2011021.




# ANNUAL REPORT

# AND

# FINANCIAL STATEMENTS

# FOR THE YEAR ENDED

# 31 MARCH 2001

*Frenchay & Southmead Care Trust*

*Unit 10, Eclipse Office Park, High Street, Staple Hill, Bristol BS16 5EL*

*Telephone: (0117) 970 9300 Fax: (0117) 970 9301*

**FRENCHAY & SOUTHMEAD CARE TRUST**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 MARCH 2001**

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**FRENCHAY & SOUTHMEAD CARE TRUST**

**LEGAL AND ADMINISTRATIVE INFORMATION**

**Legal status:** The trust is a company limited by guarantee (number 2011021) and a registered charity (number 294377) and is governed by the terms of its Principal Trust Deed and its Memorandum and Articles of Association. It was incorporated on 16 April 1986.

**Registered office:** Unit 10, Eclipse Office Park, High Street, Staple Hill, Bristol BS16 5EL

**Trustees:**

R A Clarke
B J Davis
D G Knapp
J Lewis (Chair since 2 October 2000)
F J F Lyons
M Shovelton
E R Weaver
M Dando
P Hockey
D Large
W G Lewton (Chair until 2 October 2000)
D W Oates (resigned 2 October 2000)
R M Slinn

**Secretary:** R D A Jones

**Chief executive:** M Akers

**Auditors:** Warren & Co, Meadhaven, Church Lane, Flax Bourton, Bristol BS48 3QF

**Solicitors:** Lyons Davidson & Co, 48-52 Baldwin Street, Bristol BS1 1QD

**Bankers:** National Westminster Bank, 4th Floor, Castlegate House, Tower Hill, Bristol BS2 0JA

Allied Irish Bank, 31-33 Newport Road, Cardiff CF2 1AB

The Co-operative Bank, 37 Park Place, Cathays Park, Cardiff CF1 3BB

**FRENCHAY & SOUTHMEAD CARE TRUST**

**ANNUAL REPORT**

The trustees have pleasure in presenting their annual report and the financial statements for the year ended 31 March 2001.

Legal and administrative information set out on page 1 forms part of this report.

This Annual Report forms the Trustees' report for the purposes of Section 45 of the Charities Act 1993 and the Directors' report for the purposes of Section 234 of the Companies Act 1985.

The financial statements have been prepared in accordance with the Companies Act 1985, the Charities Act 1993 and the Statement of Recommended Practice SORP 2000 - Accounting and Reporting by Charities.

## Objectives

The Trust was established to promote the personal development of people with learning disabilities, mental health needs and physical disabilities with a view to enabling them to lead a fulfilling life in the community.

The Trust's mission is "To enable people to live in the community"

*To enable people with learning disabilities, mental health needs and physical disabilities to develop a fulfilling life in the community.*

*To continually seek to improve and be responsive to the changing needs and wishes of the people we support.*

The Trust has the following service aims, the first five of which reflect O'Brien's Five Accomplishments and are recognised nationally as principles or aims for community care (as opposed to institutional care):

*To ensure service users have the opportunity to live within ordinary communities and use the facilities available there.*

*To ensure users are given the opportunity to develop personal, practical and social activities with whatever support is required.*

*To ensure users are offered choices and are supported in making both day-to-day and major life decisions.*

*To ensure users are treated with respect and dignity.*

*To ensure users become part of a community with a network of valued relationships.*

The three remaining aims reflect the desire of the Trust to be a good employer, to grow and develop and to meet contractual obligations.

*To ensure F & S C T's reputation is built on being a good employer.*

*To invest in services that can improve the quality of life of service users.*

*To deliver the best quality services that commissioners can afford.*

## Organisational Structure

The Trustees are the Directors and Members of the company. They, and a smaller Executive Committee, both meet approximately six times a year to ensure that the Trust is achieving its objectives. Responsibility for the day to day running of the company is delegated to the Chief Executive and a Management Team through a Scheme of Delegation.

## Relationships with Other Organisations

The Trust was established and originally funded by Health Authorities. Funding for Learning Disability services has now been transferred to Local Authorities (Bristol, South Gloucestershire, North Somerset and BANES) who commission residential and care services from the Trust. Mental Health services are provided to the same Local Authorities and are subsidised by a grant from Avon Health Authority. The Trust does not have any relationships with related parties.

## Review of activities

In 1999, the Trust consulted widely and devised a "Three Year Strategy F & SCT 2000-2003". It envisaged a decrease in demand for residential and nursing home places for people with learning disabilities, following the increase in demand caused by the closure of Hanham Hall Hospital. This was described in the Strategy as the "upsize to downsize" dilemma. This meant that in 2000/01 eighty hospital-based residents were resettled. New homes opened in Thornbury, Yate, St. George and Brislington. Homes in Winterbourne and Almondsbury were extended and vacancies in existing homes filled.

