ANNUAL REPORT

AND

CONSOLIDATED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2017

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MILESTONES TRUST

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Company number 02011021 Charity number 294377

www. milestonestrust.org.uk

MILESTONES TRUST

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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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) R H Nash P M Collins J E Buswell S Griggs (appointed 6 February 2017) D D Wilson (appointed 6 February 2017) J D Bowen (appointed 6 March 2017) M Bennet (resigned 31 January 2017)	K D Guy J Broadhead M A Shovelton
Secretary:	P R Butler	
Key Management Personnel:	J Hoskinson OBE P R Butler J Gresham G Meehan N Mandleker	Chief Executive Director of Finance Director of Operations Director of Human Resources Director of Business Development
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 2017

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.

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.

- 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 73 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, entering into a partnership with Knightstone Housing last year to provide support to 6 tenants at their newly refurbished property in Bristol. The Trust also continues to win tenders to provide care packages to people in their homes. 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 Workplace Wellbeing Charter, "Mindful Employer" and "Disability Confident Employer".

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.milestonestrust.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 that were not subject to refurbishment.

Key highlights of the year included:

- Launch of the new 73 bed dementia home, Abbey House in Swindon in June.
- Recycle of funds from Mulberry House into an alternative property that is more accessible for residents.
- Complete refurbishment of 9-bedded property on Wells Road.
- Closure of Somerset Lodge due to continued difficulties to recruit staff, particularly nurses in the location.
- Implementation of restraint reduction programme.
- Hosting of Expressions Film Festival at Watershed, Bristol in July.
- Submission of a range of local authority tenders to provide services within our areas of operation, particularly a major tender to develop a dementia care home in Brentry.
- Implementation of the findings of pay scale review across the Trust to ensure that staff pay was competitive.
- Achievement of the highest recognition under Workplace Wellbeing Charter.

- Continued roll out of our leadership programme for all management.
- Continued building of our volunteering capacity – particularly with corporate volunteers from many of the large organisations in Bristol.
- Undertake a brand re-fresh and launch of new website.
- Implementation of Quadpro and AssessNET to increase efficiencies and streamline management information.

Financial Review

The Trust is presenting Group Financial Statements for the third 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 2017 represented unrestricted funds.

2016/17 was a difficult year financially. The Trust invested considerable resources in our Eldercare Division, including significant expenditure on staffing to address our quality aspirations, and in response to the nationwide challenges in recruiting nurses. The opening of a new large service, Abbey House, inevitably requires a large revenue investment in its first years, and this coincided with the broader challenges within Eldercare. These factors were the primary factors behind the deficit generated for the year of £1,217,794. The Consolidated Statement of Cash Flows on page 16 reflects the performance for the year. Nevertheless, the Trust has maintained its reserves at target levels, and has taken action to address the disappointing performance. As part of this process, the Trust reluctantly closed Somerset Lodge, our Eldercare home in Pill as a response to the difficulty in recruiting staff in that location. All our service users were successfully able to move to suitable alternative homes, and all staff who wished to redeploy within the Trust were able to do so.

Milestones continues to work with commissioners 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, Facilities Management, as well as systems to assist with Health & Safety Management.

The Trust will begin to see increases in income as new schemes are developed and, most significantly, as Abbey House moves towards full occupancy. 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.

Despite the challenging financial year and the austerity of the commissioning environment, the underlying Trust balance sheet remained sound. Demand for Trust services remained strong. At 31 March 2017 Net Current Assets stood at £3.2 million, and Net Total Assets were £20.7 million. The value of outstanding mortgages has increased, reflecting the construction loan drawn down for Abbey House.

Once again, several cost increases exceeded general inflation, underlining the importance of maintaining reserves and safeguarding the Trust's financial position enabling a volatile cost and commissioning environment to be addressed in a relatively measured and rational way.

The fundraising costs of £13,736 (see Note 10), relate primarily to the internal Trust costs attributed to supporting this function. During 2016/17 donations of £110,569 were received, of which £85,823 were restricted, having been donated for specific purposes (see Note 4).

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 million at 31 March 2017. 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 an increase in value during the year, increasing by 13%. On 31 March 2017 the total value of the portfolio stood at £1,314,725. The value of dividends and interest received on these investments amounted to £37,346, representing 2.8%, 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.

