

Company number: 4325622
Charity number: 1089826

The Retreat York

Report and financial statements
For the year ended 31 December 2017



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The Retreat York

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The Retreat York

Reference and administrative information

For the year ended 31 December 2017

Company number 4325622

Charity number 1089826

Registered office and operational address
107 Heslington Road
York
YO10 5BN

Country of registration England & Wales

Country of incorporation United Kingdom

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:

Sallie Ashe ^{1 3}

Jennifer Barraclough ^{1 3 4}

Malcolm Bowker ^{1 4} (Resigned 7 March 2018)

James Eddington ² (Appointed 1 January 2017)

Rob Griffiths ³

John Miles ⁴

Jane Muers ² (Resigned 5 January 2018)

David Robson (Appointed 12 April 2018)

Jackie Turpin ^{1 4} (Appointed 1 January 2017/Resigned 15 December 2017)

Mike Wash ²

1 Member of the Finance & Resources Committee

2 Member of the Governance Committee

3 Member of the Remuneration Committee

4 Member of the Audit Committee

Key management personnel

Cathy Waters	Chief Executive
Kim Bevan	Director of Development
Ian Holborn	Director of Finance & IT
Marie Hopkins	Interim Director of Operations
Ingrid Jenner	Interim Director of Human Resources
Jo Skinner	Marketing & Communications Manager
Jackie Turpin	Interim Director of Finance & IT (resigned 15 December 2017)
Chris Halliwell	Interim Medical Director (resigned 17 February 2018)

The Retreat York

Reference and administrative information

For the year ended 31 December 2017

Bankers HSBC Bank plc
13 Parliament Street
York
YO1 1XS

Solicitors Weightmans
Westgate Point
Westgate
Leeds
LS1 2AX

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

Auditor 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 31 December 2017.

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

Objectives and activities

Purposes and aims

The Retreat's purpose as set out in the objects contained in the company's Articles of Association, are to relieve suffering from mental illness. In simple language we describe this simply as 'improving people's mental health'.

Our mission statement is "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".

The aims of the charity are to achieve its purpose through the provision of services and related activities that prevent and treat mental ill-health. The charity defines mental ill-health as any condition that affects an individual's mental functioning, leading to reduced ability to take part in the regular day-to-day activities most of us take for granted.

Ensuring our work delivers our aims

We review our aims, objectives and activities each year. This review looks at what we achieved and the outcomes of our work in 2017. The review looks at the success of each key activity and the benefits they have brought to those groups of people we are set up to help. The review also helps us ensure our aims, objectives and activities remained focused on our charitable objects. The Trustees consider how planned activities will contribute to the aims and objectives of the Charity. The Objectives for 2017 included:

- Improvement in standards and safety as reflected in the Care Quality Commission review of delivery in November 2017
- Contract review of the eating disorders service by NHS England throughout 2017
- Friends and Family feedback reporting in comparison to prior period reporting.
- Staff retention and staff delivery performance as measured by number and quality of qualified staff and staff retention measures.
- Management of safe and effectively delivery on our Units whilst maintaining occupancy levels to an economic plan.

- Further development of partnership working to ensure pathways can be joined and outcomes for health improved.

Mechanisms for achieving the stated objectives are in place: these include the Strategic Vision which is reviewed annually and supported by a more detailed Business Plan. Staff supervision and appraisals are a means by which progress on targets is monitored to ensure that the agreed work programme is achieved. The Board is currently leading a strategic review of the company to ensure it continues to meet its charitable objects.

The focus of our work

The Retreat is a charitable, not-for-profit provider of specialist mental health care. We work with the NHS to provide services for people with complex and challenging needs. The Retreat was established in 1796 and was the first place where people with mental health problems were treated humanely and with dignity and respect. Over ninety-six percent of our inpatients are funded by the NHS, with over 30 Clinical Commissioning Groups and NHS England referring people to us for support.

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

Our main objectives for the past year continued to be the promotion of positive mental health. The strategies we used to meet these objectives included:

- Providing a range of high quality hospital based in-patient services designed to meet the needs of adults with complex and challenging mental health problems;
- Providing a range of community services designed to meet the needs of the general public who experience mental ill-health;
- Ensuring that, wherever possible, our work is externally accredited and combines our distinctive values, clinical model and evidence-based best practice into an effective and accessible service;
- Working in partnership with other organisations and agencies to ensure the widest range of support of available in order to improve people's mental health.

The trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The trustees report 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.

Public benefit

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.

Future and Risk Review

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. This combined with evidence of changing commissioning intentions of NHS England and Clinical Commissioning Group policy has resulted in the need for a review of the Retreat activities to ensure relevance and sustainability of the Retreat offer.

A Strategic Review was undertaken during 2017 by the Board with a view to meeting the objective of securing a more sustainable future for the Retreat by considering the needs and commissioning plans of our prime funders, the local and national needs which our services are intended to meet, and to ensure the best outcomes for our current and future clients.

In April 2018, and as a result of the Strategic Review work, the Board of the Retreat announced a proposal to withdraw from In-patient activity and began consultation with staff on the 30 April, 2018 to seek transformation of services to an Outpatient and community delivery focused organisation in the future. This is likely to result in a de-registration of Hospital services but with a continued focus on the specialisms, strengths and ethical priorities of The Retreat. Risks around this transformation include:

- Changing the sources of funding for outpatient and community care move beyond NHS funding and consider funding from social care and local authorities, bidding into grant-funded markets and increasingly the private health care market.
- The risk of losing key staff during the process of change
- Reaction from current customers, Care Commissioning Group and NHS England in supporting the transition of some existing patients to a new care offer.
- Requirement for working in partnerships, and finding the right partners, so enable new markets to be developed in a relatively short time period.
- Agreement and support from stakeholders including funders, The Retreat Pension Scheme, staff and Trustees for the range of changes being proposed.

- Ensuring the maintenance of safe care and quality of care whilst organisation change is being implemented.

Risk Management: Operational risks

The Trustees are responsible for reviewing major 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.

Risk Governance: Strategic Risk

The Trustees of the Retreat, through the work of the Governance Committee, review the key strategic risk of the Retreat at least quarterly. The following table reflects the position of high level strategic risks at the date of the approval of the Financial Statements.