At the same time twelve beds were decommissioned in properties that did not meet the requirements of existing residents. The Trust Strategy envisages a steady decommissioning of beds in future years. It plans to replace this lost income by diversifying into areas like supported living, day services and employment schemes.

For mental health, demand for nursing and residential services remains strong and supported living schemes continue to expand. The division decided to re-brand its services as Milestones and launched the new name in March 2001.

Having completed the reprovision of Hanham Hall the Trust now manages 68 Residential Care Homes and Nursing Homes and 20 supported living schemes, providing care for approximately 575 people. These homes range in size from 2 to 30 beds, although the majority provide between 4 and 8 places. The Trust owns 48 houses and the remainder are leased from local councils and housing associations. The Trust also provides supported living services in people's own homes.

The Trust is continuing to develop its plans for future years. Until now its strong growth has been based on developing services in the community around the needs of people leaving long-stay hospitals. The last of these hospitals has now been closed and the Trust's new strategy is based on honouring commitments to these residents whilst developing services around the needs of people who have never lived in hospital.

The Trustees have issued a separate Annual Review document for 2000/01. This gives further information regarding the development, activities and achievements of the Charity during the year. It also contains a review of the year's Business Plan and outlines the targets contained in the Business Plan for 2001/2. The strategy of the organisation for the next three years from 2002 to 2005 will be devised following consultation with stakeholders during the forthcoming year.

## Financial review

Objectives for 2000/01

At 31 March 2000, as a result of investing in land and buildings for the reprovision of Hanham Hall, the Trust had Net Current Liabilities of £3.4 million and a deficit of Available Funds (Unrestricted Funds not held in the form of Fixed Assets) of £0.9 million. During 2000/01 the Trust planned to:

a) reduce both figures by achieving a surplus on Unrestricted Income Funds that was sufficient to fund loan repayments and further capital expenditure, and
b) reduce Net Current Liabilities by securing long term commercial finance to repay a £2.2 million loan to Avon Health.

Unrestricted Income Funds

Unrestricted Income Funds represent resources freely available to the Trust, as a result of operating surpluses.

During the year ended 31 March 2001 the Trust received Unrestricted Income of £22.8 million, primarily in the form of Contract and Grant income from Social Services and Avon Health, and service user contributions. £21.7 million was applied on Charitable Expenditure, resulting in Net Incoming Resources Before Transfers on Unrestricted Funds of £1.1 million.

Of this surplus £0.6 million was required to finance the 30% of the capital costs of Hanham Hall developments for which commercial loans could not be obtained. The remaining £0.5 million significantly reduced the deficit on Available Funds to £0.4 million.

The Transfers from Restricted Capital Funds of £0.9 million together with the £0.6 million of capital expenditure described above, resulted in a £1.5 million total increase in the Unrestricted Fixed Assets Fund to £3.2 million, at historic cost. Given the increasing value of properties these operating assets represent a substantial source of long term funds to the Trust.

The combination of the increase in Available Funds (£0.5 million) and Fixed Asset Funds (£1.5 million) resulted in a £2.0 million increase in Unrestricted Income Funds from £0.7 to £2.7 million.

Restricted Capital Funds

Restricted Capital Funds represent properties received by the Trust under the conditions of a Capital Grant, secured by legal charges (equal to the Market Value of the properties) in favour of Avon Health, and repayable when the properties eventually cease to be used for their designated purpose.

a) During the year Restricted Capital Funds were reduced by the repayment to Avon Health of the disposal proceeds of a property, at a historic cost of £0.1 million.

b) As a result of clarification of the terms of earlier Capital Grants from Avon Health, properties with a historic cost value of £0.8 million were released to Unrestricted Income Funds.

c) Further funds of £0.1 million were released to Unrestricted Income Funds to match the depreciation charged in respect of these properties.

These three factors reduced Restricted Capital Funds by a total of £1.0 million, to £2.4 million.

Total Funds

As a result of the movements on Unrestricted Funds (increase of £2.0 million) and Restricted Funds (decrease of £1.0 million), Total Funds increased by £1.0 million from £4.2 million to £5.2 million.

Repayment of £2.2 million to Avon Health

This loan was made during 1998/99 in order to minimise the initial financing costs of the Hanham Hall reprovision. It was due to be repaid when Avon Health moved its legal charges from the Mental Health properties that had recently been granted to the Trust. The legal complexities of creating second charges, to the market value of these Mental Health properties, on a different property portfolio have delayed the repayment of the loan which is now due to take place in 2001/02.

As at 31 March 2001 Net Current Liabilities have been reduced to £3.0 million of which £2.2 million is the loan from Avon Health. The deficit of Available Funds has been reduced to £0.4 million.

