

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2002**



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

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002**

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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). It 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 and principal address: Unit 10, Eclipse Office Park, High Street, Staple Hill, Bristol BS16 5EL

Trustees and directors:	J Lewis (Chair)	R A Clarke
	M Dando	B J Davis
	K G Forrister (appointed 27 May 2002)	D G Knapp
	P Hockey (resigned 8 October 2001)	D Large
	F J F Lyons (resigned 8 October 2001)	W G Lewton
	E J Thomas (appointed 6 August 2001)	R M Slinn
	M Shovelton	E R Weaver

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 CF24 0AB

The Co-operative Bank
37 The Hayes
Cardiff CF1 3BB

Investment advisers: Gerrards
40-42 Queen Square,
Bristol BS1 4QP

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 2002.

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 SORP2000 - 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 & SCT'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.

Any person wishing to become a Trustee must make a formal application to the Trustees, who will agree to approve or reject their application.

FRENCHAY & SOUTHMEAD CARE TRUST

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Review of activities

The Trust now manages 67 homes and provides care for approximately 570 people. There are residential and nursing homes ranging in size from 2 to 30 beds, although the majority provide between 4 and 10 places. The Trust owns 50 houses and the remainder are leased from Housing Associations or local councils. The Trust also provides supported living services in people's own homes and day services that offer a range of activities.

The Trust directly employs approximately 1,100 staff.

The Trust continues to develop new services. In the past most developments have been based on residential and nursing homes. The last year has seen a more diverse range of developments, including supported living, day care and floating support. The Trust is also developing more partnerships with like-minded charities, for example, a partnership with the League of Friends resulted in funds being obtained for a volunteer recruitment initiative.

The Trustees have issued an Annual Review document for 2001/02 which gives further information regarding the development, activities and achievements of the Charity during the year. It also contains a review of the Business Plan for that year and the future strategy of the organisation.

Developing F & SCT – future plans.

F & SCT's mission and values remain unchanged, but the way we put those values into practice will alter in response to the lifestyle requirements of service users and the financial constraints of commissioners.

We will always seek to provide 'the best service commissioners can afford' and recognise that we are part of a competitive health and social care market. We have to compete on quality and cost with other organisations providing the same or similar services.

The range of services we now provide are becoming even more diverse – which is not surprising because so too are the needs of the people we support. F & SCT has always provided individual support and somewhere safe to live. We now need to respond more effectively to the lifestyle requirements of people in terms of opportunities for working, developing skills and socialising. This will include a whole range of projects from employment schemes to lunch clubs.

No matter how diverse we grow to be or how service patterns change, we remain committed to our values of responding to individual needs, with the watchwords of respect and dignity characterising all that we do.

F & SCT is also achieving its mission by becoming more active as a campaigning organisation. We will continue to be active in various local forums and partnership boards joining with other like-minded voluntary organisations to lobby and campaign on local issues.

We will also make additional efforts to join national campaigns to ensure the rights of and choices available to people with learning disabilities and enduring mental health needs are expanded.

We also want to develop more innovative projects that further our mission and values.

For this reason a small development fund has been established and at the same time we are accessing other funding streams to develop projects. For example, a grant from the Community Fund has helped us to commission research from the Norah Fry Institute into the use of psychotropic drugs for people with learning disabilities.

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Relationships with other organisations

F & SCT is a health and social care charity. About one third of our income comes from state benefits received by service users with two thirds coming from contracts negotiated with Primary Care Trusts and local authorities. The decisions made about individuals or services by these authorities have the main impact on the way we work and develop in the future. Both the Health Service and local government are undergoing a period of rapid change as a result of central government initiatives. Best Value, social inclusion, national standards, partnership and modernisation are all words that recur in much of the new legislation and regulations decided by central government.

The important themes that will impact on F & SCT are:

- **Best Value.** Commissioners have a duty to purchase services that are the highest quality at optimum scale for the lowest possible cost.
- **Partnership.** Health, local authorities and other agencies will work together in geographical patches based on the four unitary authorities of the old Avon area. Joint commissioning structures will emerge with new organisations like Primary Care Trusts working hard to establish themselves and their own style of operating.
- **National Standards.** F & SCT has always strived for high standards of care. The National Care Standards Commission will gradually raise the standards of nursing, residential and domiciliary care. Standards for homes won't simply relate to room size but also the qualifications held by staff.
- **Promoting independence.** The prevention of 'unnecessary' admission to hospital or nursing/residential homes is a cornerstone of community care development.
- **'Supporting People'** is the Government's new policy for supported accommodation and is linked to the provision of housing related support.

