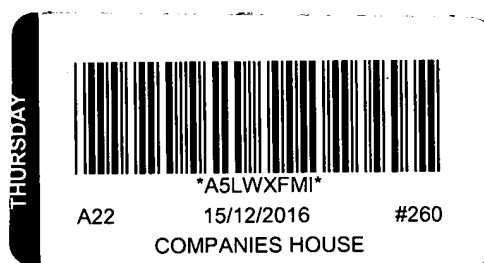


**ANNUAL REPORT
AND
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2016**



MILESTONES TRUST

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

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

Company number 02011021 Charity number 294377

www.milestonetrust.org.uk

MILESTONES TRUST

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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MILESTONES TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

**Registered office and
principal address:**

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

Trustees and directors:

L M Henderson (chair)	K D Guy
R H Nash	M Bennett
J Broadhead	P M Collins
M A Shovelton	
J E Buswell (appointed 7 September 2015)	
K S Fairman (retired 7 December 2015)	

Secretary:

P R Butler

Key Management Personnel:

J Hoskinson OBE	Chief Executive
P R Butler	Director of Finance
J Gresham	Director of Operations
G Meehan	Director of Human Resources
N Mandleker	Director of Business Development

Accountants:

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

Auditor:

Mazars LLP
90 Victoria Street
Bristol BS1 6DP

Solicitors:

Lyons Davidson
48-52 Baldwin Street
Bristol BS1 1QD

Bankers:

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

Barclays Bank
Bristol Queens Square RMS
Leicester LE87 2BB

Investment advisors:

Barclays Wealth
Aurora Building
120 Bothwell Street
Glasgow G2 7JT

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2016

Reference and administrative details

This Annual Report forms the Trustees' report for the purposes of Section 162 of the Charities Act 2011 and the Directors' report for the purposes of Chapter 5 of Part 15 of the Companies Act 2006. It also includes the Strategic Report required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

The financial statements have been prepared in accordance with the Charity's governing document, the Companies Act 2006 and the Accounting and Reporting by Charities: Statement of Recommended Practice in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

The Trust is a company limited by guarantee (number 02011021) and registered charity (number 294377). The details of Trustees, senior staff and professional advisors engaged by the Trust are set out on page 1.

Structure, Governance and Management

Milestones Trust is governed by the terms of its Principal Trust Deed and its Memorandum and Articles of Association. The Trust was incorporated on 16 April 1986. The Memorandum and Articles were revised and updated on 16th April 2007.

The Trust has a wholly owned subsidiary, Milestones Developments Limited (MDL), which commenced trading during 2014/15.

As set out in the Articles of Association, the Board of Trustees (who are directors for the purpose of company law) consist of no less than six members and no more than fifteen. All Trustees are appointed by election.

At every Annual General Meeting of the company one third of the Trustees must retire from office. The Trustees to retire are those who have been longest in office since their last election or re-election. A retiring member is eligible for re-election, unless they have served continuously for more than ten years, in which case they must step down for at least one year. Trustees who have served for more than ten years prior to the change in the Trust's Articles of Association in 2007 are eligible for re-election on one further occasion.

Trustees are sought in a variety of ways to ensure that collectively they have the range of skills and experience required to govern a health and social care charity with a turnover in excess of £28 million. This means Trustees come from all walks of life, some with experience of health and social care, and some with experience of business or law or property management. Regular skills audits are conducted to guide the recruitment of new Trustees. In recent years the Trust has specifically used recruitment agencies specialising in business/executive recruitment in order to augment skills in property and strategic financial management at Board level, as well as advertising locally and nationally.

All Trustees undertake an induction, including an awareness of their governance responsibilities. Trustees are also offered the opportunity to attend other relevant training courses. Trustees meet on at least ten occasions each year as a Board, receiving reports from a professional management team. They also meet in three committees – Care Practice Committee, the Business Development Committee and the Finance and Resources Committee. The primary role of these committees is scrutiny and development of the future direction of the Trust. These committees report to the main Board, and their work and advice inform Board decisions.

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The day-to-day running of the Trust is delegated to the Chief Executive and his Senior Management Team (SMT) who exercise executive responsibility within a scheme of delegation. The SMT are held accountable for the successful implementation of business plans, the maintenance of standards and the financial management of the Trust.

The Trust plays an active role in the local health and social care communities of Bristol, South Gloucestershire and North Somerset. The Trust's service users and staff are encouraged to participate in opportunities to comment on and shape service developments. The Trust is a member of The Care Forum which is an umbrella body enabling voluntary organisations, and through them local communities, to participate fully and equally in the planning and improvement of services.

Trust staff serve on a range of groups, from local authority providers' forums to specific service improvement groups. A particular concern in recent years has been about the standards/capacity of dementia care services. The Trust works with the Alzheimer's Society (Bristol and South Gloucestershire) to ensure the views of people with dementia and their carers are heard by statutory services. The charities work together sharing information to maximise the impact of this work as well as developing services (see objectives and activities).

The Trust is a member of VODG (Voluntary Organisation for Disability Groups) and Care & Support West, a regional organisation of service providers. The Chief Executive is a member of ACEVO (Association of Chief Executives in the Voluntary Sector) and also a Board member of VODG as well as Care & Support West.

The Trust's key partnerships are with the local authorities and the Clinical Commissioning Groups (CCGs) of South Gloucestershire and Bristol and to a lesser extent North Somerset and Bath & North East Somerset, Gloucestershire, Wiltshire and Swindon. These authorities commission a significant proportion of the Trust's services.

Objectives and Activities

The Trust's objective, set out in the memorandum and articles of association, is 'to preserve health and social welfare by promoting the personal development of people with learning disabilities, mental health needs and physical disabilities to develop a fulfilling life in the community'.

Strategic Plan 2014 -17

In April 2014 the Board approved a new Strategic Plan which reviewed its vision statement, values and overall priorities.

Vision Statement

Milestones Trust is about enabling people to be happy, independent and in control of their own lives in the community without any prejudice.

Values

The revised values are:

- Respect - for all people we work with and support.
- Ambition - to achieve the highest standards in all that we do and support as many people as we can.

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2016

- Creativity - in all of our work.
- Opportunity - for people to influence and shape the services they use and to be valued members of the community.
- Well-being - achieving health, well-being and sustainability in all that we do.
- Relationships - building trust through collaboration.

Priority Themes

The priority themes adopted are:

- Person Centred Practices - we will personalise the support for all service users.
- Compete on Quality - we will be recognised for the quality of the services we provide.
- Workforce Development - we will develop and value our staff to deliver person-centred support in a constantly changing environment.
- Development of new services and partnerships – we will develop new services and seek out new partnerships and opportunities.
- Accessibility of information - we will improve the accessibility of information for the people who use our services and for our staff.
- Business process improvement - we will ensure that our business process systems facilitate the delivery of high quality services for the people we support.

Under these themes a set of objectives were set with the main strands being: personalisation; quality; and growth. Progress against these priorities/objectives is monitored against a set of Key Performance Indicators, which are reviewed by the Board of Trustees quarterly.