Plans for 2001/02 and beyond

It is the Trust's intention to a) secure a surplus of approximately £0.6 million, and b) restrict unfunded capital expenditure to £0.1 million, in order to achieve a positive level of Available Funds by 31 March 2002. The Trust will continue to aim to achieve similar surpluses in future years in order to establish Available Funds or Reserves of £1.2 million by 31 March 2006, after funding the non recurring cost of pay protection and the capital costs of the requirements of the Care Standards Act. The Trust's Reserves Policy is described below.

## Risk Management Strategy and Reserves Policy

The major risks to which the charity is exposed, as identified by Trustees, have been reviewed and systems have been established to mitigate those risks. These risks and systems are reviewed regularly by Trustees. Some risks can be mitigated by insurance and the observance of policies and procedures. Others require the establishment of a level of reserves.

In consideration of the risks to which the charity is exposed (ie cost and funding pressures, and the possibility of employment tribunals and redundancies as services are withdrawn) Trustees plan to establish a level of reserves equivalent to £1.2 million. Reserves are here defined as those Unrestricted Income Funds not invested in land and buildings and other fixed assets. In order to achieve this level of reserves while repaying capital loans and investing in capital improvements, the Trust must continue to achieve modest income and expenditure surpluses of approximately £0.6 million, or 3% of income, for the next five years.

## Employment policies

Frenchay & Southmead Care Trust promotes equal opportunities within all areas of its work. The aim is to ensure that all procedures and practices do not discriminate on the grounds of race, disability, religion, age, nationality, sex, sexual orientation and marital status.

Where an employee or prospective employee is identified as disabled the provisions of the Disability Discrimination Act are followed. This states that reasonable adjustments to the workplace and working practices should be considered to ensure that a disabled employee is not disadvantaged. Discussions are held with the affected employee, Southmead Occupational Health Services Departments and, where appropriate, the employee's GP. Most Trust properties have good disabled access and facilities.

The Trust has policies in place to ensure that employees are consulted and provided with appropriate information in order that they be fully involved in the performance of the Trust and are aware of factors affecting the organisation. Community Managers hold monthly home managers' meetings and a regular Staff Bulletin is circulated which includes information on the Trust's strategy and staff opportunities. External and internal training is provided when implementing new policies.

The Trust operates an open culture and the Chief Executive encourages staff to open channels of communication with him. Staff are encouraged to join Trade Unions and consultation takes place with those Unions regarding matters relating to pay and conditions of employment.

## Statement of Trustees' responsibilities

Company and charity law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of its financial activities during the year and of its financial position at the end of the year. In preparing those financial statements the trustees are required to:

(a) select suitable accounting policies and then apply them consistently;
(b) make judgements and estimates that are reasonable and prudent;
(c) state whether applicable accounting standards and statements of recommended practice have been followed subject to any material departures disclosed and explained in the financial statements; and
(d) prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985 and the Charities Act 1993. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board on 6 August 2001 and signed on its behalf by

Chair Trustee

## AUDITORS' REPORT

## TO THE TRUSTEES OF FRENCHAY & SOUTHMEAD CARE TRUST

We have audited the financial statements on pages 8 to 21 which have been prepared under the historical cost convention and the accounting policies set out on pages 12 to 13.

**Respective responsibilities of Trustees and Auditors**

As described on page 6 the Trustees are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the charitable company's state of affairs as at 31 March 2001 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Warren & Co

WARREN & CO
Registered Auditors and
Chartered Accountants

Meadhaven, Church Lane,
Flax Bourton
Bristol
BS48 3QF

6 August 2001

**FRENCHAY AND SOUTHMEAD CARE TRUST**

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2001**

| | Notes | Unrestricted funds 2001 £ | Restricted capital fund 2001 £ | Total 2001 £ | 2000 £ |
|---|---|---|---|---|---|
| INCOMING RESOURCES | | | | | |
| Operating Activities: | | | | | |
| Learning Disability Services | | 16,267,131 | - | 16,267,131 | 14,750,111 |
| Mental Health Services | | 6,250,766 | - | 6,250,766 | 4,976,598 |
| Net surplus on disposal of fixed assets | | 169,495 | 28,547 | 198,042 | 220,660 |
| Interest Receivable | | 55,586 | - | 55,586 | 49,605 |
| Capital Grant | | - | - | - | 770,000 |
| Other income | | 126,978 | - | 126,978 | 79,254 |
| TOTAL INCOMING RESOURCES | | 22,869,956 | 28,547 | 22,898,503 | 20,846,228 |
| RESOURCES EXPENDED | | | | | |
| Charitable expenditure: | | | | | |
| Learning Disability Services | 1 | 14,687,165 | - | 14,687,165 | 14,050,492 |
| Mental Health Services | 1 | 5,856,212 | - | 5,856,212 | 4,852,211 |
| Support Costs | 2 | 1,070,723 | - | 1,070,723 | 1,060,230 |
| Mgt and Admin of Charity | 2 | 87,230 | - | 87,230 | 92,019 |
| Repayment of Capital Grant | 10a | - | 164,067 | 164,067 | - |
| TOTAL RESOURCES EXPENDED | 3 | 21,701,330 | 164,067 | 21,865,397 | 20,054,952 |
| NET INCOMING RESOURCES BEFORE TRANSFERS | | 1,168,626 | (135,520) | 1,033,106 | 791,276 |
| TRANSFERS BETWEEN FUNDS | | | | | |
| Assets no longer Restricted | 10b | 858,856 | (858,856) | - | - |
| Depreciation Charge | 10c | 43,879 | (43,879) | - | - |
| NET MOVEMENT IN FUNDS | 4 | 2,071,361 | (1,038,255) | 1,033,106 | 791,276 |
| TOTAL FUNDS AT 1 APRIL 2000 | | 697,404 | 3,462,418 | 4,159,822 | 3,368,546 |
| TOTAL FUNDS AT 31 MARCH 2001 | | £2,768,765 | £2,424,163 | £5,192,928 | £4,159,822 |