Financial review

The majority of the Trust's income consists of contract income from Social Services and Avon Health, and residents' contributions. From 1st April 2002 Avon Health Authority's remaining roles were replaced by the five local Primary Care Trusts (PCTs).

During the year ended 31 March 2002 Avon Health Authority granted Somerset Lodge to F & SCT to continue providing mental health services in a residential setting. The property is recorded as restricted funds with the accounts.

All other income for the year ended 31 March 2002 represented unrestricted funds and is therefore disclosed in both the Statement of Financial Activities and the Income and Expenditure Account.

Following an extended process to reconfigure Avon Health's legal charges on the Trust's restricted properties, their £2.2 million bridging loan has been repaid by means of a commercial loan. The restructuring of charges enables the maximum benefit to be obtained from the Trust's property portfolio, and the opportunity presented by this sizeable loan was taken to renegotiate more favourable terms on the majority of the Trust's debt.

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During the year, negotiations to harmonise the terms and conditions of the various groups of employees were completed, and a pay harmonisation package was implemented in October 2001. The agreement will help to ensure the continued strong position that the Trust has achieved, and the financial position will further improve as the pay protection costs payable fall out over the next few years.

The Trust has benefited in 2001/02 from a generous bequest which, whilst yet to be finalised, has been included in the accounts at a prudent estimate of £800,000. This gift has enabled F & SCT to move ahead of schedule on its financial strategy and has allowed greater flexibility in delivering the Trust's wider aims.

Until this financial year the Trust's investment policy has been limited to the investment of temporary cash surpluses. This has been revised following receipt of stocks and shares as part of the bequest to enable them to be held in the expectation of benefiting from a future market recovery. The fund managers have been given an investment objective to maintain a balance between capital appreciation and income.

A number of key financial targets have been achieved during this financial year. The Trust has moved from a position of having Net Current Liabilities, to holding Net Current Assets in excess of £100,000, and has also achieved the goal of a positive level of Available Funds by 31 March 2002, at which point they amounted to £760,000. This position has been achieved with a surplus for the year of £1.4million.

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, Trustees plan to establish a level of reserves equivalent to £1.2 million by 31 March 2006. Reserves are here defined as those Unrestricted Income Funds not invested in land and buildings and other fixed assets. The performance of the year has put F & SCT well on course to achieve this target, although in order to achieve this while repaying capital loans and investing in capital improvements, the charity must continue to achieve modest income and expenditure surpluses for the next four 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.

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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 homes 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.

A major achievement in 2001/02 was the implementation of a pay harmonisation agreement whereby a variety of terms and conditions were replaced by one set of terms and conditions covering the whole workforce.

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 5 August 2002 and signed on its behalf by



Chair

Trustee



INDEPENDENT AUDITORS' REPORT

TO THE TRUSTEES OF FRENCHAY & SOUTHMEAD CARE TRUST

We have audited the financial statements of Frenchay & Southmead Care Trust for the year ended 31 March 2002 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, the Income and Expenditure Account and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of Trustees and Auditors

As described in the Statement of Trustees' responsibilities the Trustees are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 2002 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
Registered Auditors and
Chartered Accountants



Meadhaven, Church Lane, Flax Bourton,
Bristol BS48 3QF

5 August 2002

FRENCHAY & SOUTHMEAD CARE TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2002

	Notes	Unrestricted funds 2002 £	Restricted capital fund 2002 £	Total 2002 £	Total 2001 £
INCOMING RESOURCES					
Donations and legacies	1	786,889	-	786,889	-
Operating activities:					
Learning Disability Services		16,876,320	-	16,876,320	16,267,131
Mental Health Services		6,598,854	-	6,598,854	6,250,766
Interest receivable		39,401	-	39,401	55,586
Net surplus on disposal of fixed assets		13,313	-	13,313	198,042
Capital grant		-	620,000	620,000	-
Other income		120,467	-	120,467	126,978
TOTAL INCOMING RESOURCES		24,435,244	620,000	25,055,244	22,898,503
RESOURCES EXPENDED					
Charitable expenditure:					
Learning Disability Services	2	15,800,119	-	15,800,119	14,687,165
Mental Health Services	2	6,030,885	-	6,030,885	5,856,212
Support costs	3	1,209,323	-	1,209,323	1,070,723
Management and administration	4	95,098	-	95,098	87,230
Repayment of capital grant		-	-	-	164,067
TOTAL RESOURCES EXPENDED		23,135,425	-	23,135,425	21,865,397
NET INCOMING RESOURCES BEFORE TRANSFERS		1,299,819	620,000	1,919,819	1,033,106
GROSS TRANSFERS BETWEEN FUNDS		45,819	(45,819)	-	-
NET MOVEMENT IN FUNDS		1,345,638	574,181	1,919,819	1,033,106
TOTAL FUNDS AT 1 APRIL 2001		2,768,765	2,424,163	5,192,928	4,159,822
TOTAL FUNDS AT 31 MARCH 2002		4,114,403	2,998,344	7,112,747	5,192,928