The Learning Strategy and the IT Strategy have also been revised to maximise the use of IT and modern technology and smarter/more cost-effective training methodology.

The core of Milestones Trust activities is the provision of nursing and residential care in 40 homes serving approximately 400 people. The homes range from small domestic properties accommodating four or five people, to a purpose built dementia care home for 44 people. The Trust owns 31 homes and the remainder are leased from housing associations or local councils. In the past decade the Trust has widened the range of services it offers in response to the changing needs and choices of its beneficiaries.

The Trust has continued to invest in its Supported Living services, converting two residential properties for use as supported living homes last year. This type of accommodation remains in very strong demand, and promoting independence has always been one of the aims of the Trust. For the service users who are able to gain increased rights (and responsibilities) by becoming tenants, the move is always seen as a positive step. Over 250 people are supported in their homes to live the life they choose.

Milestones Trust has an enviable reputation for its training of staff, and this has been reflected in the level of external interest in the training we provide. The Trust remains committed to the standards and obligations required by achieving accreditation to the Investors in People Award (this significant recognition was awarded in June 2005, and has been confirmed in each subsequent reassessment).

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2016

Public Benefit

We have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission.

The principal means by which the Trust provides opportunities for those who cannot afford the fees for our services is through the provision of support to people funded/part funded by local or health authorities.

We also further the mission and aims of the Trust through the provision of services over and above those funded by public contracts through donations from grant making Trusts and Foundations, corporate partners and grants awarded by local and national government departments. We organise community events that promote the inclusion of beneficiaries with their fellow citizens and encourage neighbours/neighbourhoods to attend 'fun' events that help break down prejudices/barriers to social inclusion. Our arts activities under 'Expressions' provide people with a creative outlet and help the public understand the abilities of all those who use our services. Our 'Community Express' initiative offers accessible bikes under the name of Warmley Wheelers and music sessions in partnership with Avon Valley Railway, encouraging participation and sponsorship from the wider community.

We work with other organisations to participate in local and national networks to promote/highlight the needs of our beneficiaries and, where possible, support beneficiaries to advocate/participate themselves.

STRATEGIC REPORT

Achievements and Performance

The Trust publishes an Annual Review (available on our website: www.milestonetrust.org.uk) that illustrates the achievements of service users and staff in relation to the objectives and activities of the Trust, as set out in our objectives, strategy and business plans. The Review reports on our successes (and failures) in meeting the targets outlined in our business plan.

The Health and Social Care environment has continued to be a demanding one to operate in. The austerity measures imposed on local authorities and the CCGs have continued to have an effect on our business and the fee rates. It has helped that overall the Trust has managed to maintain high occupancy in services which were not subject to refurbishment.

Key objectives achieved during the year included:

- Continued to roll out and extend E-assessments for recruitment and in-year learning.
- Extended our leadership programme for all management.
- Completed a full estate review.
- Achieved Soil Association recognition for our healthy eating and procurement campaign for nutritious and quality food.
- Commenced the construction of the new 73 bed dementia home in Swindon due to open in June 2016.
- Responded to a range of local authority tenders to provide services within our areas of operation.
- Continued to build on our volunteering capacity – particularly with corporate volunteers from many of the large organisations in Bristol.

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2016

- Expanded the implementation of our initiatives in staff development, use of casual workers, use of IT and procurement.
- Organised 'Expressions', the Trust's arts event involving service users.

Our determination to ensure that people have a life, not just a service, will remain strong. Our approach can be summarised in the phrase 'supporting people the way they want to be supported.'

Financial Review

The Trust is presenting Group Financial Statements for the second year, as a result of the incorporation of a wholly owned subsidiary, Milestones Developments Limited (MDL), which commenced trading during 2014/15. MDL was set up to carry out the building of the Trust's new dementia care home, Abbey House, in Swindon, which opened in June 2016. The building of Abbey House has been funded by a bank loan on commercial terms.

The majority of the Trust's income consists of contract income from Local Authorities and local health commissioners. Except for specific fund raising income shown within 'donations and legacies' in the financial statements, all income for the year ended 31 March 2016 represented unrestricted funds.

During the year, the Trust closed 63 Watley's End Road, a small residential care home, whilst investing in a number of property improvements across our estate. The Trust has maintained its reserves target and has sufficient funds to support the development programme identified in the strategy. Commissioners are keen for the Trust to develop a number of services identified in our strategy, and we are actively pursuing a number of these options to enable these developments to proceed. We anticipate our underlying reserves performance to remain within targets.

The Trust has also continued in its programme of investment into IT and business systems in a number of key areas, focussing on specific packages and applications that will maximise benefits to the business and service users. Key focuses during the year were on Human Resources and Payroll, Quality Assurance and monitoring, Facilities Management, as well as systems to assist with Care Management.

The Trust will begin to see increases in income as new schemes are developed, the most significant of these being Abbey House. We continue to look for ways that we can expand our supported living accommodation, both by conversion of properties, and through partnerships with housing providers.

In the context of the ongoing challenging commissioning environment, the underlying Trust performance has remained sound, with demand for all services remaining strong. At 31 March 2016 Net Current Assets stood at £3.9 million, and Net Total Assets were £21.9 million. The value of outstanding mortgages has increased, reflecting the construction loan drawn down as the Abbey House build progresses.

Once again, several cost increases exceeded general inflation, underlining the importance of maintaining reserves and a sound financial position that enables a volatile cost and commissioning environment to be addressed in a relatively measured and rational way.

The fundraising costs of £12,366 (see Note 10), relate primarily to the internal Trust costs attributed to supporting this function. During 2015/16 donations of £246,148 were received, of which £149,665 were restricted, having been donated for specific purposes (see Note 4).

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2016

Reserves policy

In consideration of the risks to which the charity is exposed, Trustees determined an appropriate reserves level of between six and eight weeks operating costs. This target was achieved and Reserves were £4.9 million at 31 March 2016. Reserves are here defined as those Unrestricted Income Funds not invested in land and buildings and other tangible fixed assets.

In considering the level of required reserves, Trustees considered the extent to which reserves are needed to:-

- Protect the Trust from insolvency.
- Cover six to eight weeks operating costs.
- Prevent serious disruptions to its operations.
- Meet any shortfall between anticipated income and budgeted out-goings/unforeseen expenditure.
- Replace assets as necessary.
- Fund specific developments and projects identified in business plans and the Trust strategy.

Investment Policy and Investment Portfolio Performance

Historically the Trust's investment policy was limited to the investment of temporary cash surpluses. This was revised following receipt of stocks and shares as part of a bequest towards the end of 2001/2002. Following regular reviews of our investment policy, and the increase in the Trust's available reserves, a more balanced approach to liquid reserves was adopted, and further investment was made during 2005/06. On a day-to-day basis the fund is managed by professional fund managers who have an investment objective to maintain a balance between capital appreciation and income, subject to a medium degree of risk.

