

**ST MONICA TRUST**

Annual report and financial statements

Registered Charity number 202151

Year ended 31 December 2017

## **Contents**

Report of the Trustee	1
Independent auditor's report	20
Statement of financial activities	22
Balance sheet	23
Cash Flow Statement	24
Notes to the financial statements	25

## REPORT OF THE TRUSTEE

For the year ended 31 December 2017

The Council presents its annual report and the audited financial statements for the year ended 31 December 2017.

The financial statements comply with the Charity Commission Scheme and the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2015)".

### 1. Reference and administrative details of the Charity, its Trustee and Advisers

**Registered Address of the Trust**                      St Monica Trust  
Cote Lane  
Bristol  
BS9 3UN

**Charity Registration Number**                      202151

#### Names and addresses of other relevant organisations:

##### Trustee

St Monica Trustee Company Limited (a company limited by guarantee registered number 9357207) is the sole Trustee of St Monica Trust by virtue of the Charity Commission Scheme dated 19 December 2016. The directors of St Monica Trustee Company Limited, the Corporate Trustee, have ultimate responsibility for the administration of the charity and are regarded for internal governance purposes as being a trustee. The Directors are referred collectively in this report as the Council of St Monica Trust, the members of which served throughout the year and since the year-end and are set out below:

##### The Council

Mr S A Burnett	Mr M Bothamley
Ms H E Moss OBE	Mr J H Kane
Mr C A Griffiths	Mr M D Lea – retired June 2017
Mr P J Rilett	Dr R P H Wilde
Lady Wills	Mr R T Wynn-Jones
Mr A T Yates	Professor J McGeehan CBE
Mrs S Darwall Smith DL	Mr T S Ross – appointed March 2017
Dr R M Slinn	

Mr C A Griffiths was elected President and Chair of the Trust in October 2015.

Members of the Council serve for three years, being eligible for re-election for up to three periods. The Scheme provides for the appointment by the Council of six members of Council, six nominations by the Society of Merchant Venturers of Bristol (SMV) and three members nominated respectively by the Bishops of Bristol, Gloucester and Bath & Wells. Sir David Wills Bt was elected Patron of the Trust upon retiring as a Trustee on 30 June 2006.

##### Chief Executive

The Trust appointed Mr D Williams as Chief Executive in April 2015. Mr Williams joined the Trust from the Accord Group, where he was Executive Director for Health Care and Support. Previously, Mr Williams worked as Head of Strategy and Service Development for Housing 21 and has also held senior positions with a number of other leading charities.

**REPORT OF THE TRUSTEE (continued)**

For the year ended 31 December 2017

**I. Reference and administrative details of the Charity, its Trustee and Advisers (continued)**

**Management of the Permanent Endowment**

The Endowment of St Monica Trust includes the investment fund of the Trust from which an income is derived and utilised for charitable purposes. This investment fund is managed on the Trusts' behalf by the Society of Merchant Venturers of Bristol ("SMV") in its capacity as Endowment Trustee of the Trust. The Society was incorporated by Royal Charter in 1552 by King Edward VI with amendments by subsequent monarchs in 1566, 1639, 1643, 1665, and 1988.

The Society of Merchant Venturers, as Endowment Trustee of St Monica Trust, base the investment strategy and asset allocation on the financial requirement of the Trust as recommended by its Investment Strategy Group. In turn, the Finance and Investment sub Committee and the Estates and Property sub Committee have particular management and advisory responsibilities for the endowment and report directly to the Investment Strategy Group. In addition, the SMV Audit Committee scrutinises the endowment and other related accounting processes. The overall investment objectives are subject to the approval of the Council.

<b>Auditor</b>	KPMG LLP 66 Queen Square Bristol BS1 4BE	
<b>Bankers</b>	NatWest Bank plc 32 Corn Street Bristol BS99 7UG	Lloyds Bank Canon's House, Canon's Way Bristol BS99 7LB
<b>Solicitors</b>	Womble Bond Dickinson (UK) LLP 3 Temple Quay Temple Back East Bristol BS1 6DZ	
<b>Investment Adviser</b>	Cambridge Associates 80 Victoria Street Cardinal Place London SW1E 5JL	
<b>Commercial Property Managing Agent</b>	Alder King LLP Pembroke House 15 Pembroke Road Bristol BS8 3BA	
<b>Agricultural Estates and Land Steward</b>	Savills 14 Cirencester Office Park Tetbury Road Cirencester GL7 6JJ	

**REPORT OF THE TRUSTEE (continued)**  
For the year ended 31 December 2017

**2. Structure, Governance and Management of the Charity**

**History**

The trust was founded by Henry and Monica Wills in 1925.