The principal risks facing the Trust continue to 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 invested in a strong marketing campaign, and management team within the home in order to ensure that the home is maximising its progress to full occupancy – 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. Progress towards occupancy targets has been slower than anticipated, and this accounts in part for the financial performance for the year. 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 2017/18 we will continue to deliver on this strategy whilst also developing a new 3-year organisational strategy underpinned by through research.

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 of our repairs and maintenance (R&M) process and contracts.
- Conduct a full review of service user needs in our residential services.
- Conduct staff satisfaction survey.
- Continue to implement innovative ways to recruit and retain staff.
- Implement two new IT systems covering HR and payroll and R&M
- Develop Abbey House to maturity.
- Deliver our annual arts event – Expressions.
- 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 2016/17 to a 1% award effective from 1st October 2015, in small recognition of the commitment and dedication of our staff.

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.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2017

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:

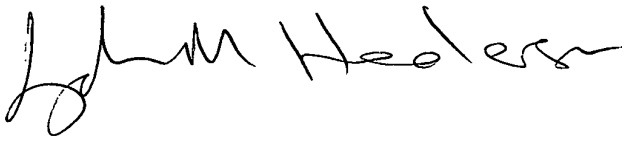
- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP 2015;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures 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 6 November 2017 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 2017, 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), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

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 2017 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 matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

6.11.17.

Jonathan Marchant (Senior Statutory Auditor)

For and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

90 Victoria Street
Bristol
BS1 6DP

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 2017

	Notes	Unrestricted funds 2017 £	Restricted funds 2017 £	Total 2017 £	Unrestricted funds 2016 £	Restricted funds 2016 £	Total 2016 £
INCOME FROM							
Donations and legacies	4	24,746	85,823	110,569	96,483	149,665	246,148
Other trading activities		1,320	-	1,320	1,400	-	1,400
Income from investments	5	44,761	-	44,761	52,447	-	52,447
Incoming resources from charitable activities	6	28,317,387	-	28,317,387	28,411,546	-	28,411,546
Other income		3,830	-	3,830	226,496	-	226,496
TOTAL INCOMING RESOURCES		28,392,044	85,823	28,477,867	28,788,372	149,665	28,938,037
EXPENDITURE ON							
Raising funds	10	13,736	-	13,736	12,366	-	12,366
Charitable activities	7	29,834,497	-	29,834,497	28,314,604	-	28,314,604
TOTAL RESOURCES EXPENDED		29,848,233	-	29,848,233	28,326,970	-	28,326,970
NET INCOME/(EXPENDITURE) BEFORE OTHER RECOGNISED GAINS/(LOSSES) AND TRANSFERS		(1,456,189)	85,823	(1,370,366)	461,402	149,665	611,067
Net (losses)/gains on investment assets	17	152,571	-	152,571	(60,186)	-	(60,186)
NET INCOME/(EXPENDITURE)		(1,303,618)	85,823	(1,217,795)	401,216	149,665	550,881
Gross transfers between funds		143,104	(143,104)	-	82,543	(82,543)	-
NET MOVEMENT IN FUNDS		(1,160,514)	(57,281)	(1,217,795)	483,759	67,122	550,881
Total funds brought forward		19,471,891	2,420,908	21,892,799	18,988,132	2,353,786	21,341,918
Total funds carried forward		18,311,377	2,363,627	20,675,004	19,471,891	2,420,908	21,892,799