Key Risks	Mitigation	Next steps
Financial sustainability	Careful reserve management	Identify surplus in 3 year plan
Filling clinical roles	Staff retention plan	Agency action plan for gaps
Clinical record keeping	Internal audit and sampling plan	Key resource to complete audit identified
Medical director gap	Support structure supervisory plan	Senior clinical support being commissioned
Business continuity plan	Revised plan with governance team	Issues revised plan and solutions to Trustees
Care planning record system	Review of some unit processes	Governance team to lead step by step unit reviews

Board Assurance Framework

The Trustees are responsible for the Board Assurance Framework reviews annually. At the April 18 Board meeting the following objectives and associated risks were considered:-

- Ensure The Retreat's 2020 strategy is fit for purpose, in place and shared across the organisation
- Develop a dynamic, empowered leadership team, that demonstrates, effective decision making, that supports current and future business opportunities
- Develop and implement a Quality Improvement Plan
- Develop an estates strategy to ensure our environment is fit for modern purposes and that it can be used flexibly and smartly
- Develop care pathways, in suitable environments, supported by staff with appropriate skills and competencies, working in an efficient and effective way.
- Ensure organisation achieves a stable financial position
- Improve The Retreat's Business Continuity Plan
- Become agile within the changing mental health landscape, developing appropriate and effective partnerships and collaborations
- Improve the delivery of care and the responsiveness of services through the effectiveness and efficiency of our systems and processes
- Improve the recruitment and retention of staff

Strategic report

Achievements and performance

The charity's main activities and who it tries to help are described below. All its charitable activities focus on mental health and are undertaken to further The Retreat York's charitable purposes for the public benefit.

The Retreat's activities are split into three general areas: inpatient services, community services and our joint ventures with other charities and organisations. At any one time care is provided by The Retreat to around 40 inpatients and approximately 650 different individuals receive therapy from our community services. Our joint venture services enable us to provide joint care to a further 50 inpatients. Approximately half of our inpatient capacity is focussed on the older adult service delivery, and the remainder on specialist adult services, this is also reflected in our staff numbers and other resources.

We have five specialist inpatient units: two for older adults and three for adults. 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. Our clinical model allows us to work successfully with individuals whose only alternative would often be more restrictive secure mental health facilities.

Specialist Adult Services (SAS)

During 2017, The Retreat had three units providing care within the SAS as follows: –

Acorn

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

During the year this unit maintained its accreditation by The Royal College of Psychiatrists as assessed by the Community of Communities.

The Acorn unit has subsequently closed in April 2018.

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.

Kemp

Kemp is a specialist service for females over the age of 18 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 (SOAS)

These services are aimed at people of midlife and beyond and offers hospital based treatment for both organic and functional mental health problems. People who use the service may as a result of these illnesses present with behaviours that are challenging to carers or nursing homes such as wandering, aggression or anti-social behaviour. This includes people who are detained under the Mental Health Act or who require intensive levels of assessment, monitoring and treatment that is not possible in other settings. The service is needs led not age led.

During 2017, The Retreat had three units providing care within the SOAS as follows: –

Katherine Allen Unit

This is a 12 bedded unit which provides care to women with a diagnosis of dementia, who may have pre-existing mental health diagnoses and present with complex needs.

George Jepson Unit

This is a 13 bedded unit which provides care to men with a diagnosis of dementia, who may have pre-existing mental health diagnoses and present with complex needs.

Strensall Unit

This is a 20 bedded unit for the provision of a long-term care pathway for older adults whose needs cannot be met within their local community and require ongoing hospital-based care. This unit closed in October 2017.

The multidisciplinary team is experienced in managing high risk challenging behaviours in a dignified manner and uses a person centred holistic approach. After receiving a referral, the clinical team will choose the best pathway and unit to meet the needs of the individual and there may be a transfer from one unit to another as the person's abilities change.

Outpatient Services

The Tuke Centre

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

The Retreat York

Trustees' annual report

For the year ended 31 December 2017

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 The Villa. People that use this service are not detained under the Mental Health Act 1983 (MHA), and they may have learning disabilities and autistic spectrum disorder. The learning disability services are 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 in Northern Pathways' Annual Report.

Volunteers

The charity is grateful for the unstinting support of volunteers who are involved in the provision of services and social activities for residents.

Financial review

The Statement of Financial Activities for the period is set out on page 24 of the financial statements.

The operating results of The Retreat, which include 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 2017 produced a deficit of £3,359,929 (2016 – deficit £2,522,522). Other income from investments, donations, legacies and grants produced income of £868,883 (2016 – £1,025,413).

The result was an overall net deficit before gains and movement on pensions for the year amounting to £2,183,840 (2016 – deficit £910,650).

After taking into account net investment gains of £899,082 (2016 – gains £803,255) and an actuarial gain on the defined benefit pension scheme of £3,564,032 (2016 – deficit £1,313,872), there was a net positive movement of funds of £2,279,274 (2016 – adverse movement £1,421,267).

Our financial results for the year have been affected by a net pension expense of £471,000 (2016 – expense £325,000) relating to the current services costs for the Trust, net of interest expense.

Changes in Fixed Assets

The movements in fixed assets during the year are set out in note 12 of the financial statements. A prior year adjustment, as described in note 30 to the accounts sets out changes to fixed assets as a result of reclassifying investment properties

Reserves policy and going concern

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 weaker trading, the company can continue to operate without cash-flow problems.

	£m's
Net Assets – 31 December 2017	43.6
Restricted funds and donations	(0.1)
Pensions reserve	(7.8)
Tangible fixed asset value	(14.9)
Legacy and non-specified use donations	(0.5)
General future development fund	(4.5)
Unrestricted/free reserves 31 December 2017	<u>15.8</u>

The company has also calculated the unrestricted reserves by identifying the Net Assets in total, deducting the tangible fixed assets, Pensions reserve, and general and specific designated development funds and specific donation and legacy funds – under this definition of unrestricted reserves the company holds £15.8m of reserves.

Presently the undesignated reserves reported on the Balance Sheet amount to £11,526,022 (2016 – £12,841,853). This figure excludes the pension asset of £7,790,000 on the basis that this asset does not result in any cash flow to the charity and is likely to diminish over time.