The Trust's investment portfolio saw a small reduction in value during the year, decreasing by 4.9%, on the back of three strong years. On 31 March 2016 the total value of the portfolio stood at £1,162,154. The value of dividends and interest received on these investments amounted to £34,082, representing 2.9%, but still comparing favourably to bank interest rates. This performance is achieved against objectives of diversifying the Trust's cash holding and obtaining a return on these investments that exceeds the return that would have been achieved from normal cash investments.

Risk Management

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, whilst others require the establishment of a level of reserves. The Trust has a well-established risk management format and the mitigation actions are reviewed quarterly.

The Trust has continued to review and respond to developing risks. Insurances (including Business Continuity cover) are maintained, and reviewed annually to ensure they meet the needs of the business. Business continuity planning is maintained at a Trust wide and service/home level.

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The principal risks facing the Trust relate to the consequences of the financial constraints upon the public sector funding of health and social care. In particular, this impacts our ability to pay competitive rates of pay for staff who are required to be skilled and committed and who have numerous other options within the jobs market. The issue of recruitment and retention has particularly impacted upon nurses, where there is a national shortage. As a result, the Trust has had to employ higher levels of agency staff, which is not our preferred approach, and can impact on continuity and quality of care. In order to mitigate these issues, we have increased our investment in advertising and recruitment, and created a number of initiatives to improve our profile in the area, including work with schools and colleges. We have also worked closely with our primary staff agency to ensure that training and standards reflect our own, as well as to achieve continuity of staffing even where agency staff are engaged.

Maintaining quality is a critical factor for all providers in the sector. Milestones Trust operates a Quality Assurance system which is underpinned by CQC's key standards. The results of CQC inspections are reported to the Board of Trustees at each meeting, and action plans are put in place to address any issues identified.

Abbey House opened in June 2016. We have created a strong marketing campaign, and management team within the home in order to ensure that the home is able to achieve occupancy targets – a key factor in achieving business maturity for the home and moving to a position where it contributes positively to the finances of the Trust. The performance of the home is closely monitored.

End of Strategic Report

Plans for the future: Our current strategy

Delivering responsive, reliable, high quality person-centred services lies at the heart of our new 3-year organisational strategy 'Trust in the Future'. In 2016/17 we will continue to deliver on this strategy.

Personalisation is the word used to describe a set of public policies that promote an individual approach to arranging and directing services. Implementation of person-centred practices continues to underpin our new strategy.

Some of the key areas for the coming year reflect a number of external factors which include the implementation of the Care Act 2014, local government initiatives and future developments; these include:

- Review of our internal processes and auditing to reflect the change in the CQC Inspection regime.
- Responding to new initiatives/tendering opportunities proposed by local authorities.
- Review our whole repairs and maintenance (R&M) process and contracts.
- Conduct a full review of service user needs in our residential services.
- Implement two new IT systems covering HR and payroll and R&M.
- Conduct brand refresh and develop a new website.
- Develop Abbey House to maturity.
- Establish the Trust's next Strategic Plan (2018-2021).
- Continue to look for new developments in all our disciplines.

We are making good progress against our strategic objectives. However, there is no room for complacency as we continue to feel the cost pressures. These pressures restricted our ability to offer a pay award for 2015/16 to a 1% award effective from 1st October 2015, in small recognition of the commitment and dedication of our staff.

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The Trust is committing itself to expand its capacity in areas identified as important by the service users, families and carers, commissioners and other partners. The Trust, like other charities, has the ability to work across boundaries, in our case health, social care and housing. We are close to the user and have a passion for good quality services.

Other elements of our strategy include:-

- Maximising independence through working in partnership with housing associations, private landlords and others so people can live in their own homes. It also requires converting some residential homes to flats for supported living.
- Building on the skills of our existing workforce so that services can be offered to support the lifestyle requirements of people who use those services. Day services, domiciliary services, supported living, and job coaching are all examples of services that will expand to meet the growing expectations of service users.
- Developing 'transitional services' for younger people and specialist services for people with complex behavioural needs.

Employment policies

Milestones Trust promotes equal opportunities and celebrates diversity 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 Equalities 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, Occupational Health Services 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 are fully involved in the performance of the Trust and are aware of factors affecting the organisation. Area Managers hold monthly Home Managers' meetings and a regular Staff Newsletter is circulated to all homes that includes information on the Trust's strategy and staff opportunities. Appropriate external and internal training is provided when implementing policies. A 'Message of the Fortnight' is sent from the Senior Management Team to all Trust locations; this is supplemented with a Monthly Briefing with contributions from each Directorate. In addition, the Chief Executive facilitates a Staff Forum that meets quarterly. A quarterly magazine "Choices" is prepared for and with the service users.

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

The Trust's pay strategy is set by the Board, including the remuneration of key management personnel, and the approach to pay awards is considered as part of budget setting, taking into account regional and sector benchmarking and financial parameters.

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2016

Statement of Trustees' responsibilities

The Trustees (who are also directors of Milestones Trust for the purposes of Company Law) are responsible for preparing the Strategic Report, Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

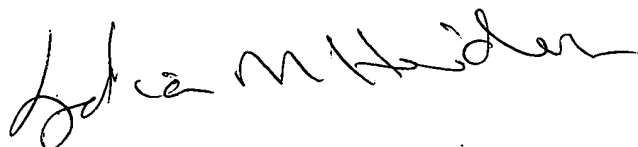
- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP 2015;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and charitable parent company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and of the group 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 the 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 auditors are unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees' Report (incorporating the Strategic Report) was approved by the Board on 5 December 2016 and signed on its behalf by



L M Henderson
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILESTONES TRUST

We have audited the financial statements of Milestones Trust for the year ended 31 March 2016, which comprise the Consolidated Statement of Financial Activities, the Consolidated (and Parent Charitable Company) Statements of Financial Position, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Trustees and Auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards of Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006 and the Charities Act 2011.

Continued on page 12

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MILESTONES TRUST**

Continued from page 11

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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 required for our audit.



Jonathan Marchant (Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria Street
Bristol
BS1 6DP

9/12/16.