The Statement of Financial Activities incorporates the Statement of Total Recognised Gains and Losses required by FRS 3.

The effect of the Net Movement on Funds Available For Use is disclosed in Note 9 to the Financial Statements.

*The accounting policies and notes on pages 12 to 21 form part of these financial statements*

## FRENCHAY AND SOUTHMEAD CARE TRUST

## BALANCE SHEET AS AT 31 MARCH 2001

| | Notes | Unrestricted Income Fund 2001 £ | Restricted Capital Fund 2001 £ | Total 2001 £ | Unrestricted Income Fund 2000 £ | Restricted Capital Fund 2000 £ | Total 2000 £ |
|---|---|---|---|---|---|---|---|
| TANGIBLE FIXED ASSETS | 5 | 12,829,437 | 2,424,163 | 15,253,600 | 10,415,204 | 3,462,418 | 13,877,622 |
| CURRENT ASSETS | | | | | | | |
| Debtors | 6 | 1,303,344 | - | 1,303,344 | 1,184,078 | - | 1,184,078 |
| Cash at bank and in hand | | 520,763 | - | 520,763 | 865,058 | - | 865,058 |
| | | 1,824,107 | - | 1,824,107 | 2,049,136 | - | 2,049,136 |
| CREDITORS: Amounts falling due within one year | 7 | (4,794,736) | - | (4,794,736) | (5,489,996) | - | (5,489,996) |
| Net current liabilities | | (2,970,629) | - | (2,970,629) | (3,440,860) | - | (3,440,860) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 9,858,808 | 2,424,163 | 12,282,971 | 6,974,344 | 3,462,418 | 10,436,762 |
| CREDITORS: Amounts falling due over one year | 8 | (7,090,043) | - | (7,090,043) | (6,276,940) | - | (6,276,940) |
| NET ASSETS | | £2,768,765 | £2,424,163 | £5,192,928 | £697,404 | £3,462,418 | £4,159,822 |
| FUNDS EMPLOYED | | | | | | | |
| Funds invested in Fixed Assets | 9a | 3,179,394 | - | 3,179,394 | 1,629,264 | - | 1,629,264 |
| Funds available for use | 9b | (410,629) | - | (410,629) | (931,860) | - | (931,860) |
| Unrestricted Income Funds | 9 | 2,768,765 | - | 2,768,765 | 697,404 | - | 697,404 |
| Restricted Capital Funds | 10 | - | 2,424,163 | 2,424,163 | - | 3,462,418 | 3,462,418 |
| TOTAL FUNDS | | £2,768,765 | £2,424,163 | £5,192,928 | £697,404 | £3,462,418 | £4,159,822 |

Approved by the Board on 6 August 2001 and signed on its behalf by

*The accounting policies and notes on pages 12 to 21 form part of these financial statements*

**FRENCHAY AND SOUTHMEAD CARE TRUST**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2001**

| | Notes | | 2001<br>£ | | 2000<br>£ |
|---|---|---|---|---|---|
| NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES | 11 | | 915,198 | | (554,502) |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | | | |
| Interest Received on Cash Investments | | 55,586 | | 52,145 | |
| Interest Paid on Servicing of Loans | | (536,316) | | (691,184) | |
| | | | (480,730) | | (639,039) |
| CAPITAL EXPENDITURE | | | | | |
| Receipts from sale of tangible fixed assets | | 1,124,283 | | 711,968 | |
| Payments to acquire tangible fixed assets | | (2,795,696) | | (4,411,290) | |
| | | | (1,671,413) | | (3,699,322) |
| FINANCING | | | | | |
| Withdrawals from short term deposits | | | | | 1,919,668 |
| Increase in loan debt | 12 | | 864,103 | | 2,900,422 |
| (DECREASE) IN CASH AT BANK AND IN HAND | 12 | | £ (372,842) | | £ (72,773) |