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

Reserves for the necessary upgrade and development of the charity's operational and investment properties and other non-capital, future strategy development projects are segregated into a separate development fund, currently totalling £4,533,327 (2016 – £4,765,000).

Investment Policy

The Retreat hold investments in a portfolio approach that includes a number of forms of holdings including cash balances, Investment properties, long-term reserves and short-term reserve instrument holdings.

The investments are held to enable the charity to discharge its charitable purposes and serving as a safety-net in the face of challenges and to enable some sustainability and capital investment in the medium term.

Short term reserves are held with a minimal return objective and are used to preserve capital, longer term reserves are held to obtain a return above inflation over the medium term.

As a Quaker charity, the Retreat has an ethical investment approach , avoiding direct investments in companies that derive more than 5% of their revenue from Arms sales, tobacco manufacture and sale of alcohol, gambling, and facilitation of pornography or prostitution.

Going Concern

The Retreats activities, its current financial position and factors impacting on its future development and associated risks are set out within the Trustees annual report.

The Retreat has a three year financial plan and has detailed cash-flow forecasts for the next 12 months. These forecasts have been sensitised to take account of the possible crystallisation of major risks and to show how the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason The Retreat continues to adopt the going concern basis in preparing the financial statements and the Trustees are comfortable that no material uncertainties exist which would threaten the operational existence of the Retreat for the next 12 months.

Plans for the future

The next few years promise to be increasingly challenging for The Retreat as have been the past few. The pressure on the Government debt position is bringing to bear financial constraints upon the NHS and we need to manage our own cost base carefully, whilst continuing to maintain high quality services. This is a particularly challenging thing to achieve given the ever increasing demands placed upon us by the NHS funding position, the changes to commissioning intentions and additional and increasing compliance requirements imposed on NHS funded providers.

There is also a general requirement to provide care outside of hospital environment and occupancy is under significant pressure. The Retreat is reporting an operational net loss position of £2.183m and an occupancy level which has fallen below 40 inpatients in 2018. We have to think carefully about new service developments ensuring that they expand our range of clinical services, whilst adding to our financial strength.

The Retreat York

Trustees' annual report

For the year ended 31 December 2017

The Retreat is conducting a thorough strategic review to help us to diversify our services in line with the move towards some community based care services. The physical environments in which we provide inpatient care are also the subject of a significant review and major capital expenditure may be required in the future to address this issue.

The Retreat York began a consultation process with all staff on 30 April 2018 on a proposal to withdraw from inpatient services by December 2018 and to re-focus on Outpatient services and supported living of the most complex of mental health needs.

To support the future developments the Trustees and the leadership team have focused on some key process steps to under-pin the review of options by the Retreat:

- Two reviews by Deloitte's advisory team to consider the current markets for the Retreats offer and to determine turnaround feasibility, and also to consider new opportunities and new markets based on the current Retreat outpatient offer.
- With the support of the Medical Director and Interim Director of Operations, the Retreat has been able to improve its overall CQC rating from "Inadequate" in February 2017, to "Good" in November 2017.
- Carefully managed closure of two inpatient units due to economics and safety issues in the form of Strensall Unit (October 2017) and Acorn Unit (March 2018)
- Increased management capability by the appointment of a new Finance Director (January 2018) and an Interim HR Director (October 2017) to support the change planning.
- Undertaking a review of estates assets and options with the help of external advisors, Purcells, with a commission to help maximise the value of the future estate as the Retreat strategy develops further.
- Undertaking a review of legal structure with external support to consider the flexible and appropriate ownership and control structure to ensure efficient partnership working and to retain and meet registration requirements.

The Retreat in looking to the future is working to a series of strategic plans which have identified risk issues and contingency responses. These range from a review of new offers and business models in autumn 2018, support and retention of key staff policy in the remainder of 2018, the formation of a number of key partnerships before 2019 and management of cash-flow, non-restricted reserves and a number of new investments in 2018.

These plans consider the possible success and failure of each initiative and the likely impact on the business plan during the next 12 months.

Structure, governance and management

Constitution

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 amended at the AGM held on 24 June 2010 and the EGMs held in February 2011, February 2012 and November 2016.

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.

All Trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 7 to the accounts.

Management

Whilst strategic decisions are taken by the Directors, the day-to-day management of the charity is the responsibility of the Leadership Team which comprises six individuals who come from a range of disciplines. The Leadership Team reports directly to the Board of Directors.

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 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 at Director level.

Audit Committee

The Audit committee is formed as a sub-committee of the Board and is responsible for reviewing the Audit processes and work of the external auditors in addressing financial assurance issues of the company.

Appointment of trustees

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.

Trustee induction and training

All Members and Directors receive induction upon appointment to their respective roles. Directors receive 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.

Related parties and relationships with other organisations

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 15 to the accounts.

For some years The Retreat York has undertaken a joint venture with Turning Point 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 16 to the accounts.

The Retreat has an associate, The Retreat York Benevolent Fund, which provides funds for the care of individuals on both inpatient and outpatient basis. This charity is administered from the Retreat York. Note 17 to the financial statements explain the related nature of the relationship.

Remuneration policy for key management personnel

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 senior members of staff. In June 2017 the Remuneration Committee undertook a benchmarking exercise to review the pay levels of senior post-holders in the Retreat, including members of the leadership team, CEO and senior consultant and clinical staff. At the same time the salary scales across the organisation were reviewed compared to third sector charitable organisations, NHS and NHS funded organisations and this was undertaken to review the competitiveness of the Retreat offer to the local employment market-place. Some changes to pay across the banding levels were made, and salary bands have applied to new post informed by this review.

Employee Information

Policy for employment of disabled persons

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

Employee Consultation

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.

The Gender Pay Review

The Gender pay gap exercise was completed and reported to DBIS in March 2018. The Retreat reported a zero differential in pay between men and women across the organisation.

The Living Wage

The Retreat operates a living wage policy and regime. The Retreats adheres to minimum wage legislation and is a living wage employer. The Retreat ensures that contractor staff also adheres to living wage guidance and seek positive assurance from key suppliers each year.

Statement of responsibilities of the trustees

The trustees (who are also directors of The Retreat York 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 group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or group 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 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 group 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.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2017 was 7 (2016:7).