Mazars LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

MILESTONES TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Unrestricted funds 2016 £	Restricted funds 2016 £	Total 2016 £	Unrestricted funds 2015 £	Restricted funds 2015 £	Total 2015 £
INCOME FROM							
Donations and legacies	4	96,483	149,665	246,148	26,480	17,300	43,780
Other trading activities		1,400	-	1,400	15,465	-	15,465
Income from investments	5	52,447	-	52,447	52,601	-	52,601
Incoming resources from charitable activities	6	28,411,546	-	28,411,546	27,770,795	-	27,770,795
Other income		226,496	-	226,496	234,677	-	234,677
TOTAL INCOMING RESOURCES		28,788,372	149,665	28,938,037	28,100,018	17,300	28,117,318
EXPENDITURE ON							
Raising funds	10	12,366	-	12,366	12,156	-	12,156
Charitable activities	7	28,314,604	-	28,314,604	27,257,810	-	27,257,810
TOTAL RESOURCES EXPENDED		28,326,970	-	28,326,970	27,269,966	-	27,269,966
NET INCOME/EXPENDITURE BEFORE OTHER RECOGNISED GAINS/(LOSSES) AND TRANSFERS		461,402	149,665	611,067	830,052	17,300	847,352
Net (losses)/gains on investment assets	17	(60,186)	-	(60,186)	32,952	-	32,952
NET INCOME/EXPENDITURE		401,216	149,665	550,881	863,004	17,300	880,304
Gross transfers between funds		82,543	(82,543)	-	78,497	(78,497)	-
NET MOVEMENT IN FUNDS		483,759	67,122	550,881	941,501	(61,197)	880,304
Total funds brought forward		18,988,132	2,353,786	21,341,918	18,046,631	2,414,983	20,461,614
Total funds carried forward		<u>19,471,891</u>	<u>2,420,908</u>	<u>21,892,799</u>	<u>18,988,132</u>	<u>2,353,786</u>	<u>21,341,918</u>

All activities relate to continuing operations.

The notes on pages 17 to 36 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Notes	Unrestricted Income Fund 2016 £	Restricted Funds 2016 £	Total 2016 £	Unrestricted Income Fund 2015 £	Restricted Funds 2015 £	Total 2015 £
FIXED ASSETS							
Tangible assets	14	21,176,653	2,295,432	23,472,085	15,008,440	2,345,640	17,354,080
Intangible assets	16	100,770	-	100,770	134,360	-	134,360
Investments	17	1,162,154	-	1,162,154	1,222,340	-	1,222,340
Total fixed assets		22,439,577	2,295,432	24,735,009	16,365,140	2,345,640	18,710,780
CURRENT ASSETS							
Debtors	18	2,512,251	-	2,512,251	2,160,122	-	2,160,122
Cash at bank and in hand	19	6,921,164	125,476	7,046,640	5,853,384	8,146	5,861,530
Total current assets		9,433,415	125,476	9,558,891	8,013,506	8,146	8,021,652
CREDITORS: Amounts falling due within one year	20	(5,628,651)	-	(5,628,651)	(4,539,059)	-	(4,539,059)
Net current assets		3,804,764	125,476	3,930,240	3,474,447	8,146	3,482,593
TOTAL ASSETS LESS CURRENT LIABILITIES		26,244,341	2,420,908	28,665,249	19,839,587	2,353,786	22,193,373
CREDITORS: Amounts falling due in over one year	21	(6,326,414)	-	(6,326,414)	(457,455)	-	(457,455)
PROVISIONS for liabilities and charges	23	(446,036)	-	(446,036)	(394,000)	-	(394,000)
NET ASSETS		19,471,891	2,420,908	21,892,799	18,988,132	2,353,786	21,341,918
FUNDS OF THE CHARITY							
Funds invested in fixed assets		14,558,475	-	14,558,475	14,217,245	-	14,217,245
Investment revaluation reserve		4,923	-	4,923	72,169	-	72,169
Funds available for use		4,908,493	-	4,908,493	4,698,718	-	4,698,718
Unrestricted income funds	24	19,471,891	-	19,471,891	18,988,132	-	18,988,132
Restricted funds	24	-	2,420,908	2,420,908	-	2,353,786	2,353,786
TOTAL CHARITY FUNDS		19,471,891	2,420,908	21,892,799	18,988,132	2,353,786	21,341,918

Approved by the Board on 5 December 2016 and signed on its behalf by

L M Henderson
Chair



The notes on pages 17 to 36 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Notes	Unrestricted Income Fund 2016 £	Restricted Funds 2016 £	Total 2016 £	Unrestricted Income Fund 2015 £	Restricted Funds 2015 £	Total 2015 £
FIXED ASSETS							
Tangible assets	15	14,540,729	2,295,432	16,836,161	14,871,340	2,345,640	17,216,980
Intangible assets	16	100,770	-	100,770	134,360	-	134,360
Investments	17	1,162,155	-	1,162,155	1,222,341	-	1,222,341
Total fixed assets		15,803,654	2,295,432	18,099,086	16,228,041	2,345,640	18,573,681
CURRENT ASSETS							
Debtors	18	9,045,952	-	9,045,952	2,297,221	-	2,297,221
Cash at bank and in hand	19	6,445,272	125,476	6,570,748	5,853,384	8,146	5,861,530
Total current assets		15,491,224	125,476	15,616,700	8,150,605	8,146	8,158,751
CREDITORS: Amounts falling due within one year	20	(5,050,005)	-	(5,050,005)	(4,539,059)	-	(4,539,059)
Net current assets		10,441,219	125,476	10,566,695	3,611,546	8,146	3,619,692
TOTAL ASSETS LESS CURRENT LIABILITIES		26,244,873	2,420,908	28,665,781	19,839,587	2,353,786	22,193,373
CREDITORS: Amounts falling due in over one year	21	(6,326,414)	-	(6,326,414)	(457,455)	-	(457,455)
PROVISIONS for liabilities and charges	23	(446,036)	-	(446,036)	(394,000)	-	(394,000)
NET ASSETS		19,472,423	2,420,908	21,893,331	18,988,132	2,353,786	21,341,918
FUNDS OF THE CHARITY							
Funds invested in fixed assets		14,063,631	-	14,063,631	14,217,245	-	14,217,245
Investment revaluation reserve		4,923	-	4,923	72,169	-	72,169
Funds available for use		5,403,869	-	5,403,869	4,698,718	-	4,698,718
Unrestricted income funds	26	19,472,423	-	19,472,423	18,988,132	-	18,988,132
Restricted funds	27	-	2,420,908	2,420,908	-	2,353,786	2,353,786
TOTAL CHARITY FUNDS		19,472,423	2,420,908	21,893,331	18,988,132	2,353,786	21,341,918

Approved by the Board on 5 December 2016 and signed on its behalf by

L M Henderson
Chair



The notes on pages 17 to 36 form part of these financial statements.

MILESTONES TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	2016	2015
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Net incoming resources	550,881	880,304
Adjustments for:		
Depreciation and amortisation	528,122	527,211
Surplus on sale of property, plant and equipment	(226,496)	(234,677)
Investments gains and losses	60,186	(32,952)
Investment income	(52,447)	(52,601)
Interest expense	14,454	18,271
Trade and other receivables	(352,129)	(607,013)
Trade and other payables	537,496	(102,121)
	-----	-----
	1,060,067	396,422
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,038,391)	(366,389)
Proceeds on disposal of property, plant and equipment	344,488	307,986
Interest received	52,447	52,601
	-----	-----
	(5,641,456)	(5,802)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital repayments in the year	(1,088,816)	(547,580)
Proceeds from bank borrowings	6,871,383	-
Interest paid	(14,254)	-
Finance lease repayments made	(1,814)	-
	-----	-----
	5,766,499	(547,580)
	-----	-----
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,185,110	(175,231)
Cash and cash equivalents at the beginning of the year	5,861,530	6,036,761
	-----	-----
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	=====	=====
	7,046,640	5,861,530
	=====	=====

The notes on pages 17 to 36 form part of these financial statements.