All activities relate to continuing operations.
The notes on pages 17 to 35 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	Unrestricted Income Fund 2017 £	Restricted Funds 2017 £	Total 2017 £	Unrestricted Income Fund 2016 £	Restricted Funds 2016 £	Total 2016 £
FIXED ASSETS							
Tangible assets	14	21,772,721	2,245,224	24,017,945	21,176,653	2,295,432	23,472,085
Intangible assets	16	86,380	-	86,380	100,770	-	100,770
Investments	17	1,314,725	-	1,314,725	1,162,154	-	1,162,154
Total fixed assets		23,173,826	2,245,224	25,419,050	22,439,577	2,295,432	24,735,009
CURRENT ASSETS							
Debtors	18	2,645,660	-	2,645,660	2,512,251	-	2,512,251
Cash at bank and in hand	19	5,494,146	118,403	5,612,549	6,921,164	125,476	7,046,640
Total current assets		8,139,806	118,403	8,258,209	9,433,415	125,476	9,558,891
CREDITORS: Amounts falling due within one year	20	(5,053,296)	-	(5,053,296)	(5,628,651)	-	(5,628,651)
Net current assets		3,086,510	118,403	3,204,913	3,804,764	125,476	3,930,240
TOTAL ASSETS LESS CURRENT LIABILITIES		26,260,336	2,363,627	28,623,963	26,244,341	2,420,908	28,665,249
CREDITORS: Amounts falling due in over one year	21	(7,436,959)	-	(7,436,959)	(6,326,414)	-	(6,326,414)
PROVISIONS for liabilities and charges	23	(512,000)	-	(512,000)	(446,036)	-	(446,036)
NET ASSETS		18,311,377	2,363,627	20,675,004	19,471,891	2,420,908	21,892,799
FUNDS OF THE CHARITY							
Funds invested in fixed assets		14,158,256	-	14,158,256	14,558,475	-	14,558,475
Investment revaluation reserve		118,717	-	118,717	4,923	-	4,923
Funds available for use		4,034,404	-	4,034,404	4,908,493	-	4,908,493
Unrestricted income funds	24	18,311,377	-	18,311,377	19,471,891	-	19,471,891
Restricted funds	24	-	2,363,627	2,363,627	-	2,420,908	2,420,908
TOTAL CHARITY FUNDS		18,311,377	2,363,627	20,675,004	19,471,891	2,420,908	21,892,799

Approved by the Board on 6 November 2017 and signed on its behalf by

L M Henderson
Chair

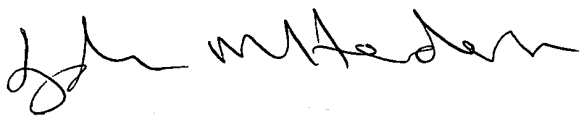
The notes on pages 17 to 35 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	Unrestricted Income Fund 2017 £	Restricted Funds 2017 £	Total 2017 £	Unrestricted Income Fund 2016 £	Restricted Funds 2016 £	Total 2016 £
FIXED ASSETS							
Tangible assets	15	23,232,543	2,245,224	25,477,767	14,540,729	2,295,432	16,836,161
Intangible assets	16	86,380	-	86,380	100,770	-	100,770
Investments	17	1,314,726	-	1,314,726	1,162,155	-	1,162,155
Total fixed assets		24,633,649	2,245,224	26,878,873	15,803,654	2,295,432	18,099,086
CURRENT ASSETS							
Debtors	18	2,645,660	-	2,645,660	9,045,952	-	9,045,952
Cash at bank and in hand	19	5,405,804	118,403	5,524,207	6,445,272	125,476	6,570,748
Total current assets		8,051,464	118,403	8,169,867	15,491,224	125,476	15,616,700
CREDITORS: Amounts falling due within one year	20	(6,423,313)	-	(6,423,313)	(5,050,005)	-	(5,050,005)
Net current assets		1,628,151	118,403	1,746,554	10,441,219	125,476	10,566,695
TOTAL ASSETS LESS CURRENT LIABILITIES		26,261,800	2,363,627	28,625,427	26,244,873	2,420,908	28,665,781
CREDITORS: Amounts falling due in over one year	21	(7,436,959)	-	(7,436,959)	(6,326,414)	-	(6,326,414)
PROVISIONS for liabilities and charges	23	(512,000)	-	(512,000)	(446,036)	-	(446,036)
NET ASSETS		18,312,841	2,363,627	20,676,468	19,472,423	2,420,908	21,893,331
FUNDS OF THE CHARITY							
Funds invested in fixed assets		15,618,078	-	15,618,078	14,063,631	-	14,063,631
Investment revaluation reserve		118,717	-	118,717	4,923	-	4,923
Funds available for use		2,576,046	-	2,576,046	5,403,869	-	5,403,869
Unrestricted income funds	26	18,312,841	-	18,312,841	19,472,423	-	19,472,423
Restricted funds	27	-	2,363,627	2,363,627	-	2,420,908	2,420,908
TOTAL CHARITY FUNDS		18,312,841	2,363,627	20,676,468	19,472,423	2,420,908	21,893,331

Approved by the Board on 6 November 2017 and signed on its behalf by

L M Henderson
Chair



The notes on pages 17 to 35 form part of these financial statements.