The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

The Retreat York

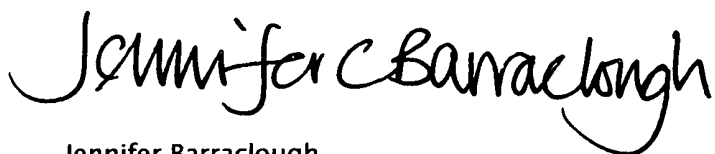
Trustees' annual report

For the year ended 31 December 2017

Auditor

Sayer Vincent LLP was appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The trustees' annual report which includes the strategic report has been approved by the trustees on 7 June 2018 and signed on their behalf by

A handwritten signature in black ink, reading "Jennifer Barraclough". The signature is written in a cursive, flowing style with a large, prominent 'J' at the beginning and a long, sweeping underline that extends under the rest of the name.

Jennifer Barraclough
Clerk

Opinion

We have audited the financial statements of The Retreat York (the 'charitable company') for the year ended 31 December 2017 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 31 December 2017 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

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 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 requires us to report to you if, in our opinion:

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

Independent auditor's report

To the members of The Retreat York

- 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.

Judith Miller (Senior statutory auditor)

25 June 2018

for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

The Retreat York

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

For the year ended 31 December 2017

	Note	Unrestricted £	Restricted £	2017 Total £	Unrestricted £	Restricted £	Restated 2016 Total £
Income from:							
Donations and legacies	2	68,880	5,261	74,141	237,669	4,368	242,037
Charitable activities	3						
Specialist older adult services		3,720,429	-	3,720,429	4,648,867	-	4,648,867
Specialist adult services		6,655,560	-	6,655,560	6,399,354	-	6,399,354
Other trading income		132,464	-	132,464	144,183	-	144,183
Net income from joint ventures	16	81,888	-	81,888	254,416	-	254,416
Investments	4	794,692	-	794,692	783,376	-	783,376
Other – pension income	29	108,000	-	108,000	203,000	-	203,000
Total income		11,561,913	5,261	11,567,174	12,670,865	4,368	12,675,233
Expenditure on:							
Raising funds		15,096	-	15,096	15,140	-	15,140
Charitable activities							
Specialist older adult services		5,974,999	3,868	5,978,867	6,190,319	2,212	6,192,531
Specialist adult services		7,757,051	-	7,757,051	7,375,378	2,834	7,378,212
Other		-	-	-	-	-	-
Total expenditure	5	13,747,146	3,868	13,751,014	13,580,837	5,046	13,585,883
Net (expenditure)/income before net gains on investments		(2,185,233)	1,393	(2,183,840)	(909,972)	(678)	(910,650)
Net gains on investments	14	899,082	-	899,082	803,255	-	803,255
Net (expenditure)/income before other recognised gains and losses	7	(1,286,151)	1,393	(1,284,758)	(106,717)	(678)	(107,395)
Actuarial gains/(losses) on defined benefit pension schemes	29	3,564,032	-	3,564,032	(1,313,872)	-	(1,313,872)
Net movement in funds		2,277,881	1,393	2,279,274	(1,420,589)	(678)	(1,421,267)
Reconciliation of funds:							
Total funds brought forward		41,269,539	74,675	41,344,214	43,002,472	75,353	43,077,825
Prior period adjustment	30	-	-	-	(312,344)	-	(312,344)
Total funds brought forward (as restated)		41,269,539	74,675	41,344,214	42,690,128	75,353	42,765,481
Total funds carried forward		43,547,420	76,068	43,623,488	41,269,539	74,675	41,344,214

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 21a to the financial statements.

The Retreat York

Balance sheet

Company no. 4325622

As at 31 December 2017

		2017	Restated 2016
	Note	£	£
Fixed assets:			
Tangible assets	12	14,866,520	14,566,708
Investment properties	13	4,351,000	4,351,000
Investments	14	12,874,307	13,616,472
Investments in joint ventures	16	12,500	12,500
		<u>32,104,327</u>	<u>32,546,680</u>
Current assets:			
Debtors	18	2,193,986	2,346,504
Short term deposits		271,694	793,224
Cash at bank and in hand		2,191,449	2,236,948
		<u>4,657,129</u>	<u>5,376,676</u>
Liabilities:			
Creditors: amounts falling due within one year	19	(927,968)	(877,142)
Net current assets		<u>3,729,161</u>	<u>4,499,534</u>
Net assets excluding pension asset		<u>35,833,488</u>	<u>37,046,214</u>
Defined benefit pension scheme asset	29	7,790,000	4,298,000
Total net assets		<u><u>43,623,488</u></u>	<u><u>41,344,214</u></u>
The funds of the charity:	21a		
Restricted income funds		76,068	74,675
Unrestricted income funds:			
Designated funds		24,231,398	24,129,686
General funds		11,526,022	12,841,853
Pension reserve		7,790,000	4,298,000
Total unrestricted funds		<u>43,547,420</u>	<u>41,269,539</u>
Total charity funds		<u><u>43,623,488</u></u>	<u><u>41,344,214</u></u>

Approved by the trustees on 7 June 2018 and signed on their behalf by

Jennifer C Barraclough

Jennifer Barraclough
Clerk

The Retreat York

Statement of cash flows

For the year ended 31 December 2017

	Note	2017 £	£	2016 £	£
Net cash (used in) operating activities	22	(2,302,321)		(786,749)	
Cash flows from investing activities:					
Dividends, interest and rents from investments		794,692		783,376	
Proceeds from the sale of fixed assets		–		385	
Purchase of fixed assets		(700,647)		(1,533,453)	
Proceeds from sale of investments		11,121,667		2,525,421	
Purchase of investments		(1,393,739)		(2,927,303)	
Net cash provided by/(used in) investing activities		9,821,973		(1,151,574)	
Change in cash and cash equivalents in the year		7,519,652		(1,938,323)	
Cash and cash equivalents at the beginning of the year		2,564,729		4,503,052	
Cash and cash equivalents at the end of the year	23	10,084,381		2,564,729	

The Retreat York

Notes to the financial statements

For the year ended 31 December 2017

1 Accounting policies

a) Statutory information

The Retreat York is a charitable company limited by guarantee and is incorporated in England and Wales. The registered office address is 107 Heslington Road, York, YO10 5BN.