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (“FRS 102”), and with the Companies Act 2006. They follow the recommendations in the Charities Statement of Recommended Practice (FRS 102). The Trustees have, in accordance with s.396 of the Companies Act 2006, 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.

The financial statements have been prepared on the historical cost basis except as specified in the accounting policies below. The financial statements are presented in Sterling (£) and are rounded to the nearest £.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 30 for an explanation of the transition.

The group financial statements consolidate the financial statements of the charitable company and its subsidiary undertaking, and exclude all intra-group transactions. Details of the subsidiary are given in note 17. No statement of financial activities is presented for the charitable company as permitted by Section 408 of the Companies Act 2006. The parent company’s surplus for the year was £551,412 (2015 £880,304).

Going concern

After reviewing the group’s forecasts and projections, the trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Expenditure of a capital nature over £1,000 is capitalised at cost.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land and assets in the course of construction, over their expected useful lives, using the straight line method at the following rates:

Freehold properties (excluding land and assets in the course of construction)	2%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	20%

Impairment reviews are conducted where there is some indication that impairment has occurred. Impairment losses are recognised to the extent that the carrying amount of an asset is considered to exceed its recoverable amount.

Due to the difficulty in identifying the large number of individual items of furniture, fittings and equipment, items of this nature are treated as disposed of in the financial statements once fully depreciated.

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Intangible fixed assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated so as to allocate the cost of intangibles less their estimated residual values over their estimated useful lives, using the straight line method at the following rates:

Software development costs	20%
----------------------------	-----

Investments

Listed investments are valued at fair value, being their mid-market value at the balance sheet date.

Investments in subsidiary undertakings are valued at cost in the company's own balance sheet, and removed from the financial statements on consolidation.

Debtors and creditors

Debtors and short term creditors are measure at the transaction price.

Cash balances and financial instruments

Cash balances and basic financial instruments are initially accounted for at their transaction price except for financing transactions, including bank loans, which are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the statement of financial activities on a straight line basis over the term of the lease, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the accounting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a discount rate. The unwinding of the discount is recognised as a finance cost in the statement of financial activities in the period it arises.

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next twelve months. The provision is measured at the salary cost payable for the period of absence.

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Restricted funds

These are earmarked by the donor or grantor, or the terms of an appeal, for specific purposes within the overall aims of the charity. The donation or grant and income deriving therefrom must be used in accordance with the specific purposes. Restricted funds may be of a capital or a revenue nature. In the latter case the restriction is discharged once the donation or grant is expended as required.

Income

Income from donations and legacies includes grant income, and is recognised on a receivable basis in the appropriate fund.

Incoming resources from charitable activities are recognised on a receivable basis, and consist principally of charges for the provision of residential and nursing care and related services. Incoming resources are allocated to charitable activities on the basis of actual amounts received. Contract income received in advance of the period to which it relates is deferred.

Historically, capital grants were 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. These properties 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 accordance with the depreciation policy and the value of the Restricted Capital Fund is reduced accordingly.

Expenditure

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.

Support costs and governance costs are allocated to charitable activities with the exception of a small proportion of support costs that have been allocated to costs of generating voluntary income, together with specific costs incurred.

Pension costs

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 pension scheme are charged to the income and expenditure account in the period that they arise. The scheme is a multi-employer schemes 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 FRS102.

Charitable commitments

Charitable commitments relate to the provision of continuing care for existing service users. 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.

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Termination benefits

Liabilities for termination benefits are recognised when the Trust is committed to terminating an employee's employment before normal retirement date. The liability is calculated as the best estimate of the cost at the reporting date.

3. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgements and estimates. Provisions include £327,036 (2015 £300,000) in respect of a potential liability to repay grants received for the provision of care to service-users with mental health needs. The provision represents management's best estimate of the amount that is likely to be repayable, based on the excess of the grant received over the spot-purchase price of relevant beds, but there remains some uncertainty as to likelihood, timing and amount of any payment that might be due.

Creditors due within one year include £131,678 retention due by Milestones Development Ltd to the main contractor in respect of the building of Abbey House. Although it is anticipated that this amount will be due in full within one year, the timing of release is subject to estimation and it is possible that the full amount will not be paid, or payment might be delayed, if there are any remedial works to be carried out.

4. INCOME FROM DONATIONS AND LEGACIES

	2016 £	2015 £
Restricted donations		
Donations from Quartet	24,525	9,084
Health Education England grant	71,416	-
Other grants and donations	53,724	8,216
	-----	-----
	149,665	17,300
Unrestricted donations	12,483	26,480
Legacies	84,000	-
	-----	-----
	246,148	43,780
	=====	=====

All restricted donations have been received for a specific purpose, of which £125,476 had not been spent at 31 March 2016. This amount is therefore carried forward as part of restricted funds (note 27). All other donations and grants were spent during the year and the restrictions have therefore been discharged. Equivalent transfers have therefore been made to the unrestricted income fund.

5. INCOME FROM INVESTMENTS

	2016 £	2015 £
Interest receivable	18,365	18,551
Income from stock exchange investments	34,082	34,050
	-----	-----
	52,447	52,601
	=====	=====

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2016 £	2015 £
Health authority grant	2,622,677	3,090,412
Contract income	23,536,949	22,523,276
Service user contributions	2,071,616	1,991,810
PCT funding re increased pension contributions (note 31)	130,149	116,821
Other operational income	50,155	48,476
	=====	=====
	28,411,546	27,770,795
	=====	=====

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	2016 £	2015 £
Staff costs		
Employee costs	18,057,042	18,625,988
Agency staff costs	3,210,147	1,555,232
	=====	=====
	21,267,189	20,181,220
	=====	=====
Non-Pay costs		
Food and household	685,464	689,979
Residents amenities	295,043	305,187
Travel costs	337,849	345,078
Telephone	110,179	118,649
Stationery and office expenses	137,056	74,088
Hygiene and medical	358,040	341,400
Bad debts	44,701	12,401
	=====	=====
	1,968,332	1,886,782
	=====	=====
Property costs		
Utilities	495,395	514,619
Registration fees	52,128	47,720
Loan interest	14,454	20,271
Rent	355,640	329,782
Fixtures, repairs and maintenance	1,084,772	1,236,126
Depreciation	507,407	504,201
Council tax	72,531	74,441
	=====	=====
	2,582,327	2,727,160
	=====	=====
Support costs reallocated (note 8)	2,461,486	2,419,120
Governance costs reallocated (note 9)	35,270	43,528
	=====	=====
TOTAL EXPENDITURE	28,314,604	27,257,810
	=====	=====