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

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

FRENCHAY & SOUTHMEAD CARE TRUST

BALANCE SHEET AS AT 31 MARCH 2002

	Notes	Unrestricted Income Fund 2002 £	Restricted Capital Fund 2002 £	Total 2002 £	Unrestricted Income Fund 2001 £	Restricted Capital Fund 2001 £	Total 2001 £
TANGIBLE FIXED ASSETS	9	12,336,681	2,998,344	15,335,025	12,829,437	2,424,163	15,253,600
CURRENT ASSETS							
Debtors	10	1,731,946	-	1,731,946	1,303,344	-	1,303,344
Investments	11	286,889	-	286,889	-	-	-
Cash at bank and in hand	12	855,483	-	855,483	520,763	-	520,763
		2,874,318	-	2,874,318	1,824,107	-	1,824,107
CREDITORS: Amounts falling due within one year	13	(2,741,017)	-	(2,741,017)	(4,794,736)	-	(4,794,736)
Net current assets/(liabilities)		133,301	-	133,301	(2,970,629)	-	(2,970,629)
TOTAL ASSETS LESS CURRENT LIABILITIES		12,469,982	2,998,344	15,468,326	9,858,808	2,424,163	12,282,971
CREDITORS: Amounts falling due in over one year	14	(8,355,579)	-	(8,355,579)	(7,090,043)	-	(7,090,043)
NET ASSETS		4,114,403	2,998,344	7,112,747	2,768,765	2,424,163	5,192,928
FUNDS EMPLOYED							
Funds invested in fixed assets		3,351,102	-	3,351,102	3,179,394	-	3,179,394
Funds available for use		763,301	-	763,301	(410,629)	-	(410,629)
Unrestricted Income Funds	15	4,114,403	-	4,114,403	2,768,765	-	2,768,765
Restricted Capital Fund	16	-	2,998,344	2,998,344	-	2,424,163	2,424,163
TOTAL FUNDS		4,114,403	2,998,344	7,112,747	2,768,765	2,424,163	5,192,928

Approved by the Board on 5 August 2002 and signed on its behalf by

Chair 

Trustee 

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

FRENCHAY & SOUTHMEAD CARE TRUST

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

	Notes	2002	2001
		£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	17	1,358,702	915,198
		-----	-----
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		39,401	55,586
Interest paid		(479,553)	(536,316)
		-----	-----
		(440,152)	(480,730)
		-----	-----
CAPITAL EXPENDITURE			
Receipts from sale of tangible fixed assets		275,490	1,124,283
Payments to acquire tangible fixed assets		(814,856)	(2,795,696)
		-----	-----
		(539,366)	(1,671,413)
		-----	-----
FINANCING			
Capital grant received		620,000	-
(Decrease)/Increase in loan debt		(664,464)	864,103
		-----	-----
		(44,464)	864,103
		-----	-----
Increase/(Decrease) in cash	18	334,720	(372,842)
		=====	=====

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

FRENCHAY & SOUTHMEAD CARE TRUST

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002

	Notes	2002	2001
		£	£
INCOME			
Donations and legacies		786,889	-
Learning Disability services		16,876,320	16,267,131
Mental Health services		6,598,854	6,250,766
Interest receivable		39,401	55,586
Net surplus on disposal of fixed assets		13,313	169,495
Other income		120,467	126,978
		-----	-----
INCOMING RESOURCES BEFORE TRANSFERS		24,435,244	22,869,956
 Release of capital grant	16	 45,819	 902,735
		-----	-----
TOTAL INCOME		24,481,063	23,772,691
		-----	-----
 CHARITABLE EXPENDITURE	2 – 4	 23,135,425	 21,701,330
		-----	-----
 NET SURPLUS FOR THE FINANCIAL YEAR	7	 1,345,638	 2,071,361
		=====	=====

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 for the period in which they are receivable.