*The accounting policies and notes on pages 12 to 21 form part of these financial statements*

## FRENCHAY AND SOUTHMEAD CARE TRUST

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH

| | | 2001<br>£ | 2000<br>£ |
|---|---|---|---|
| INCOME | | | |
| Learning Disability services | | 16,267,131 | 14,750,111 |
| Mental Health services | | 6,250,766 | 4,976,598 |
| Investment income | | 55,586 | 49,605 |
| Net surplus on disposal of fixed assets | | 169,495 | 220,660 |
| Other income | | 126,978 | 79,254 |
| INCOMING RESOURCES BEFORE TRANSFERS | | 22,869,956 | 20,076,228 |
| Release of capital grant | Release of Assets | 858,856 | - |
| | Depreciation Charge | 43,879 | 62,178 |
| TOTAL INCOME | | 23,772,691 | 20,138,406 |
| CHARITABLE EXPENDITURE | | 21,701,330 | 20,054,952 |
| NET SURPLUS FOR THE FINANCIAL YEAR | | £ 2,071,361 | £ 83,454 |

There were no acquisitions or discontinued operations during the year

*The accounting policies and notes on pages 12 to 21 form part of these financial statements*

FRENCHAY & SOUTHMEAD CARE TRUST

STATEMENT OF ACCOUNTING POLICIES

**Convention**

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards, the Companies Act 1985, the Charities Act 1993, and the Statement of Recommended Practice - Accounting and Reporting by Charities 2000. The trustees have, in accordance with s.226 of the Companies Act 1985, departed from the standard format of the income and expenditure account in order to give a true and fair view and comply with the Statement of Recommended Practice.

**Incoming resources**

All incoming resources are included in the Statement of Financial Activities during the period for which they are receivable.

Capital grants are received in the form of land and buildings which must be used for the provision of accommodation for residents with learning disabilities or mental health needs, and are therefore accounted for as Restricted Capital Funds. The asset is depreciated over its useful economic life and the value of the Restricted Capital Fund is reduced accordingly.

**Resources Expended**

All resources expended are included in the Statement of Financial Activities during the period in which they are incurred, on an accruals basis and inclusive of any VAT which cannot be recovered since the Trust is not registered for VAT.

The majority of costs incurred by the Trust relate directly to the provision and running of its services, and are therefore analysed as such. Support Costs consist mainly of head office salaries and overheads. A percentage of these, on the basis of an estimate of the proportion of resources utilised, is apportioned to Management and Administrative Costs which relate to the costs of running the charity itself as an organisation. Both of these cost categories are detailed in notes to the accounts.

**Pension Costs**

The Trust participates in two types of pension scheme.

Contributions payable to defined contribution pension schemes are charged to the income and expenditure account in the period to which they relate.

Contributions payable to the National Health Service defined benefit pension scheme are calculated using actuarial valuation methods in accordance with the requirements of Statement of Standard Accounting Practice 24. Should variations to contributions be required, in order to meet the total anticipated costs of pensions, they would be charged over the expected remaining service lives of all current employees within the scheme.

## STATEMENT OF ACCOUNTING POLICIES Continued

### Tangible fixed assets

Individual fixed assets costing more than £1,000 are capitalised at cost and depreciated over their estimated useful lives as follows:

| | |
|---|---|
| Freehold properties | 2% straight line |
| Furniture, fittings and equipment | 20% straight line |
| Motor vehicles | 20% straight line |

No depreciation is charged on freehold land.

### Fund Accounting

Funds held by the charity are either:

a) Unrestricted Income Funds – which can be used in accordance with the charitable objects at the discretion of Trustees; or

b) Restricted Capital Funds – which relate to Capital Grants as described in Incoming Resources above.

Further explanation of the nature and purpose of these funds is included in the notes to the accounts.

### Charitable commitments

Charitable commitments relate to the provision of continuing care for existing residents. All future charitable commitments will be met from future funding, via contract income from Social Services and Avon Health, and residents' contributions. Future expenditure in respect of charitable commitments is therefore not recognised in the financial statements.