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.

The trustees do not consider that there are any sources of estimation uncertainty 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.

For 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.

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

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

f) Interest receivable and dividends

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 amounts received from listed investments as notified by investment managers and are re-invested in the funds available to the investment managers.

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 are the invoiced costs of professional investment managers
- Expenditure on charitable activities includes the costs of delivering Specialist Older Adult and Specialist Adult Mental Health Services undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

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

i) Grants payable

Grants payable are made to third parties in furtherance of the charity's objects. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

j) Allocation of support costs

Resources expended are 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 on the following basis which are an estimate, based on bed numbers, of the amount attributable to each activity.

- | | |
|----------------------------------|--------|
| ● Specialist Older Adult Service | 53.95% |
| ● Specialist Adult Services | 46.05% |

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on the ratio of direct unit specific costs compared to total unit specific, of the amount attributable to each activity

- | | |
|-----------------------------------|--------|
| ● Specialist older adult services | 59.60% |
| ● Specialist adult services | 40.40% |

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.

k) Operating leases

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

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,200. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- | | |
|-----------------------------------|------------------------------|
| ● Short Leasehold Buildings | Over the period of the lease |
| ● Furniture, plant and equipment | 16.5% straight line |
| ● Vehicles | 25% reducing balance |
| ● Fire Precaution | 4% straight line |
| ● Computer Equipment and Software | 25% straight line |

1 Accounting policies (continued)

m) Investment properties

Investment properties are measured initially at cost and subsequently included in the balance sheet at fair value. Investment properties are not depreciated. Any change in fair value is recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. The valuation method used to determine fair value will be stated in the notes to the accounts.

n) 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. Any change in fair value will be recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. 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. The charity does not acquire put options, derivatives or other complex financial instruments.

o) Investments in subsidiaries

Investments in subsidiaries are at cost.

p) Investments in Joint Ventures

Investments in joint ventures are valued at fair value based on the share of the net assets of the joint venture.

q) 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.

r) Short term deposits

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

s) 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.

t) 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.

u) 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.

v) Pensions

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. The Scheme closed to new entrants in 2013.

The charity also operates a Defined Contribution Scheme for those members of staff not eligible to join the Defined Benefit Scheme. This Scheme is also used to discharge our auto enrolment obligations.

2 Income from donations and legacies

	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Donations	53,386	5,261	58,647	82,037
Legacies	15,494	-	15,494	160,000
	<u>68,880</u>	<u>5,261</u>	<u>74,141</u>	<u>242,037</u>

3 Income from charitable activities

	Unrestricted £	Restricted £	2017 Total £	2016 Total £
In-patient services	3,455,878	-	3,455,878	4,265,925
Observations	264,551	-	264,551	382,942
Sub-total for specialist older adult services	<u>3,720,429</u>	<u>-</u>	<u>3,720,429</u>	<u>4,648,867</u>
In-patient services	5,721,159	-	5,721,159	5,316,876
Out-patient services	812,447	-	812,447	893,384
Grants from Benevolent Fund	41,678	-	41,678	5,825
Observations	80,276	-	80,276	183,269
Sub-total for specialist adult services	<u>6,655,560</u>	<u>-</u>	<u>6,655,560</u>	<u>6,399,354</u>
Other Charitable Activities	132,464	-	132,464	144,183
Sub-total for other charitable activities	<u>132,464</u>	<u>-</u>	<u>132,464</u>	<u>144,183</u>
Total income from charitable activities	<u>10,508,453</u>	<u>-</u>	<u>10,508,453</u>	<u>11,192,404</u>

4 Income from investments

	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Rental income	409,873	-	409,873	395,783
Dividends	372,596	-	372,596	363,082
Interest	12,223	-	12,223	24,511
	<u>794,692</u>	<u>-</u>	<u>794,692</u>	<u>783,376</u>

Notes to the financial statements

For the year ended 31 December 2017

5 Analysis of expenditure

	Charitable activities						2017 Total £	2016 Total £
	Raising funds £	Specialist older adult services £	Specialist adult services £	Governance costs £	Support costs £			
Staff costs (Note 8)	-	3,473,927	4,194,733	28,629	671,964	8,369,253	8,839,298	
Direct costs	-	1,714,149	2,472,663	-	108,732	4,295,544	3,656,269	
Office costs	-	33,741	148,028	-	354,657	536,426	560,742	
Property costs	-	76,008	-	-	-	76,008	71,353	
Investment manager fees	15,096	-	-	-	-	15,096	15,140	
Auditor's remuneration	-	-	-	38,121	-	38,121	24,996	
Depreciation	-	35,660	-	-	365,175	400,835	399,681	
Trustee expenses	-	-	-	15,324	-	15,324	13,358	
Other	-	3,868	-	539	-	4,407	5,046	
	15,096	5,337,353	6,815,424	82,613	1,500,528	13,751,014	13,585,883	
Support costs	-	605,568	894,960	-	(1,500,528)	-	-	
Governance costs	-	35,946	46,667	(82,613)	-	-	-	
Total expenditure.2017	15,096	5,978,867	7,757,051	-	-	13,751,014		
Total expenditure 2016	15,140	6,192,531	7,378,212	-	-		13,585,883	

Of the total expenditure, £13,747,146 was unrestricted (2016: £13,580,837) and £3,868 was restricted (2016: £5,046)

Notes to the financial statements

For the year ended 31 December 2017

6 Grant making

There are no grant making activities.

7 Net (expenditure) for the year

This is stated after charging/(crediting):

	2017 £	2016 £
Depreciation	400,835	399,681
(Loss) on disposal of fixed assets	-	(147)
Operating lease rentals:		
Property	63,000	63,000
Auditor's remuneration (excluding VAT):		
Audit	20,250	17,730
Other services	8,333	3,100
	<u>8,333</u>	<u>3,100</u>

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

Staff costs were as follows:

	2017 £	2016 £
Salaries and wages	7,103,836	7,481,079
Redundancy and termination costs	44,136	161,119
Social security costs	540,944	571,750
Employer's contribution to defined contribution pension schemes	241,337	199,350
Operating costs of defined benefit pension schemes	439,000	426,000
	<u>8,369,253</u>	<u>8,839,298</u>

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

	2017 No.	2016 No.
£60,000 – £69,999	2	-
£70,000 – £79,999	1	4
£80,000 – £89,999	-	1
£90,000 – £99,999	2	1
£120,000 – £129,999	2	3
	<u>2</u>	<u>3</u>

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £405,145 (2016: £563,279).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2016: £nil). No charity trustee received payment for professional or other services supplied to the charity (2016: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £15,324 (2016: £13,358) incurred by 6 (2016: 6) members relating to attendance at meetings of the trustees.