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

8. SUPPORT COSTS

	2016 £	2015 £
Head office property costs	106,828	129,829
Head office staff costs	1,206,076	1,178,496
Head office agency costs	69,235	56,750
Staff training and development	182,830	181,207
Staff recruitment	103,222	57,733
Staff and payroll support costs	113,224	115,144
Information technology	84,851	88,354
Insurance	117,190	115,061
Legal and professional fees	260,014	208,375
Bank charges	16,895	13,747
Aborted land purchase	-	39,000
Other head office expenses	213,487	247,580
	-----	-----
	2,473,852	2,431,276
Less 0.5% recharge to expenditure on raising funds (note 10)	(12,366)	(12,156)
	-----	-----
	<u>2,461,486</u>	<u>2,419,120</u>

9. GOVERNANCE COSTS

	2016 £	2015 £
Reimbursement of trustees' expenses	747	355
Trustees' meeting, training and recruitment costs	953	2,179
Trustees' indemnity insurance	2,953	2,703
External auditors' fees	22,900	30,600
Recharge 5% salary costs for Chief Executive and Director of Finance	7,717	7,691
	-----	-----
	<u>35,270</u>	<u>43,528</u>

No remuneration has been paid to any trustee or any person connected with a trustee.
Expenses were paid to two (2015 two) trustees in respect of mileage and other expenses incurred.

10. EXPENDITURE ON RAISING FUNDS

	2016 £	2015 £
Recharge 0.5% of support costs (note 8)	<u>12,366</u>	<u>12,156</u>

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

11. STAFF COSTS

	2016 £	2015 £
Wages and salaries	17,526,958	18,099,381
Social security costs	1,243,884	1,309,651
Other pension costs	499,993	398,393
	<u>19,270,835</u>	<u>19,807,425</u>
Remuneration costs of key management personnel	304,320	303,461
Redundancy and termination payments	<u>36,523</u>	<u>34,454</u>

Key management personnel are considered to consist of the Chief Executive, Director of Finance, Director of Operations, Director of Human Resources and the Director of Business Development.

Agency staff are engaged when necessary to cover staff shortages or absences. Agency expenditure during the year ended 31 March 2016 amounted to £3,279,382 (2015 £1,611,983).

12. EMPLOYEES

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

	Average number		Whole time equivalents	
	2016	2015	2016	2015
Management and administration	44	45	40	39
Care staff	1,059	1,094	794	836
	<u>1,103</u>	<u>1,139</u>	<u>834</u>	<u>875</u>

There was 1 employee whose emoluments for the year were in the range from £70,000 to £80,000 (2015 1).

13. NET INCOME FOR THE YEAR

	2016 £	2015 £
This is stated after crediting:		
Profit on disposal of tangible fixed assets	<u>226,496</u>	<u>234,677</u>
and after charging:		
Operating leases - property rental	407,720	383,571
- motor vehicles	38,215	47,311
Auditor's remuneration		
Audit fees	18,250	17,500
Other services	-	8,930
	<u></u>	<u></u>

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

14. TANGIBLE FIXED ASSETS – GROUP

	Freehold properties £	Fixtures & equipment £	Motor vehicles £	Total £
COST				
At 1 April 2015	22,373,200	1,514,664	360,907	24,248,771
Additions	6,602,747	87,091	40,690	6,730,528
Disposals	(189,378)	(1,055,093)	(35,277)	(1,279,748)
At 31 March 2016	28,786,569	546,662	366,320	29,699,551
DEPRECIATION				
At 1 April 2015	5,394,255	1,212,890	287,546	6,894,691
Charge for the year	394,947	62,539	37,046	494,532
Disposals	(71,387)	(1,055,093)	(35,277)	(1,161,757)
At 31 March 2016	5,717,815	220,336	289,315	6,227,466
NET BOOK VALUE				
At 31 March 2015	£ 16,978,945	£ 301,774	£ 73,361	£ 17,354,080
At 31 March 2016	£ 23,068,754	£ 326,326	£ 77,005	£ 23,472,085

The net book value of freehold properties includes £4,443,237 (2015 £2,213,237) in respect of non-depreciable land.

Cost and net book value of freehold properties include £6,739,847 (2015 £137,100) in respect of non-depreciable assets in the course of construction.

The net book value of fixtures and equipment includes £85,277 (2015 nil) in respect of assets held under finance leases.

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

15. TANGIBLE FIXED ASSETS – COMPANY

	Freehold properties £	Fixtures & equipment £	Motor vehicles £	Total £
COST				
At 1 April 2015	22,236,100	1,514,664	360,907	24,111,671
Additions	103,923	87,091	40,690	231,704
Disposals	(189,378)	(1,055,093)	(35,277)	(1,279,748)
	-----	-----	-----	-----
At 31 March 2016	22,150,645	546,662	366,320	23,063,627
	-----	-----	-----	-----
DEPRECIATION				
At 1 April 2015	5,394,255	1,212,890	287,546	6,894,691
Charge for the year	394,947	62,539	37,046	494,532
Disposals	(71,387)	(1,055,093)	(35,277)	(1,161,757)
	-----	-----	-----	-----
At 31 March 2016	5,717,815	220,336	289,315	6,227,466
	-----	-----	-----	-----
NET BOOK VALUE				
At 31 March 2015	£ 16,841,845	£ 301,774	£ 73,361	£ 17,216,980
	=====	=====	=====	=====
At 31 March 2016	£ 16,432,830	£ 326,326	£ 77,005	£ 16,836,161
	=====	=====	=====	=====

The net book value of freehold properties includes £2,313,237 (2015 £2,163,237) in respect of non-depreciable land.

Cost and net book value of freehold properties include £103,923 (2015 nil) in respect of non-depreciable assets in the course of construction.

The net book value of fixtures and equipment includes £85,277 (2015 nil) in respect of assets held under finance leases.

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

16. INTANGIBLE FIXED ASSETS – COMPANY AND GROUP

	Software costs £
COST	
At 1 April 2015 and at 31 March 2016	167,950
DEPRECIATION	
At 1 April 2015	33,590
Charge for the year	33,590
At 31 March 2016	67,180
NET BOOK VALUE	
At 31 March 2015	134,360
At 31 March 2016	100,770

17. INVESTMENTS

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Listed Investments				
Valuation at 1 April 2015	1,222,340	1,189,388	1,222,340	1,189,388
Realised profits on disposal	7,060	32,535	7,060	32,535
Unrealised (losses)/profits on revaluation	(67,246)	417	(67,246)	417
Valuation at 31 March 2016	1,162,154	1,222,340	1,162,154	1,222,340
Investment in subsidiary undertaking				
At 1 April 2015 and at 31 March 2016	-	-	1	-
	1,162,154	1,222,340	1,162,155	1,222,341

Listed investments consist of a portfolio of equities and unit trusts, managed by Barclays Bank PLC. The investments are held to provide an investment return to the charity.

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

At 31 March 2016 the portfolio consisted of 48% direct and 52% indirect investments. There were no individual investments accounting for more than 5% in value of the portfolio.