FRENCHAY & SOUTHMEAD CARE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

## 1. DIRECT CHARITABLE EXPENDITURE ON OPERATIONS

| | Learning Disability Services 2001 £ | Mental Health Services 2001 £ | Total 2001 £ | Total 2000 £ |
|---|---|---|---|---|
| Staff Costs | 11,389,660 | 4,425,431 | 15,815,091 | 14,857,997 |
| Agency Staff Costs | 402,922 | 405,611 | 808,533 | 618,008 |
| Staff Costs Subtotal | 11,792,582 | 4,831,042 | 16,623,624 | 15,476,005 |
| Food & Household | 467,799 | 291,757 | 759,556 | 792,803 |
| Residents Amenities | 102,044 | 53,074 | 155,118 | 161,068 |
| Travel Costs | 207,401 | 39,059 | 246,459 | 196,418 |
| Telephone | 33,203 | 17,053 | 50,256 | 47,115 |
| Stationery & Office Expenses | 18,346 | 12,428 | 30,775 | 21,113 |
| Hygiene & Medical | 96,827 | 48,521 | 145,348 | 107,612 |
| Non-Pay Costs Subtotal | 925,620 | 461,892 | 1,387,512 | 1,326,129 |
| Utilities | 218,359 | 98,716 | 317,075 | 267,105 |
| Registration Fees | 21,532 | 11,401 | 32,933 | 36,470 |
| Mortgage | 408,392 | 92,942 | 501,334 | 285,840 |
| Rent | 587,461 | 2,612 | 590,073 | 602,564 |
| F&F & R&M | 459,743 | 225,070 | 684,814 | 635,605 |
| Depreciation | 245,057 | 116,623 | 361,680 | 230,569 |
| Council Tax | 28,419 | 15,914 | 44,332 | 42,416 |
| Property Costs Subtotal | 1,968,963 | 563,278 | 2,532,241 | 2,100,569 |
| TOTAL EXPENDITURE | £14,687,165 | £5,856,212 | £20,543,376 | £18,902,703 |

## 2. Support Costs and Management and Adminstration Costs

| Support Costs | 2001 £ | 2000 £ |
|---|---|---|
| Head office property costs | 143,804 | 85,908 |
| Head office staffing costs | 464,906 | 446,302 |
| Staff training and development | 137,216 | 185,008 |
| Staff recruitment | 68,229 | 53,607 |
| Staff and payroll support costs | 69,332 | 50,801 |
| Internal Audit and computer consultancy | 21,925 | 19,379 |
| Legal and professional fees | 50,962 | 38,574 |
| Bank charges | 31,184 | 54,242 |
| Other Interest Payable | - | 32,614 |
| Other head office expenses | 106,100 | 114,261 |
| Depreciation of head office equipment | 33,419 | 35,336 |
| Subtotal | 1,127,077 | 1,116,032 |
| Less 5% recharge to Management and Administration Costs | (56,354) | (55,802) |
| | £ 1,070,723 | £ 1,060,230 |

| Management and Administration Costs of the Charity | 2001 £ | 2000 £ |
|---|---|---|
| Reimbursement of Trustees Expenses | 440 | 572 |
| External Auditors' fees | 13,162 | 10,216 |
| Company Secretary's salary | 17,274 | 25,429 |
| Recharge of 5% of Support Costs | 56,354 | 55,802 |
| | £ 87,230 | £ 92,019 |

No remuneration has been paid to any Trustee.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

### 3. Staff costs and Employee Numbers

| Staff Costs: | 2001 £ | 2000 £ |
|---|---|---|
| Wages and salaries | 14,750,189 | 13,934,568 |
| Social security costs | 1,094,324 | 992,710 |
| Other pension costs | 437,530 | 341,516 |
| | £ 16,282,043 | £ 15,268,794 |

The average number of employees and whole time equivalents during the year were as follows:

| | 2001 Average Number | 2000 Average Number | 2001 Whole Time Equivalents | 2000 Whole Time Equivalents |
|---|---|---|---|---|
| Management and administration | 29 | 20 | 21 | 20 |
| Care staff | 1,226 | 1,128 | 853 | 872 |
| | 1,255 | 1,148 | 874 | 892 |

There was one employee whose emoluments for the year were in the range from £50,000 to £60,000

### 4. Net movement in funds for the year

| The net movement in funds is stated after charging: | 2001 £ | 2000 £ |
|---|---|---|
| Loan Interest Payable | 536,316 | 285,840 |
| Other Interest Payable | - | 32,614 |
| | 536,316 | 318,454 |
| Depreciation of owned assets | 403,671 | 265,906 |
| Operating leases: | | |
| Property Rental | 647,070 | 682,032 |
| Motor vehicles | 50,127 | 24,869 |
| Auditors' remuneration: | | |
| Audit fees | 9,000 | 7,000 |
| Non audit fees | 4,162 | 3,216 |

## 5. Tangible fixed assets

| | Freehold properties | Fixtures & equipment | Motor vehicles | Total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| COST | | | | |
| At 1 April 2000 | 14,235,497 | 416,565 | 100,398 | 14,752,460 |
| Additions | 2,375,722 | 164,231 | 1,000 | 2,540,953 |
| Disposals | (815,714) | - | - | (815,714) |
| At 31 March 2001 | 15,795,505 | 580,796 | 101,398 | 16,477,699 |
| DEPRECIATION | | | | |
| At 1 April 2000 | 624,893 | 197,235 | 52,710 | 874,838 |
| Charge for the year | 273,261 | 100,108 | 30,302 | 403,671 |
| Disposals | (54,410) | - | - | (54,410) |
| At 31 March 2001 | 843,744 | 297,343 | 83,012 | 1,224,099 |
| NET BOOK VALUE | | | | |
| At 1 April 2000 | £ 13,610,604 | £ 219,330 | £ 47,688 | £ 13,877,622 |
| At 31 March 2001 | £ 14,951,761 | £ 283,453 | £ 18,386 | £ 15,253,600 |

The net book value of freehold properties includes £2,286,277 (2000 £2,503,277) in respect of non-depreciable land.