9 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 341 (2016: 376).

Staff are split across the activities of the charitable company as follows:

	2017 No.	2016 No.
Specialist older adult services	138.0	158.0
Specialist adult services	140.0	146.0
Support	61.0	70.0
Governance	2.0	2.0
	<hr/>	<hr/>
	341.0	376.0
	<hr/>	<hr/>

Included in the above headcount are bank staff of 15

10 Related party transactions

There are no related party transactions to disclose for 2017 (2016: none).

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

11 Taxation

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

The Retreat York

Notes to the financial statements

For the year ended 31 December 2017

12 Tangible fixed assets

	Restated Freehold property £	Leasehold property £	Equipment £	Restated Total £
Cost				
At the start of the year	13,767,293	337,690	2,332,003	16,436,986
Additions in year	432,111	–	268,536	700,647
Disposals in year	–	–	(225,875)	(225,875)
At the end of the year	14,199,404	337,690	2,374,664	16,911,758
Depreciation				
At the start of the year	284,069	147,060	1,439,149	1,870,278
Charge for the year	25,198	35,660	339,977	400,835
Eliminated on disposal	–	–	(225,875)	(225,875)
At the end of the year	309,267	182,720	1,553,251	2,045,238
Net book value				
At the end of the year	13,890,137	154,970	821,413	14,866,520
At the start of the year	13,483,224	190,630	892,854	14,566,708

The freehold property was valued by Carter Jonas in March 2018 as at 31 December 2017 on a depreciated replacement cost basis. The operational properties were valued at £16.2m. The company decided not to incorporate this valuation into the accounts.

All of the above assets are used for charitable purposes.

13 Investment properties

	2017 £	2016 £
Fair value at the start and end of the year	4,351,000	4,351,000

All properties were valued in April 2018 by Carter Jonas and March 2018 by Smiths Chartered Surveyors and Barry Crux & Co at fair value, which is defined as the price that would be received to sell the asset or paid to transfer a liability in an orderly transaction between market participants.

These properties were originally carried in tangible fixed assets and transferred to investment properties as a prior year adjustment. The 2018 value has been applied to be applicable to 1st January 2016 on the basis that there has been no material difference in value.

The investment properties are known as follows:

York House
Garrow House
Dower Court
Fairfax House
The Retreat Burial Ground

Notes to the financial statements

For the year ended 31 December 2017

14 Investments

	2017 £	2016 £
Fair value at the start of the year	13,288,691	12,083,554
Additions at cost	1,393,739	2,927,303
Disposal at Market Value	(10,271,747)	(2,544,727)
Net gain on change in fair value	49,162	822,561
	<u>4,459,845</u>	<u>13,288,691</u>
Cash held by investment broker pending reinvestment	8,414,462	327,781
Fair value at the end of the year	<u>12,874,307</u>	<u>13,616,472</u>
Historic cost at the end of the year	<u>12,325,514</u>	<u>12,143,110</u>
	2017 £	2016 £
Disposal Proceeds	11,121,667	2,525,421
Disposal at Market Value	(10,271,747)	(2,544,727)
	<u>849,920</u>	<u>(19,306)</u>
	2017 £	2016 £
Reconciliation of Movement in Unrealised Gains		
As at 1 January 2017	1,454,422	771,290
In respect of disposals	(978,774)	(139,429)
Net Gains on revaluation	49,162	822,561
Unrealised gains as at 31 December 2017	<u>524,810</u>	<u>1,454,422</u>
Investments comprise:	2017 £	2016 £
Fixed Income	1,885,117	3,042,592
Listed securities – UK	831,419	3,519,971
Listed securities – overseas	1,313,756	5,170,737
Property	202,556	816,213
Alternative Investments	226,996	739,177
Unlisted shares in UK registered companies	1	1
Cash	8,414,462	327,781
	<u>12,874,307</u>	<u>13,616,472</u>

The Retreat York

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For the year ended 31 December 2017

15 Subsidiary undertaking

The charitable company owns the whole of the issued ordinary share capital of Cottage Villa Limited, a company registered in England (company number 09650020). The company is set up to collect rents for The Retreat York's Learning Disability Service. The results and assets are not consolidated into the financial statements of The Retreat York as it is not considered material. Available profits are gift aided to the charitable company. The Director of Finance and Finance Manager of The Retreat York are also directors of the subsidiary. A summary of the results of the subsidiary is shown below:

	2017 £	2016 £
Turnover	30,481	18,192
Cost of sales	(30,481)	(18,192)
Profit/(loss) on ordinary activities	-	-
Donation to parent under gift aid	-	-
Profit/(loss) for the financial year	-	-
The aggregate of the assets, liabilities and funds was:		
Assets	1	1
Liabilities	-	-
Funds	1	1

There are no amounts owed to or from the parent undertaking.

16 Investments in joint ventures

The Retreat York has investments in two joint ventures, York House and Garrow House. The value of the investment in these joint ventures at the last two financial year-ends is as follows:

	2017 £	2016 £
York House	500	500
Garrow House	12,000	12,000
	12,500	12,500

Further details of these investments are as follows:

York House

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, based on audited financial statements to 31 May and management account information since that date, are as follows:

	2017 £	2016 £
Fee income and contributions received	3,205,412	3,102,459
Expenditure on charitable activities	(3,124,110)	(2,825,863)
Share of net results for the year to 31 December 2017	81,302	276,596

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16 Investments in joint ventures (Continued)

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

	2017 £	2016 £
Fixed assets	60,610	71,799
Current assets	584,973	537,140
Current liabilities	(645,083)	(608,439)
Share of net assets	500	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 or 31 December 2017 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.