MILESTONES TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	2017	2016
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Net incoming resources	(1,217,795)	550,881
Adjustments for:		
Depreciation and amortisation	670,390	528,122
Surplus on sale of property, plant and equipment	(3,830)	(226,496)
Investments gains and losses	(152,571)	60,186
Investment income	(44,761)	(52,447)
Interest expense	161,149	14,454
Trade and other receivables	(276,849)	(352,129)
Trade and other payables	191,722	537,496
	(672,545)	1,060,067
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,669,533)	(6,038,391)
Purchase of intangible fixed assets	(24,000)	-
Proceeds on disposal of property, plant and equipment	3,830	344,488
Interest received	44,761	52,447
	(1,644,942)	(5,641,456)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital repayments in the year	(327,667)	(1,088,816)
Proceeds from bank borrowings	1,374,075	6,871,383
Interest paid	(152,126)	(14,254)
Finance lease repayments made	(10,886)	(1,814)
	883,396	5,766,499
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,434,091)	1,185,110
Cash and cash equivalents at the beginning of the year	7,046,640	5,861,530
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5,612,549	7,046,640

The notes on pages 17 to 35 form part of these financial statements.

COMPANY INFORMATION

The company is a private company, limited by guarantee and is incorporated in England & Wales. Its registered office address is Unit 10, Eclipse Office Park, High Street, Staple Hill, Bristol BS16 5EL. Milestones Trust meets the definition of a public benefit entity under FRS102.

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 £.

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 s.408 of the Companies Act 2006. The parent company's deficit for the year was £1,216,863 (2016 surplus of £551,412).

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. Costs of a capital nature are capitalised when they relate to new purchases of significant value. Direct replacements of assets such as white goods are treated as revenue expenditure.

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.

Intangible fixed assets

Intangible fixed 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 measured 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.

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 FRS 102.

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.

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.

Loan arrangement fees

Material loan arrangement fees are deducted from the amount of principal advanced in order to calculate the effective interest rate on the loan, and then treated as a component of the finance charge and amortised over the period of the loan.

3. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgements and estimates. Provisions include £400,000 (2016 £327,036) 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.

4. INCOME FROM DONATIONS AND LEGACIES

	2017 £	2016 £
Restricted donations		
Donations from Quartet	8,466	24,525
Health Education England grant	42,726	71,416
Other grants and donations	34,631	53,724
	85,823	149,665
Unrestricted donations	24,746	12,483
Legacies	-	84,000
	110,569	246,148

All restricted donations have been received for a specific purpose, of which £118,403 had not been spent at 31 March 2017. 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

	2017 £	2016 £
Interest receivable	7,415	18,365
Income from stock exchange investments	37,346	34,082
	44,761	52,447

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2017 £	2016 £
Health authority grant	2,161,872	2,622,677
Contract income	23,320,533	23,536,949
Service user contributions	2,658,175	2,071,616
PCT funding re increased pension contributions (note 30)	107,085	130,149
Other operational income	69,723	50,155
	28,317,387	28,411,546

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	2017 £	2016 £
Staff costs		
Employee costs	18,408,078	18,057,042
Agency staff costs	3,683,067	3,210,147
	22,091,145	21,267,189
Non-Pay costs		
Food and household	714,385	685,464
Residents amenities	277,892	295,043
Travel costs	338,071	337,849
Telephone	92,157	110,179
Stationery and office expenses	149,857	137,056
Hygiene and medical	393,300	358,040
Bad debts	40,075	44,701
	2,005,737	1,968,332
Property costs		
Utilities	582,866	495,395
Registration fees	50,562	52,128
Loan interest	161,149	14,454
Rent	383,733	355,640
Fixtures, repairs and maintenance	1,084,981	1,084,772
Depreciation	626,797	507,407
Council tax	75,430	72,531
	2,965,518	2,582,327
Support costs reallocated (note 8)	2,734,288	2,461,486
Governance costs reallocated (note 9)	37,809	35,270
TOTAL EXPENDITURE	29,834,497	28,314,604

8. SUPPORT COSTS

	2017 £	2016 £
Head office property costs	152,447	106,828
Head office staff costs	1,308,936	1,206,076
Head office agency costs	151,140	69,235
Staff training and development	235,477	182,830
Staff recruitment	62,788	103,222
Staff and payroll support costs	118,177	113,224
Information technology	87,989	84,851
Insurance	106,738	117,190
Legal and professional fees	51,150	260,014
Bank charges	24,752	16,895
Marketing	120,452	59,154
Other head office expenses	327,978	154,333
	2,748,024	2,473,852
Less 0.5% recharge to expenditure on raising funds (note 10)	(13,736)	(12,366)
	2,734,288	2,461,486