## 6. Debtors

| | 2001 £ | 2000 £ |
|---|---|---|
| Residents' contributions | 361,887 | 262,589 |
| Contract income | 870,624 | 482,583 |
| Other trade debtors | - | 2,913 |
| Trade debtors - capital | - | 357,551 |
| Other debtors | 14,218 | 37,119 |
| Prepayments | 56,615 | 41,323 |
| | £1,303,344 | £1,184,078 |

Other debtors include £8,846 (2000 £21,832) in respect of staff car loans, repayable by instalments at rates of interest similar to those received on monies invested.

All debtors are receivable within one year except for £3,070 (2000 £4,888) of Other Debtors which fall due in more than one year.

## 7. Creditors - amounts falling due within one year

| | 2001 £ | 2000 £ |
|---|---|---|
| Mortgage loans (note 8) | 360,000 | 309,000 |
| Other loans (see below) | 2,200,000 | 2,200,000 |
| Payments received in advance | 430,000 | 1,458,000 |
| Trade Creditors - Revenue | 513,330 | 419,332 |
| Trade Creditors - Capital | 84,598 | 339,341 |
| Tax and social security | 322,886 | - |
| Residents' fund | 380,379 | 183,275 |
| Other creditors | 126,799 | 146,261 |
| Accruals | 376,744 | 434,787 |
| | £4,794,736 | £5,489,996 |

Other loans represent a short term interest free loan received from Avon Health to assist with the purchase and development of new properties. This will be repaid once legal charges in favour of Avon Health have been reconfigured and mortgage finance secured.

## 8. Creditors - amounts falling due after more than one year

All long term creditors are loans with banks and building societies. They are secured on properties with a Net Book Value of £12,229,836, and are repayable by instalments, with interest charged at normal commercial rates.

| | 2001 £ | 2000 £ |
|---|---|---|
| Amounts falling due | | |
| Within one year (note 7) | 360,000 | 309,000 |
| Within 1 to 2 years | 390,000 | 485,000 |
| Within 2 to 5 years | 1,355,000 | 1,692,000 |
| In more than 5 years | 5,345,043 | 4,099,940 |
| | 7,450,043 | 6,585,940 |
| Less: amounts falling due within one year (note 7) | (360,000) | (309,000) |
| | £ 7,090,043 | £ 6,276,940 |

## 9. Unrestricted Income Funds

Unrestricted Income Funds have been analysed between:

a) Funds Invested in Fixed Assets – being the value of Fixed Assets (note 5) which have been funded from F & SCT's own resources rather than the short term loan from Avon Health (note 7) or secured commercial loans (note 8); and

b) Funds Available For Use – being the balance of Unrestricted Income Funds. As a result of the major investment in Fixed Assets, in order to provide accommodation for the reprovision of Hanham Hall and Brentry Hospitals, these funds are currently in deficit. As discussed in the Trustees' Annual Report, it is the Trust's intention to restore these to a positive figure by 31 March 2002.

The Movement in Unrestricted Income Funds is analysed below:

| | 1 April 2000<br>£ | Movement<br>£ | 31 March 2001<br>£ |
|---|---|---|---|
| Funds Invested in Fixed Assets | 1,629,264 | 1,550,129 | 3,179,393 |
| Funds Available For Use | (931,860) | 521,232 | (410,628) |
| Total Unrestricted Income Funds | £697,404 | £2,071,361 | £2,768,765 |

## 10. Restricted Capital Funds

Restricted Capital Funds represent the historical value of capital grants received by the Trust for specific capital purposes, less amounts released annually to Unrestricted Income Funds to offset related depreciation charges.

It is a condition of these grants that the property is used for specified charitable purposes. The grants are secured by legal charges in favour of Avon Health such that if either the property ceases to be used for those purposes or it is sold without similar reinvestment, then the market value of the property concerned is repayable. Since there is no intention, in the foreseeable future, to cease to use the properties for the specified charitable purposes nor to sell them without reinvestment, it is considered that no provision should be made for amounts potentially repayable to Avon Health.