**Governing instrument and objects**

The Trust is constituted by a Charity Commission Scheme sealed on 30 June 2005.

An amendment to the Trust's governing document was granted by the Charity Commission on 26 February 2010. The objects of the Trust, defined in clause 4 of the Scheme, which should be referred to for exact details, are from this date:

"The objects of the charity are, for the public benefit, the relief of those individuals (and if appropriate their spouses) who are in need by reason of age, disability or ill-health by the provision of:

- (a) accommodation and associated facilities; and/or
- (b) other services or assistance".

**Organisational structure**

The Council has delegated the day-to-day running of the Trust to seven principal committees, the Finance Committee, the Care Committee, the Human Resources Committee, the Development and Construction Committee, the Community Fund Committee, the Audit Committee and the Trustee Nominations Committee. Membership of these committees at the year-end was as follows:

**The Finance Committee**

The Committee is responsible for overseeing the financial management and performance of the Trust including the establishing of annual budgets and liaising with the Endowment Trustee in relation to financial planning.

Mr C A Griffiths – President, Ex Officio  
Mr P J Rilett – Chair  
Mr J H Kane  
Professor J McGeehan CBE  
Mr R T Wynn-Jones  
Mr A T Yates  
Mr T Ross

**The Care Committee**

The Committee is responsible for overseeing the welfare and care of residents; and for carrying out monthly regulation inspections of the care homes, the care and support services and the sheltered housing facilities.

Mr C A Griffiths – President, Ex Officio  
Dr R P H Wilde – Chair  
Mrs S Darwall Smith DL  
Ms H E Moss OBE  
Dr R M Slinn  
Lady Wills  
Mr T Ross  
Mrs H Morgan (co-opted Trustee)

**REPORT OF THE TRUSTEE (continued)**  
**For the year ended 31 December 2017**

**2. Structure, Governance and Management of the Charity (continued)**

**The Human Resources Committee**

The Committee is responsible for overseeing personnel and training activities.

Mr C A Griffiths – President, Ex Officio  
Mr S A Burnett – Chair  
Mr M Bothamley  
Ms H E Moss OBE

**The Development and Construction Committee**

The Committee is responsible for overseeing new developments and monitoring the building work involved in ongoing projects.

Mr C A Griffiths – President, Ex Officio	Mr J Kane
Mr P J Rilett – Chair	Mr S A Burnett
Mr R Wynn-Jones	Professor J McGeehan CBE
Mr A T Yates	
Mr T Ross	

**The Community Committee**

The Committee is responsible for overseeing the provision of financial assistance, grants and gifts to individuals and organisations in the community in order to assist those with a physical disability or long-term health problem.

Mr C A Griffiths – President, Ex Officio  
Ms H E Moss OBE – Chair  
Lady Wills  
Dr R P H Wilde  
Mrs C Duckworth (co-opted)

**The Audit Committee**

The Committee is responsible for ensuring there is a framework for accountability, for examining and reviewing relevant systems and methods of control, both financial and otherwise including risk analysis and risk management; and for ensuring the Trust is complying with all relevant aspects of the law, regulations and good practice.

Mr C A Griffiths – President, Ex Officio  
Mr J H Kane – Chair  
Mr M Bothamley  
Mr P J Rilett

**The Trustee Nominations Committee**

The Committee is responsible for nomination to Council of new Trustees.