9. GOVERNANCE COSTS

	2017 £	2016 £
Reimbursement of Trustees' expenses	1,193	747
Trustees' meeting, training and recruitment costs	3,349	953
Trustees' indemnity insurance	3,001	2,953
External auditors' fees	21,870	22,900
Recharge 5% salary costs for Chief Executive and Director of Finance	8,396	7,717
	37,809	35,270

No remuneration has been paid to any trustee or any person connected with a trustee.
Expenses were paid to three (2016 two) trustees in respect of mileage and other expenses incurred.

10. EXPENDITURE ON RAISING FUNDS

	2017 £	2016 £
Recharge 0.5% of support costs (note 8)	13,736	12,366

11. STAFF COSTS

	2017 £	2016 £
Wages and salaries	17,970,900	17,526,958
Social security costs	1,321,494	1,243,884
Other pension costs	433,016	499,993
	19,725,410	19,270,835
Remuneration costs of key management personnel	313,006	304,320
Redundancy and termination payments	146,141	36,523

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 2017 amounted to £3,806,014 (2016 £3,279,382).

12. EMPLOYEES

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

	Average number		Whole time equivalents	
	2017	2016	2017	2016
Management and administration	50	44	40	40
Care staff	1,055	1,059	777	794
	1,105	1,103	817	834

There was 1 employee whose emoluments for the year were in the range from £80,000 to £90,000 (2016 1 employee in the range from £70,000 to £80,000).

13. NET INCOME FOR THE YEAR

	2017 £	2016 £
This is stated after crediting:		
Profit on disposal of tangible fixed assets	3,830	226,496
and after charging:		
Operating leases - property rental	437,768	407,720
- motor vehicles	36,854	38,215
Auditor's remuneration		
Audit fees	18,225	18,250

14. TANGIBLE FIXED ASSETS – GROUP

	Freehold properties £	Fixtures & equipment £	Motor vehicles £	Total £
COST				
At 1 April 2016	28,786,569	546,662	366,320	29,699,551
Additions	723,821	415,000	39,039	1,177,860
Disposals	-	-	(21,856)	(21,856)
At 31 March 2017	29,510,390	961,662	383,503	30,855,555
DEPRECIATION				
At 1 April 2016	5,717,815	220,336	289,315	6,227,466
Charge for the year	475,981	118,291	37,728	632,000
Disposals	-	-	(21,856)	(21,856)
At 31 March 2017	6,193,796	338,627	305,187	6,837,610
NET BOOK VALUE				
At 31 March 2016	£ 23,068,754	£ 326,326	£ 77,005	£ 23,472,085
At 31 March 2017	£ 23,316,594	£ 623,035	£ 78,316	£ 24,017,945

The net book value of freehold properties includes £4,426,237 (2016 £4,426,237) in respect of non-depreciable land.

Cost and net book value of freehold properties include £nil (2016 £6,739,847) in respect of non-depreciable assets in the course of construction.

The net book value of fixtures and equipment includes £74,378 (2015 £85,277) in respect of assets held under finance leases.

15. TANGIBLE FIXED ASSETS – COMPANY

	Freehold properties £	Fixtures & equipment £	Motor vehicles £	Total £
COST				
At 1 April 2016	22,150,645	546,662	366,320	23,063,627
Additions	8,819,567	415,000	39,039	9,273,606
Disposals	-	-	(21,856)	(21,856)
At 31 March 2017	30,970,212	961,662	383,503	32,315,377
DEPRECIATION				
At 1 April 2016	5,717,815	220,336	289,315	6,227,466
Charge for the year	475,981	118,291	37,728	632,000
Disposals	-	-	(21,856)	(21,856)
At 31 March 2017	6,193,796	338,627	305,187	6,837,610
NET BOOK VALUE				
At 31 March 2016	£ 16,432,830	£ 326,326	£ 77,005	£ 16,836,161
At 31 March 2017	£ 24,776,416	£ 623,035	£ 78,316	£ 25,477,767

The net book value of freehold properties includes £4,426,237 (2016 £2,296,237) in respect of non-depreciable land.