Garrow House

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:

	2017 £	2016 £
Fee income and contributions received	1,032,624	994,414
Expenditure on charitable activities	(1,032,038)	(1,016,594)
Share of net results for the year to 31 December 2016	586	(22,180)

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

	2017 £	2016 £
Current assets	133,000	188,000
Current liabilities	(121,000)	(176,000)
Share of net assets	12,000	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 (2016: £41,000). The only other net asset in the balance sheet at 31 December 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.

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17. Investment in Associates

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

The Retreat York Benevolent Fund (the Fund) is an independent unincorporated charity (registered number 1115135) that was formed in early 1921. At 31 December 2017, the Fund had six Trustees of which two (Mr Mike Wash and Mrs Sallie Ashe) were also trustees of The Retreat York. The Fund is Chaired (Clerked) by a Trustee not related to The Retreat York.

As one-third of the Trustees are linked between both entities, the fund is considered to be an associate of The Retreat York. As The Retreat York does not prepare consolidated financial statements, accounting standards allow for this investment to be recognised as historic cost. The current governance structure has been in place for much of the Fund's existence, and as such has been deemed to apply from its creation. On this basis, the historic cost of The Retreat York's share of its investment in the Fund in 1921 is considered to be immaterial to the financial performance and position of The Retreat York and so is not included in these financial statements. A summary of the Fund's results is provided below.

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 2017 amounted to £38,438 for ten individuals and two organisations. The total funds of the Benevolent Fund at 31 December 2017 amounted to £2,084,995. Audited financial statements for The Retreat York Benevolent Fund are available from The Retreat York.

18 Debtors

	2017 £	2016 £
Trade debtors	1,177,081	1,540,129
Amount due from joint ventures	356,466	472,951
Other debtors	112,034	75,267
Prepayments	173,035	127,722
Accrued income	2,594	15,828
Amounts due from The Retreat Benevolent Fund	41,787	-
Amounts due from The Retreat Pension Scheme	330,989	114,607
	<u>2,193,986</u>	<u>2,346,504</u>

With the exception of listed investments, all of the charity's financial instruments, both assets and liabilities, are measured at amortised cost. The carrying values of these are shown above and also in note 19 below.

19 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	383,078	282,639
Taxation and social security	168,672	165,577
Other creditors	67,157	58,958
Accruals	107,776	99,917
Amounts due to The Retreat Benevolent Fund	-	162
Monies held on behalf of patients	201,285	269,889
	<u>927,968</u>	<u>877,142</u>

The Retreat York

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For the year ended 31 December 2017

20a Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	-	14,866,520	-	14,866,520
Investment properties	-	4,351,000	-	4,351,000
Investments	8,353,480	4,533,327	-	12,886,807
Net current assets	3,172,542	480,551	76,068	3,729,161
Defined benefit pension asset	7,790,000	-	-	7,790,000
Net assets at 31 December 2017	19,316,022	24,231,398	76,068	43,623,488

20b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	-	14,566,708	-	14,566,708
Investment properties	-	4,351,000	-	4,351,000
Investments	8,863,972	4,765,000	-	13,628,972
Net current assets	3,977,881	446,978	74,675	4,499,534
Defined benefit pension asset	4,298,000	-	-	4,298,000
Net assets at 31 December 2016	17,139,853	24,129,686	74,675	41,344,214

21a Movements in funds (current year)

	At 1 January 2017 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2017 £
Restricted funds:					
Parkinson's grant fund	31,490	-	-	-	31,490
Social enterprise fund	7,963	826	(626)	-	8,163
Patient holiday fund	4,855	-	-	-	4,855
Other	30,367	4,435	(3,242)	-	31,560
Total restricted funds	74,675	5,261	(3,868)	-	76,068
Unrestricted funds:					
Designated funds:					
Tangible fixed assets	14,566,708	-	-	299,812	14,866,520
Investment Properties	4,351,000	-	-	-	4,351,000
Strategic Development fund	4,765,000	-	(231,673)	-	4,533,327
Patient legacy fund	110,740	-	(10,575)	-	100,165
Other	336,238	68,880	(24,732)	-	380,386
Total designated funds	24,129,686	68,880	(266,980)	299,812	24,231,398
General funds	12,841,853	12,464,147	(13,480,166)	(299,812)	11,526,022
Total unrestricted funds	36,971,539	12,533,027	(13,747,146)	-	35,757,420
Pension reserve	4,298,000	3,809,000	(317,000)	-	7,790,000
Total funds including pension fund	41,344,214	16,347,288	(14,068,014)	-	43,623,488

The narrative to explain the purpose of each fund is given at the foot of the note below.

21b Movements in funds (prior year)

	At 1 January 2016 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2016 £
Restricted funds:					
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	31,596	2,139	(3,368)	-	30,367
Total restricted funds	75,353	4,368	(5,046)	-	74,675
Unrestricted funds:					
Designated funds:					
Tangible fixed assets	13,433,174	-	-	1,133,534	14,566,708
Investment Properties	4,351,000	-	-	-	4,351,000
Strategic Development fund	5,000,000	-	-	(235,000)	4,765,000
Patient legacy fund	119,224	(8,484)	-	-	110,740
Other	128,930	165,839	(30,284)	71,753	336,238
Total designated funds	23,032,328	157,355	(30,284)	970,287	24,129,686
General funds	14,059,800	13,113,765	(13,361,425)	(970,287)	12,841,853
Total unrestricted funds	37,092,128	13,271,120	(13,391,709)	-	36,971,539
Pension reserve	5,598,000	203,000	(1,503,000)	-	4,298,000
Total funds including pension fund	42,765,481	13,478,488	(14,899,755)	-	41,344,214

Purposes of restricted funds

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 – These funds comprise specific donations from external bodies to be spent on other benefits for patients.

Purposes of designated funds

Tangible fixed assets – 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.

Investment Properties – This fund has been set up to identify those funds which are not free funds and it represents the value of the charity's investment properties.

Strategic Development fund – Represents funds earmarked for capital and revenue projects for the development of care services at The Retreat York.

Patient legacy fund – Trustees have decided, following discussions with the family, that funds bequeathed to The Retreat be 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 – These funds comprise donations from external bodies, which are designated by Trustees to be spent on other benefits for patients.

