & Warren, Westgate Point, Westgate, Leeds LS1 2AX

Bankers

HSBC Bank plc, 13 Parliament Street, York YO1 1XS



If you would like to make any comments regarding the content of this report, or make any suggestions for future reports, please contact our Marketing Department at the address below.

Electronic copies of this Annual Report can be obtained from our website (www.theretreatyork.org.uk) and the NHS Choices website (www.nhs.uk).

Printed copies can be obtained by contacting the Marketing Department.

If you require this report in another language please contact the Marketing Department.

Marketing Department
The Retreat
Heslington Road
York YO10 5BN

Registered Office:

The Retreat York
Heslington Road
York
YO10 5BN

www.theretreatyork.org.uk
info@theretreatyork.org.uk
01904 412551



@theretreatyork



@theretreatyork.org.uk

The Retreat is an organisation underpinned by Quaker values.

To all donors and volunteers at
The Retreat