Cost and net book value of freehold properties include £nil (2016 £103,923) in respect of non-depreciable assets in the course of construction.

The net book value of fixtures and equipment includes £74,378 (2015 £85,277) in respect of assets held under finance leases.

16. INTANGIBLE FIXED ASSETS – COMPANY AND GROUP

	Software costs £
COST	
At 1 April 2016	167,950
Additions	24,000
At 31 March 2017	191,950
DEPRECIATION	
At 1 April 2016	67,180
Charge for the year	38,390
At 31 March 2017	105,570
NET BOOK VALUE	
At 31 March 2016	100,770
At 31 March 2017	86,380

17. INVESTMENTS

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Listed Investments				
Valuation at 1 April 2016	1,162,154	1,222,340	1,162,154	1,222,340
Realised profits on disposal	38,777	7,060	38,777	7,060
Unrealised profits/(losses) on revaluation	113,794	(67,246)	113,794	(67,246)
Valuation at 31 March 2017	1,314,725	1,162,154	1,314,725	1,162,154
Investment in subsidiary undertaking				
At 1 April 2016 and at 31 March 2017	-	-	1	1
	1,314,725	1,162,154	1,314,726	1,162,155

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.

At 31 March 2017 the portfolio consisted of 53% direct and 47% 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, number 08702187. This company was established for the purpose of developing a new care home in Swindon, Wiltshire and it is consolidated in the group financial statements. Details from the accounts of Milestones Developments Limited for the year ended 31 March 2017 are as follows:

	2017 £	2016 £
Gross assets	1,674,849	7,464,189
Liabilities	216,491	7,464,720
Surplus on disposal of property to Milestones Trust	1,459,822	-
Expenditure	933	532
Surplus/(deficit) for the financial year	1,458,889	(532)
Shareholders' funds	1,458,358	(531)

The whole of the profit of Milestones Developments Limited for the year ended 31 March 2017 will be donated to Milestones Trust during the 31 March 2018 financial year.

18. DEBTORS

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Operational debtors	2,449,047	1,979,178	2,449,047	1,979,178
Amounts due from subsidiary undertakings	-	-	-	6,886,074
Other debtors	13,824	366,460	13,824	14,087
Prepayments and accrued income	182,789	166,613	182,789	166,613
	2,645,660	2,512,251	2,645,660	9,045,952

19. CASH AT BANK AND IN HAND

Group and company bank balances include £2,052,844 (2016 £2,000,899) 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 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans (note 22)	253,000	319,000	253,000	319,000
Finance lease creditor	10,886	10,886	10,886	10,886
Trade creditors	1,135,205	1,664,726	1,102,970	1,251,833
Tax and social security	392,890	303,975	289,973	303,975
Residents' funds (note 19)	2,063,683	2,011,739	2,063,683	2,011,739
Amounts due to subsidiary undertakings	-	-	1,586,507	-
Other creditors	549,172	704,184	549,172	572,504
Accruals and deferred income	648,460	614,141	567,122	580,068
	5,053,296	5,628,651	6,423,313	5,050,005

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Finance lease creditor	63,504	74,391	63,504	74,391
Bank loans (note 22)	7,373,455	6,252,023	7,373,455	6,252,023
	7,436,959	6,326,414	7,436,959	6,326,414

Bank loans are secured on properties with a net book value of £9,284,605 (2016 £8,692,581) and are repayable by instalments, with interest charged at normal commercial rates. Bank loans represent 82% of the net book value of properties charged.

22. MATURITY OF LONG TERM CREDITORS

Group and Company

	Finance Leases 2017 £	Bank loans 2017 £	Finance Leases 2016 £	Bank loans 2016 £
Amounts falling due:				
Within one year (note 20)	10,886	253,000	10,886	319,000
Within 1 to 2 years	10,886	381,000	10,886	253,000
Within 2 to 5 years	32,660	1,145,000	32,660	1,144,000
In more than 5 years	19,958	5,847,455	30,845	4,855,023
	74,390	7,626,455	85,277	6,571,023
Less: amounts falling due within one year (note 20)	(10,886)	(253,000)	(10,886)	(319,000)
	63,504	7,373,455	74,391	6,252,023

23. PROVISIONS FOR LIABILITIES AND CHARGES

Group and Company

	Pension deficit £	Grant funding £	Total £
At 1 April 2016	119,000	327,036	446,036
Paid during the year	(11,975)	-	(11,975)
Unwinding of discount factor	2,000	-	2,000
Remeasurement of provision	2,975	72,964	75,939
At 31 March 2017	112,000	400,000	512,000

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 30). 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 1.32% (2.07% at 31 March 2016). 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, where there is uncertainty as to both timing and amount of any payment that might be due.