22 Reconciliation of net (expenditure) to net cash flow from operating activities

	2017 £	2016 £
Net (expenditure) for the reporting period (as per the statement of financial activities)	(2,183,840)	(910,650)
Depreciation charges	400,835	399,681
Dividends, interest and rent from investments	(794,692)	(783,376)
Pension income	(108,000)	(203,000)
Pension expense	180,032	189,128
(Profit) on the disposal of fixed assets	-	(147)
Decrease in debtors	152,518	455,306
Increase in creditors	50,826	66,309
Net cash (used in) operating activities	(2,302,321)	(786,749)

23 Analysis of cash and cash equivalents

	At 1 January 2017 £	Cash flows £	Other changes £	At 31 December 2017 £
Cash at bank and in hand	2,236,948	(45,499)	-	2,191,449
Short term deposits	793,224	(521,530)	-	271,694
Cash awaiting investment	327,781	8,086,681	-	8,414,462
Total cash and cash equivalents	3,357,953	7,519,652	-	10,877,605

24 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

	Property 2017 £	2016 £
Less than one year	63,000	63,000
One to five years	126,000	189,000
	189,000	252,000

25 Rents receivable

The charity's total future rent receivable from investment properties is as follows for each of the following periods

	2017 £	2016 £
Less than one year	366,692	366,692
One to five years	1,104,760	1,299,080
Over five years	-	172,372
	1,471,452	1,838,144

26 Capital commitments

At the balance sheet date, the charity had no capital commitments.

27 Contingent assets or liabilities

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.

28 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.

29 Post Balance Sheet Event

As detailed in the Trustees Report, The Retreat York began a consultation process with all staff on 30 April 2018 on a proposal to withdraw from inpatient services by December 2018 and to re-focus on Outpatient services and supported living of the most complex of mental health needs.

29 Defined benefit pension scheme

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.

The contributions made during the year ended 31 December 2017 for the defined benefit scheme were at a rate of 13.7% (2016: 13.7%) of pensionable salaries for the charity. The employer contributions paid over to the Scheme trustees in the year amounting to £258,968 (2016: £338,872), together with the actuarial gains and losses on the Scheme for the year, are recognised in the statement of financial activities in accordance with FRS102. Insurance premiums for death in service benefits were payable in addition.

The employee benefit obligations recognised in the balance sheet are as follows:

	2017 £	2016 £
Present value of funded obligations	(38,331,000)	(39,503,000)
Fair value of plan assets	46,121,000	43,801,000
	<u>7,790,000</u>	<u>4,298,000</u>
Amounts in the balance sheet:		
Liabilities	(38,331,000)	(39,503,000)
Assets	46,121,000	43,801,000
Net asset	<u>7,790,000</u>	<u>4,298,000</u>

Amounts recognised in net incoming resources are as follows:

	2017 £	2016 £
Current service cost	579,000	528,000
Net interest expense	(108,000)	(203,000)
Total cost	<u>471,000</u>	<u>325,000</u>

Changes in the present value of the defined benefit obligation are as follows:

	2017 £	2016 £
Opening defined benefit obligation	39,503,000	32,337,000
Service cost	439,000	426,000
Interest cost	1,010,000	1,181,000
Actuarial (gains)/losses	(850,000)	6,853,000
Members contributions	114,000	148,000
Benefits paid	(1,885,000)	(1,442,000)
Closing defined benefit obligation	<u>38,331,000</u>	<u>39,503,000</u>

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29 Defined benefit pension scheme (continued)

Changes in the fair value of plan assets are as follows:

	2017 £	2016 £
Opening fair value of plan assets	43,801,000	37,935,000
Interest Income	1,118,000	1,384,000
Administration expenses	(140,000)	(102,000)
Actuarial gains	2,851,000	5,531,000
Contributions by employer	262,000	347,000
Members contributions	114,000	148,000
Benefits paid	(1,885,000)	(1,442,000)
Closing fair value of plan assets	46,121,000	43,801,000
Net actuarial gain/(loss) on defined benefit pension scheme	2017 £	2016 £
Actuarial gain/(loss) on plan obligations	850,000	(6,853,000)
Actuarial gain on plan assets	2,851,000	5,531,000
	3,701,000	(1,322,000)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2017 %	2016 %
Retail Price Inflation assumption	3.1%	3.2%
Consumer Price Inflation assumption	2.1%	2.2%
Discount rate at the end of the year	2.5%	2.6%
Future salary increases	1.5%	3.2%
Future pension increases where linked to inflation:		
• Limited price index 5%	2.0%	2.1%
• Limited price index 3%	1.9%	2.0%
• Limited price index 2.5%	1.8%	1.9%

Amounts for the current and previous four periods are as follows:

	2017 £	2016 £	2015 £	2014 £	2013 £
Defined benefit obligation	(38,331,000)	(39,503,000)	(32,337,000)	(33,352,000)	(29,459,000)
Plan assets	46,121,000	43,801,000	37,935,000	36,846,000	35,112,000
Surplus	7,790,000	4,298,000	5,598,000	3,494,000	5,653,000
Experience gain on benefit obligation	2,851,000	5,531,000	85,000	4,000	3,373,000

30 Prior period adjustments

Reserves position	Restricted 31 December 2016 £	Unrestricted 31 December 2016 £	Total £	Unrestricted 1 January 2016 £	Restricted 1 January 2016 £	Total £
Funds previously reported	74,675	41,581,883	41,656,558	43,002,472	75,353	43,077,825
Adjustments on restatement						
Reclassify Investment Properties from Fixed Assets	-	(312,344)	(312,344)	(312,344)	-	(312,344)
Funds restated	74,675	41,269,539	41,344,214	42,690,128	75,353	42,765,481

This adjustment has no impact on previously reported income and expenditure.

Details of adjustments

Reclassify Investment Properties from Fixed Assets

The Retreat York previously incorrectly classed its investment properties within tangible fixed assets. The investment properties were transferred at cost and then subsequently revalued in March 2018. The 2018 value has been applied to be applicable to 1 January 2016 on the basis that there has been no material difference in value. The adjustment relates to a loss on revaluation of the investment properties. The investment properties are disclosed in note 13 to the accounts.