During the year:

a) One property, with a depreciated historic cost of £135,520, was disposed of at a profit of £28,547. The full disposal proceeds of £164,407 were not reinvested and were repaid to Avon Health in accordance with the Capital Grant agreement.
b) Following clarification of the terms of earlier grant agreements it has been recognised that there was no restriction on certain properties, with a depreciated historic cost of £858,856, and these have been released to Unrestricted Income Funds.
c) Funds of £43,879, being the depreciation charge on Fixed Assets held as Restricted Capital Funds, were also released to Unrestricted Income Funds.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

### 11. Reconciliation of Net Incoming Resources to Net Cash Inflow/(Outflow)

| | | 2001 £ | 2000 £ |
|---|---|---|---|
| NET INCOMING RESOURCES BEFORE TRANSFER | | 1,168,626 | 21,276 |
| Less Interest receivable | | (55,586) | (49,605) |
| Plus Interest payable | | 536,316 | 318,454 |
| Plus Depreciation | Note 5 | 403,671 | 265,906 |
| Less Profit on disposal of fixed assets | | (169,495) | (220,660) |
| Less Increase in operational debtors | Note 6 | (476,817) | (397,615) |
| Less Decrease in operational creditors | Note 7 | (491,517) | (492,258) |
| NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES | | £ 915,198 | £ (554,502) |

### 12. Analysis of change in net debt

| | At 1 April 2000 £ | Cash flows £ | Other changes £ | At 31 March 2001 £ |
|---|---|---|---|---|
| Cash at bank and in hand | 865,058 | (344,295) | | 520,763 |
| Mortgages due within one year | (309,000) | | (51,000) | (360,000) |
| Mortgages due in more than one year | (6,276,940) | (864,103) | 51,000 | (7,090,043) |
| Avon Health short term loan | (2,200,000) | - | - | (2,200,000) |
| | £ (7,920,882) | £ (1,208,398) | £0 | £ (9,129,280) |

### 13. Operating lease commitments

At 31 March 2001 the Trust had the following annual commitments under non-cancellable operating

| | 2001 | | 2000 | |
|---|---|---|---|---|
| | Land & Buildings £ | Motor Vehicles £ | Land & Buildings £ | Motor Vehicles £ |
| Expiring within one year | 60,089 | 14,935 | 518,718 | 11,251 |
| Expiring in one to two years | 155,575 | 7,803 | 24,851 | 14,935 |
| Expiring in two to five years | 51,927 | 17,032 | 84,425 | 7,803 |
| | £ 267,591 | £ 39,770 | £ 627,994 | £ 33,989 |

### 14. Capital Commitments

At 31 March 2001 there were contracted for capital commitments amounting to £68,000 (2000 £1,926,000) in respect of development at two homes, and capital commitments authorised but not contracted for amounting to £32,000 (2000 £1,070,000).

## 15. Pension Costs

The Trust operates three defined contribution pension schemes and one pension scheme providing benefits based on final pensionable pay. The assets of all pension schemes are held separately from those of the company in independently administered funds.

Contributions payable by the Trust to the defined contributions schemes, in respect of 72 employees, amounted to £102,686 (2000 £30,132). Contributions totalling £13,171 (2000 £1,387) were payable to these funds at the balance sheet date and are included in creditors.

The Trust is eligible for membership of the NHS Pension Scheme which is a defined benefits scheme for the National Health Service and other approved organisations. The assets of the scheme are deemed to be invested in government securities. The cost of pensions are met by a level percentage contribution called the Normal Contribution rate, calculated by the Government actuary on the basis of quinquennial valuations using the prospective benefits valuation method. The most recent valuation, published in 1998,was for the five years from 1989 to 1994. This is a public document available from HM Stationery Office and for a more complete understanding you are advised to review it in its entirety. The assumptions which have the most significant effect on the results of the valuation are those relating to probable retirement ages, probable times of death and probability of withdrawal from Service. The assumptions used vary according to 17 defined groups, dependent on sex and nature of employment.

The most recent actuarial valuation showed that the value placed on notional investments amounted to £35,299 million and that the present value of benefits accrued to members amounted to £51,616 million. After allowing for the present value of future contributions by members of £8,764 million there was a balance of liabilities amounting to £7,553 million. In order to meet these liabilities and to take account of new entrants to the scheme and the effect of pension increases in the future, it was concluded that the rate of employer's contributions should increase from 5 to 6 per cent from 1 April 2000 and to 7 per cent from April 2001. It was also concluded that the rate of contributions could remain at 7 per cent until the results of the next valuation were available.

Contributions payable by the Trust to the NHS Pension Fund during the year, in respect of 532 employees, amounted to £884,941 (2000 £309,384). Employers' and employees' contributions totalling £78,865 (2000 £128,624) were payable to these funds at the balance sheet date and are included within creditors.

## 16. Indemnity Insurance

The Trust has an indemnity insurance policy to cover the liability of Trustees in respect of negligence, default, breach of trust or breach of duty, providing that the claim does not relate to any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by one or more Trustees in reckless disregard to whether it was a breach of trust or breach of duty. The annual premium payable during the year amounted to £1,575 (2000 £1,575).

## 17. Limited Liability Status

The Trust is a company limited by guarantee and has no share capital.