Legacies are recognised once it becomes reasonably certain that the legacy will be received and the value of the incoming resources can be measured with sufficient reliability.

Capital grants are received in the form of land and buildings to be used for the provision of accommodation for residents with learning disabilities or mental health needs and which cannot be sold without repayment of the related capital value. These grants are therefore accounted for as Restricted Capital Funds. The relevant assets are depreciated in according with the depreciation policy 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 the 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, and are charged to the income and expenditure account in the period in which they arise. The NHS pension scheme is a multi-employer scheme in which it is not possible for the Trust to identify its share of the underlying assets and liabilities, and the Trust is therefore exempted from some of the disclosure requirements of FRS17.

Tangible fixed assets

Individual fixed assets costing more than £1,000 are capitalised at cost and depreciated over their expected 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.

All fully depreciated fixed assets are treated as disposed of.

Investments

Listed investments are valued at their mid-market value on the balance sheet date.

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 Health Service commissioners, 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 2002

1. DONATIONS AND LEGACIES

The trust received a substantial bequest during the year, consisting of investments received during November 2001, and a cash lump sum which is expected to be received in the near future.

The donated investments have been recognised at their value at 31 March 2002, being similar to their value at the time of transfer and not materially different from their probate value.

The Trustees have received confirmation from solicitors acting for the Estate, that the cash amount is likely to be in the region of £500,000. This amount has therefore been recognised within donations and also in other debtors (note 10).

2. DIRECT CHARITABLE EXPENDITURE ON OPERATIONS

	Learning Disability Services 2002	Mental Health Services 2002	Total 2002	Total 2001
	£	£	£	£
Staff costs				
Employee costs	12,555,889	4,595,978	17,151,867	15,815,091
Agency staff costs	618,575	499,212	1,117,787	808,533
	13,174,464	5,095,190	18,269,654	16,623,624
Non-Pay costs				
Food and household	486,045	283,517	769,562	759,556
Residents amenities	109,709	62,405	172,114	155,118
Travel costs	232,797	35,611	268,408	246,459
Telephone	35,555	19,974	55,529	50,256
Stationery and office expenses	21,538	9,916	31,454	30,775
Hygiene and medical	119,632	75,113	194,745	145,348
	1,005,276	486,536	1,491,812	1,387,512
Property costs				
Utilities	198,939	82,595	281,534	317,075
Registration fees	19,358	8,820	28,178	32,933
Mortgage	409,328	16,074	425,402	501,334
Rent	269,569	19,128	288,697	590,073
Fixtures, repairs and maintenance	434,826	189,387	624,213	684,814
Depreciation	253,136	117,315	370,451	361,680
Council tax	35,223	15,840	51,063	44,332
	1,620,379	449,159	2,069,538	2,532,241
TOTAL EXPENDITURE	15,800,119	6,030,885	21,831,004	20,543,377

FRENCHAY & SOUTHMEAD CARE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

3. SUPPORT COSTS

	2002	2001
	£	£
Head office property costs	160,486	143,804
Head office staffing costs	529,330	464,906
Staff training and development	162,247	137,216
Staff recruitment	75,519	68,229
Staff and payroll support costs	56,115	69,332
Internal audit and computer consultancy	29,047	21,925
Legal and professional fees	47,331	50,962
Bank charges	26,753	31,184
Bad debts	22,176	2,461
Other head office expenses	129,029	103,639
Depreciation of head office equipment	34,939	33,419
	-----	-----
	1,272,972	1,127,077
Less 5% recharge to management and administration costs	(63,649)	(56,354)
	-----	-----
	<u>1,209,323</u>	<u>1,070,723</u>

4. MANAGEMENT AND ADMINISTRATION COSTS

	2002	2001
	£	£
Reimbursement of trustees' expenses	517	440
External auditors' fees	13,458	13,162
Company Secretary's salary	17,474	17,274
Recharge 5% of support costs	63,649	56,354
	-----	-----
	<u>95,098</u>	<u>87,230</u>

No remuneration has been paid to any Trustee.