The investment in a subsidiary consists of a 100% holding in the ordinary share capital of Milestones Developments Limited, an unlisted company registered in England, established for the purpose of developing a new care home in Swindon, Wiltshire. This subsidiary is consolidated in the group financial statements.

18. DEBTORS

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Operational debtors	1,979,178	1,955,844	1,979,178	1,955,844
Amounts due from subsidiary undertakings	-	-	6,886,074	153,458
Other debtors	366,460	21,919	14,087	5,560
Prepayments and accrued income	166,613	182,359	166,613	182,359
	=====	=====	=====	=====
	2,512,251	2,160,122	9,045,952	2,297,221
	=====	=====	=====	=====

19. CASH AT BANK AND IN HAND

Group and company bank balances include £2,000,899 (2015 £1,862,591) 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 20).

20. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans (note 22)	319,000	331,000	319,000	331,000
Finance lease creditor	10,886	-	10,886	-
Trade creditors	1,664,726	714,640	1,251,833	714,640
Tax and social security	303,975	317,685	303,975	317,685
Residents' funds (note 19)	2,011,739	1,873,531	2,011,739	1,873,531
Other creditors	704,184	554,886	572,504	554,886
Accruals and deferred income	614,141	747,317	580,068	747,317
	=====	=====	=====	=====
	5,628,651	4,539,059	5,050,005	4,539,059
	=====	=====	=====	=====

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

21. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Finance lease creditor	74,391	-	74,391	-
Bank loans (note 22)	6,252,023	457,455	6,252,023	457,455
	<u>6,326,414</u>	<u>457,455</u>	<u>6,326,414</u>	<u>457,455</u>

Bank loans are secured on properties with a net book value of £8,692,581 (2015 £7,418,035) and are repayable by instalments, with interest charged at normal commercial rates. Bank loans represent 76% of the net book value of properties charged.

22. MATURITY OF LONG TERM CREDITORS

Group and Company

	Finance Leases 2016 £	Bank loans 2016 £	Bank loans 2015 £
Amounts falling due:			
Within one year (note 20)	10,886	319,000	331,000
Within 1 to 2 years	10,886	253,000	287,000
Within 2 to 5 years	32,660	1,144,000	170,455
In more than 5 years	30,844	4,855,023	-
	<u>85,277</u>	<u>6,571,023</u>	<u>788,455</u>
Less: amounts falling due within one year (note 20)	(10,886)	(319,000)	(331,000)
	<u>74,391</u>	<u>6,252,023</u>	<u>457,455</u>

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

23. PROVISIONS FOR LIABILITIES AND CHARGES

Group and Company

	Pension deficit £	Grant funding £	Employee settlements £	Total £
At 1 April 2015	85,000	300,000	9,000	394,000
Paid during the year	(10,242)	-	(9,000)	(19,242)
Unwinding of discount factor	1,000	-	-	1,000
Remeasurement of provision	43,242	27,036	-	70,278
At 31 March 2016	<u>119,000</u>	<u>327,036</u>	<u>-</u>	<u>446,036</u>

The pension deficit provision relates to the obligation to pay additional contributions to the Trustees of the TPT Retirement Solutions Growth Plan pension scheme in order to fund the deficit in value of that scheme (note 31). The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using a discount rate of 2.07% (1.74% at 31 March 2015). The unwinding of the discount rate is recognised as a finance cost.

The grant funding provision relates to a potential liability to repay grants received, about which there is uncertainty as to both timing and amount of any payment that might be due.

MILESTONES TRUST
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

24. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted funds invested in fixed assets	Investment revaluation reserve	Balance of unrestricted funds	Restricted capital fund	Restricted income fund	Total funds
	£	£	£	£	£	£
FIXED ASSETS						
Tangible assets	14,558,475	-	6,618,178	2,295,432	-	23,472,085
Intangible assets	-	-	100,770	-	-	100,770
Investments	-	4,923	1,157,231	-	-	1,157,231
Total fixed assets	14,558,475	4,923	7,876,179	2,295,432	-	24,735,009
CURRENT ASSETS						
Debtors	-	-	2,512,251	-	-	2,512,251
Cash at bank and in hand	-	-	6,921,164	-	125,476	7,046,640
Total current assets	-	-	9,433,415	-	125,476	9,558,891
CREDITORS: Amounts falling due within one year	-	-	(5,628,651)	-	-	(5,628,651)
Net current assets	-	-	3,804,764	-	125,476	3,930,240
TOTAL ASSETS LESS CURRENT LIABILITIES	14,558,475	4,923	11,680,943	2,295,432	125,476	28,665,249
CREDITORS: Amounts falling due in over one year	-	-	(6,326,414)	-	-	(6,326,414)
PROVISIONS for liabilities and charges	-	-	(446,036)	-	-	(446,036)
NET ASSETS AT 31 MARCH 2016	14,558,475	4,923	4,908,493	2,295,432	125,476	21,892,799

MILESTONES TRUST
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

25. MOVEMENT OF FUNDS

	Unrestricted funds invested in fixed assets	Investment revaluation reserve	Balance of unrestricted funds	Restricted capital fund	Restricted income fund	Total funds
	£	£	£	£	£	£
AT 1 APRIL 2014	13,990,688	71,752	3,984,191	2,395,848	19,135	20,461,614
Surplus for the year ended 31 March 2015	226,557	417	636,030	-	17,300	880,304
Transfers between funds	-	-	78,497	(50,208)	(28,289)	-
AT 31 MARCH 2015 AND 1 APRIL 2016	14,217,245	72,169	4,698,718	2,345,640	8,146	21,341,918
Surplus for the year ended 31 March 2016 – Milestones Trust	(153,614)	(67,246)	622,607	-	149,665	551,412
Surplus for the year ended 31 March 2016 – Milestones Developments Ltd	494,844		(495,375)	-	-	(531)
Transfers between funds	-	-	82,543	(50,208)	(32,335)	-
AT 31 MARCH 2016	<u>14,558,475</u>	<u>4,923</u>	<u>4,908,493</u>	<u>2,295,432</u>	<u>125,476</u>	<u>21,892,799</u>

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

26. UNRESTRICTED INCOME FUNDS

The unrestricted income funds consist of:

Funds invested in tangible and intangible fixed assets – being the value of tangible and intangible fixed assets (notes 14 and 16) less the value of loans secured thereon (note 21), less restricted funds invested in fixed assets (note 27).

Investment revaluation reserve – being cumulative unrealised gains less unrealised losses arising on the investment portfolio (note 17).

Funds available for use – being the balance of unrestricted funds.

27. RESTRICTED FUNDS

Restricted funds represent capital or income donations or grants received by the Trust for specific purposes. In the case of restricted income donations or grants the restriction is discharged once the donations or grants are expended as required.

Restricted capital fund

It was a condition of capital grants received in the past that properties purchased continue to be 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. The restriction in respect of these grants was therefore not discharged when the properties were purchased. These grants continue to be reflected in the balance on restricted funds, but are stated net of amounts released annually to the unrestricted income fund to offset related depreciation charges.