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	14,158,256	-	7,614,465	2,245,224	-	24,017,945
Intangible assets	-	-	86,380	-	-	86,380
Investments	-	118,717	1,196,008	-	-	1,314,725
Total fixed assets	14,158,256	118,717	8,896,853	2,245,224	-	25,419,050
CURRENT ASSETS						
Debtors	-	-	2,645,660	-	-	2,645,660
Cash at bank and in hand	-	-	5,494,146	-	118,403	5,612,549
Total current assets	-	-	8,139,806	-	118,403	8,258,209
CREDITORS: Amounts falling due within one year	-	-	(5,053,296)	-	-	(5,053,296)
Net current assets	-	-	3,086,510	-	118,403	3,204,913
TOTAL ASSETS LESS CURRENT LIABILITIES	14,158,256	118,717	11,983,363	2,245,224	118,403	28,623,963
CREDITORS: Amounts falling due in over one year	-	-	(7,436,959)	-	-	(7,436,959)
PROVISIONS for liabilities and charges	-	-	(512,000)	-	-	(512,000)
NET ASSETS AT 31 MARCH 2017	14,158,256	118,717	4,034,404	2,245,224	118,403	20,675,004

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 2016	14,558,475	4,923	4,908,493	2,295,432	125,476	21,892,799
Deficit for the year ended 31 March 2017 – Milestones Trust	1,554,447	113,794	(2,970,927)	-	85,823	(1,216,863)
Surplus for the year ended 31 March 2017 – Milestones Developments Ltd	(494,844)	-	1,953,734	-	-	1,458,890
Consolidation adjustment re inter-group transfer of freehold property	(1,459,822)	-	-	-	-	(1,459,822)
Transfers between funds	-	-	143,104	(50,208)	(92,896)	-
AT 31 MARCH 2017	14,158,256	118,717	4,034,404	2,245,224	118,403	20,675,004

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 2017, there were restricted income donations and grants amounting to £85,823 (2016 £149,665). See note 4 for details of donations and grants received. The restrictions have been discharged in respect of restricted donations and grants amounting to £92,896, including some donations and grants received in prior years, and an equivalent transfer has therefore been made to the unrestricted income fund.

28. OPERATING LEASE COMMITMENTS

At 31 March 2017 there were the following total commitments under non-cancellable operating leases:

Group and Company

	Land and Buildings 2017 £	Motor Vehicles 2017 £	Land and Buildings 2016 £	Motor Vehicles 2016 £
Expiring within one year	377,864	29,128	357,610	15,039
Expiring in two to five years	214,127	56,462	225,456	13,740
Expiring in more than five years	458,207	-	482,816	-
	1,050,197	85,590	1,065,882	28,779

29. CAPITAL COMMITMENTS

At 31 March 2017 there were no group or company contracted for capital commitments (2016 nil).

30. 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 employee (2016 1), amounted to £1,764 (2016 £1,786). Contributions totalling £617 (2016 £nil) were payable to this fund at 31 March 2017 and are included in creditors (note 20).

Contributions payable by the Trust to Series 4 of TPT Retirement Solutions Growth Plan defined contribution scheme, in respect of 1,018 employees (2016 884), amounted to £206,193 (2016 £201,926). Contributions totalling £46,376 (2016 £51,169) were payable to this fund at 31 March 2017 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 FRS 102, 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 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 2017 and the previous 12 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 2017 amounted to £107,085 (2016 £130,150), 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 £341,675 (2016 £320,414) received during the year ended 31 March 2017 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 78 employees (2016 87), amounted to £220,716 (2016 £253,039). Employers' and employees' contributions totalling £nil (2016 £166,927) 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.

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 2014. This valuation showed assets of £793 million, liabilities of £970 million and a deficit of £177 million. 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 £112,000 (2016 £119,000). See note 23 for details of the calculation of this provision.

31. LIMITED LIABILITY STATUS

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