5. STAFF COSTS

	2002	2001
	£	£
Wages and salaries	15,985,107	14,750,189
Social security costs	1,160,770	1,094,324
Other pension costs	571,521	437,530
	-----	-----
	<u>17,717,398</u>	<u>16,282,043</u>

FRENCHAY & SOUTHMEAD CARE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

6. EMPLOYEES

The average number of employees during the year was as follows:

	Average number	
	2002	2001
Management and administration	29	29
Care staff	1,074	1,079
	-----	-----
	1,103	1,108
	=====	=====

There was one employee whose emoluments for the year were in the range from £60,000 to £70,000.

7. INCOMING RESOURCES BEFORE REVALUATIONS

	2002	2001
	£	£
This is stated after charging:		
Loan interest payable	479,553	536,316
Depreciation of owned assets	433,976	403,671
Operating leases - property rental	330,681	647,070
- motor vehicles	63,244	50,127
Auditors' remuneration		
Audit fees	9,000	9,000
Non audit fees	4,458	4,162
	=====	=====

8. 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 £1,344 (2001 £1,575).

FRENCHAY & SOUTHMEAD CARE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

9. TANGIBLE FIXED ASSETS

	Freehold properties	Fixtures & equipment	Motor vehicles	Total
	£	£	£	£
COST				
At 1 April 2001	15,795,505	580,796	101,398	16,477,699
Additions	774,046	3,531	-	777,577
Disposals	(308,472)	(176,443)	(89,940)	(574,855)
At 31 March 2002	16,261,079	407,884	11,458	16,680,421
DEPRECIATION				
At 1 April 2001	843,744	297,343	83,012	1,224,099
Charge for the year	301,402	116,574	16,000	433,976
Disposals	(46,295)	(176,443)	(89,941)	(312,679)
At 31 March 2002	1,098,851	237,474	9,071	1,345,396
NET BOOK VALUE				
At 31 March 2001	14,951,761	283,453	18,386	15,253,600
At 31 March 2002	15,162,228	170,410	2,387	15,335,025

The net book value of freehold properties includes £2,361,877 (2001 £2,286,277) in respect of non-depreciable land.

10. DEBTORS

	2002 £	2001 £
Residents' contributions	279,614	361,887
Contract income	870,865	870,624
Bequest (note 1)	500,000	-
Other debtors	13,961	14,218
Prepayments and accrued income	67,506	56,615
	<u>1,731,946</u>	<u>1,303,344</u>

Other debtors include £7,307 (2001 £8,846) in respect of staff car loans, repayable by instalments at rates of interest similar to those received on monies invested. Included within this amount is £3,100 (2001 £3,070) falling due in more than one year. All other debtors are receivable within one year.

FRENCHAY & SOUTHMEAD CARE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

11. INVESTMENTS

Current asset investments consist of a portfolio of listed equities and unit trusts, bequeathed to the Trust. Investment managers have been appointed to manage the portfolio, which consists of 87% direct and 13% indirect investments. Individual investments accounting for more than 5% in value of the portfolio are as follows:

GlaxoSmithkline	13%
BP	6%
Vodafone	6%

It is not the Trustees' intention to retain the investments in the long term, but for the investments to be sold and the proceeds used to develop and deliver services beyond those that the Trust would normally be able to provide.

The investments have been valued at their middle market value at the balance sheet date, being very similar to their value at the time of transfer.

12. CASH AT BANK AND IN HAND

Bank balances include £618,583 (2001 £377,173) in respect of accounts held as nominee on behalf of service users who are unable to hold their own bank accounts. Monies within these accounts belong to the relevant service users, and are therefore included within Residents' funds in creditors falling due within one year (note 13).

13. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£	£
Loans (note 14)	630,000	360,000
Other loan	-	2,200,000
Payments received in advance	-	430,000
Trade creditors	812,327	597,928
Tax and social security	329,145	322,886
Residents' funds (note 12)	619,250	380,379
Other creditors	112,736	126,799
Accruals	237,559	376,744
	<u>2,741,017</u>	<u>4,794,736</u>

FRENCHAY & SOUTHMEAD CARE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

14. 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 £13,427,314 (2001 £12,229,836) and are repayable by instalments, with interest charged at normal commercial rates.