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.

Restricted income fund

During the year ended 31 March 2016, there were restricted income donations and grants amounting to £149,665 (2015 £17,300). See note 4 for details of donations and grants received. The restrictions have been discharged in respect of restricted donations and grants amounting to £32,335, including some donations and grants received in prior years, and an equivalent transfer has therefore been made to the unrestricted income fund.

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

28. OPERATING LEASE COMMITMENTS

At 31 March 2016 there were the following total commitments under non-cancellable operating leases:

Group and Company

	Land and Buildings 2016 £	Motor Vehicles 2016 £	Land and Buildings 2015 £	Motor Vehicles 2015 £
Expiring within one year	357,610	15,039	368,935	32,114
Expiring in two to five years	225,456	13,740	293,369	3,771
Expiring in more than five years	482,816	-	514,650	-
	----- 1,065,881 =====	----- 28,779 =====	----- 1,176,953 =====	----- 35,885 =====

29. CAPITAL COMMITMENTS

At 31 March 2016 there were no group or company contracted for capital commitments (2015 £30,000).

30. TRANSITION TO FRS 102

The group has adopted FRS 102 for the year ended 31 March 2016 and has restated the comparative prior year amounts.

Changes for FRS 102 adoption

The group now recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next twelve months. The provision is measured at the salary cost payable for the period of absence. The monetary effect of this adjustment is to increase creditors due within one year at 31 March 2015 by £50,000 (2014 £50,000) and to decrease unrestricted reserves by the same amount.

The group recognises a liability for its obligation to pay contributions for pension deficit funding, in respect of the TPT Retirement Solutions Growth Plan pension scheme (note 31). Previously this liability was recognised within long and short term creditors at the expected transaction value. In accordance with FRS 102, this liability is now treated as a provision and the amount recognised is the net present value of the deficit reduction contributions payable under the deficit funding agreement. The unwinding of the discount rate is recognised as a finance cost. The monetary effect of this adjustment is to decrease creditors at 31 March 2015 by £7,126 (2014 £13,876) and to increase unrestricted reserves by the same amount.

Software costs that were previously treated as tangible fixed assets are now recognised as intangible fixed assets. £167,950 of cost and £33,590 of depreciation at 31 March 2015 has been moved from tangible to intangible fixed assets, increasing intangible fixed assets and decreasing tangible fixed assets by the net book value of £134,360.

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Frs 102 Reconciliations

Restated consolidated and company statement of financial position

	At 1 April 2014 £	At 31 March 2015 £
Funds as previously stated	20,497,738	21,384,792
Provision for employees' annual leave	(50,000)	(50,000)
Amendment to provision for pension deficit funding	13,876	7,126
	-----	-----
Funds as restated	20,461,614	21,341,918
	=====	=====

Reconciliation of surplus for the year

	Year ended 31 March 2015 £
Surplus for the year as previously stated	887,054
Amendment to provision for pension deficit funding	(6,750)

Surplus for the year as restated	880,304
	=====

31. PENSION COSTS

The Trust participates in two defined contribution pension schemes and one multi-employer defined benefit scheme. The assets of all pension schemes are held separately from those of the Trust in independently administered funds.

Contributions payable by the Trust to the Standard Life defined contribution scheme, in respect of 1 employees (2015 2), amounted to £1,786 (2015 £3,354). There were no contributions payable to this fund at 31 March 2016 (2015 £680).

Contributions payable by the Trust to Series 4 of TPT Retirement Solutions Growth Plan defined contribution scheme, in respect of 884 employees (2015 859), amounted to £201,926 (2015 £190,351). Contributions totalling £51,169 (2015 £53,003) were payable to this fund at 31 March 2016 and are included in creditors (note 20).

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 FRS102, 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.

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

The most recent valuation, published in 2014, was for the eight years from 2005 to 2012. This is a public document available from HM Stationery Office and for a more complete understanding it should be reviewed in its entirety.

The most recent actuarial valuation showed that the value placed on notional investments at 31 March 2012 amounted to £230.1 billion and that the present value of benefits accrued to members amounted to £240.4 billion, net of the present value of future contributions by current members. There was therefore a deficiency at 31 March 2012 amounting to £10.3 billion. In the previous quinquennial valuation it was concluded that, unless changes to the scheme were made, employer's contributions would have to be increased from 14% to 15.3% to meet the deficit of £3.3 billion that existed at that time. Instead, with effect from 1 April 2008, modification was made to the existing NHS pension scheme which was closed to new entrants. A new scheme was opened to new entrants (although not relevant for the Trust). The actuarial valuation concluded that the financial impact of these amendments meant that employer contributions could be maintained at 14%.

Most existing NHS pension scheme members were transferred to a new scheme ("the 2015 scheme") on 1 April 2015. The latest actuarial valuation was required to take account of the impact of the introduction of this scheme. It concludes that the employer contribution rate for the period from 1 April 2015 to 31 March 2019 should be increased to 14.3% of pensionable pay.

During the year ended 31 March 2016 and the previous 11 years the Trust received direct funding from the Department of Health as a contribution towards the increased cost of NHS pension funding. The increased costs for the year ended 31 March 2016 amounted to £130,150 (2015 £116,821), and this amount of the contribution is therefore recognised as additional operational income. The funding was provided with the restriction that it might only be used to fund the additional NHS pension funding costs. The balance of £320,414 (2015 £328,192) received during the year ended 31 March 2016 and prior years has therefore been carried forward within other creditors (note 20).

Contributions payable by the Trust to the NHS Pension Fund during the year, in respect of 87 employees (2015 99), amounted to £253,039 (2015 £204,688). Employers' and employees' contributions totalling £166,927 (2015 £139,631) were payable to this fund at the balance sheet date and are included within other creditors (note 20).

Prior to 1 October 2012 employees were eligible for participation in Series 3 of The Pensions Trust's Growth Plan (the Plan). On 1 October 2013 the Plan was closed, and all employees within the Plan were transferred to Series 4, a defined contribution scheme (see above). Although the Plan is now closed, details are included here as the Trust has a number of actual and potential future liabilities relating to it.

The Plan is a multi-employer pension plan that provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the trust to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme and therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004, which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

The scheme is classified as a “last-man standing arrangement”. Therefore the company is potentially liable for other participating employers’ obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation of the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions from 1 April 2013 to 31 March 2015

£13.9m per annum, payable monthly and increasing by 3% each year on 1 April

A full actuarial valuation of the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions from 1 April 2016 to 30 September 2025

£12,945,440 per annum, payable monthly and increasing by 3% each year on 1 April

Deficit contributions from 1 April 2016 to 30 September 2028

£54,560 per annum, payable monthly and increasing by 3% each year on 1 April

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities. The net present value of the Trust’s provision is £119,000 (2015 £85,000). See note 23 for details of the calculation of this provision.

32. LIMITED LIABILITY STATUS

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