	2002	2001
	£	£
Amounts falling due:		
Within one year (note 13)	630,000	360,000
Within 1 to 2 years	665,000	390,000
Within 2 to 5 years	2,220,000	1,355,000
In more than 5 years	5,470,579	5,345,043
	8,985,579	7,450,043
Less: amounts falling due within one year (note 13)	(630,000)	(360,000)
	8,355,579	7,090,043

15. UNRESTRICTED INCOME FUNDS

Unrestricted Income Funds consist of:

- (a) Funds invested in fixed assets – being the value of fixed assets (note 9) less the value of loans secured thereon (note 14), less restricted capital funds (note 16).
- (b) Funds available for use – being the balance of unrestricted funds. The Trustees are pleased to report that they have succeeded in their aim to restore this to a positive figure by 31 March 2002.

Movements in unrestricted income funds are analysed below:

	1.4.01	Movement	31.3.02
	£	£	£
Funds invested in fixed assets	3,179,394	171,708	3,351,102
Funds available for use	(410,629)	1,173,930	763,301
Total unrestricted income funds	2,768,765	1,345,638	4,114,403

FRENCHAY & SOUTHMEAD CARE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

16. RESTRICTED CAPITAL FUNDS

Restricted capital funds represent 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 properties purchased are used for specified charitable purposes and the grants are secured by legal charges in favour of the Secretary of State for Health. If the properties cease to be used for these purposes or are sold without authorised reinvestment, then the market value of the property is repayable to the Health Authority. 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 grants potentially repayable to the Secretary of State for Health.

Movement in restricted capital funds:

	£
At 1 April 2001	2,424,163
Capital grant received	620,000
Release of depreciation to unrestricted income funds (note 15)	(45,819)

At 31 March 2002	2,998,344
	=====

17. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
NET INCOMING RESOURCES BEFORE TRANSFERS	1,299,819	1,168,626
Less bequest	(786,889)	-
Less interest receivable	(39,401)	(55,586)
Plus interest payable	479,553	536,316
Plus depreciation	433,976	403,671
Less profit on disposal of fixed assets	(13,313)	(169,495)
Add decrease in debtors	71,398	(476,817)
Less decrease in creditors	(86,441)	(491,517)
	-----	-----
	1,358,702	(915,198)
	=====	=====

FRENCHAY & SOUTHMEAD CARE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

18. ANALYSIS OF CHANGE IN NET DEBT

	At 1 April 2001	Cash flows	Other changes	At 31 March 2002
	£	£	£	£
Cash at bank and in hand	520,763	334,720	-	855,483
Loans due within one year	(360,000)	-	(270,000)	(630,000)
Loans due in more than one year	(7,090,043)	(1,535,536)	270,000	(8,355,579)
Avon Health short term loan	(2,200,000)	2,200,000	-	-
	<u>(9,129,280)</u>	<u>999,184</u>	<u>-</u>	<u>(8,130,096)</u>

19. OPERATING LEASE COMMITMENTS

At 31 March 2002 the Trust had the following annual commitments under non-cancellable operating leases:

	2002		2001	
	Land and Buildings £	Motor Vehicles £	Land and Buildings £	Motor Vehicles £
Expiring within one year	33,907	15,360	35,238	14,935
Expiring in one to two years	210,842	24,512	155,575	7,803
Expiring in two to five years	24,851	9,065	76,778	17,032
	<u>269,600</u>	<u>48,937</u>	<u>267,591</u>	<u>39,770</u>

20. CAPITAL COMMITMENTS

At 31 March 2002 there were contracted for capital commitments amounting to nil (2001 £68,000) and capital commitments authorised but not contracted for amounting to £130,000 (2001 £32,000).

FRENCHAY & SOUTHMEAD CARE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

21. 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 101 employees (2001 72), amounted to £53,608 (2001 £38,867). Contributions totalling £20,468 (2001 £13,171) were payable to these funds at the balance sheet date and are included in creditors.

Some employees of the Trust are eligible for membership of the NHS Pension Scheme. This is a multi-employer defined benefits scheme for the National Health Service and other approved organisations. Due to the nature of the scheme, the Trust is unable to identify its share of the underlying assets and liabilities and, in accordance with FRS17, the Trust is therefore exempted from providing details of these. 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 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 from 4 to 5 per cent from 1 April 2000 and to 7 per cent from 1 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 477 employees (2001 532), amounted to £521,952 (2001 £392,661). Employers' and employees' contributions totalling £78,279 (2001 £78,865) were payable to this funds at the balance sheet date and is included within creditors.

22. LIMITED LIABILITY STATUS

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