Mr C A Griffiths – President, Ex Officio  
Ms H E Moss OBE  
Dr R P H Wilde

**REPORT OF THE TRUSTEE (continued)**  
For the year ended 31 December 2017

**2. Structure, Governance and Management of the Charity (continued)**

**Trustee induction and training**

The Corporate Trustee is appointed in accordance with the provisions of the Scheme of St Monica Trust. The Directors of the Company are regarded for the internal governance purposes as being a Trustee of the Charity. On appointment each Trustee signs a Code of Conduct and attends induction meetings with other Trustees and Executives. Trustees are given a Trustee Handbook, which includes the Trustee Code of Conduct, the Charity Commission Scheme, a copy of the Risk Register and procedures on issues such as delegation of authority, recruitment, equal opportunities, investment, reserves and conflict of interest and other guidance. This information contains role descriptions of Trustees and senior executives and a copy of the Charity Commission leaflet CC3. New Trustees meet with the President and Chief Executive and are invited to an induction tour of each of the Trust's locations. According to their skills and aptitude, they take responsibility for at least one area of activity by appointment to a sub-committee of the Council. Training needs are assessed and met.

**Senior Staff Pay policy**

The Trust recognises the importance of transparency and accountability in all aspects of our work and we are committed to open information. This includes transparency about our Executive Team's salaries and how they are set.

The Trustee considers the Council and sub-committees and the Chief Executive as comprising the key management personnel of the Charity in charge of directing and controlling the Charity and running and operating the Charity on a day to day basis. All Trustees give their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses and related party transactions are disclosed in note 7 to the accounts.

Trustees are required to disclose all relevant interests and register them with the Chief Executive and, in accordance with the Trust's policy, withdraw from decisions where a conflict of interest arises.

The pay of the Charity's Chief Executive is reviewed annually and normally increased in accordance with average earnings. The remuneration is bench-marked with charities of a similar size and activity to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles.

**Risk assessment**

In the light of the Corporate Governance guidance contained within the Statement of Recommended Practice "Accounting and Reporting by Charities", the Council and the Society of Merchant Venturers of Bristol have examined the major risks faced by the Trust and the endowment respectively. They have developed systems to monitor and control these risks to mitigate the impact that they may have on the Trust in the future. Each Committee of the Council reviews aspects of the risks pertinent to that Committee. The Audit Committee is responsible for the overall review and update of the Risk Register at least once a year.

**Financial risk management**

The following statements summarise the Trust's policy in managing identified forms of financial risk:

- Price risk – The Trust negotiates contracts and fee rates to finance aspects of the Trust's activities and incorporates this information into its business plan. Salary costs are communicated to staff during the formal annual review of salaries. Prices of services and materials purchased are subject to contracts with suppliers, based on current market prices.
- Credit risk – credit risk on accounts owed to the Trust by its customers is low, as the majority of debtors are Local Authorities

**REPORT OF THE TRUSTEE (continued)**  
**For the year ended 31 December 2017**

**2. Structure, Governance and Management of the Charity (continued)**

**Financial risk management (continued)**

- Liquidity risk – the Trust has borrowing facilities of £48.5 million, £39.3m was drawn down as at 31 December 2017 (2016: £39.2m), of which £39.2m is long-term (2016: £39.2m).
- Interest rate cash flow risk – the Trust is able to place surplus funds in a short-term deposit account with its bankers.
- Investment market risk – the Trust invests in a diversified portfolio of investments and properties in order to spread the risk.

**Going concern**

The Trust's activities, together with the factors likely to affect its future development, performance and position are set out in this Report of the Trustee. The balance sheet on page 23 sets out the financial position of the Trust and its cash flows can be seen in the cash flow statement on page 24.

The Trust meets its day-to-day working capital requirements through the investment income from the permanent endowment and its overdraft facility. Development programmes are funded by short-term loans. The current economic climate creates uncertainty particularly over the level of income that will be received from the permanent endowment fund; however, the Trust's forecasts and projections, taking account of reasonably possible changes in income levels, show that the Trust will be able to operate within the level of its current facilities.

Based on the above, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**Related parties and connected charities**

Details of related parties and connected charities and transactions with them are disclosed in note 23 to the financial statements.

**Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements**

Under charity law, the trustees are responsible for preparing a Trustees' Annual Report and financial statements for each financial year which show a true and fair view of the state of affairs of the charity and of the excess of income over expenditure for that period. The trustees have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed and rules, subject to any material departures disclosed and explained in the financial statements;]

assess the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and



**REPORT OF THE TRUSTEE (continued)**  
For the year ended 31 December 2017

**2. Structure, Governance and Management of the Charity (continued)**

**Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements responsibilities (continued)**

- use the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

The trustees are required to act in accordance with the trust deed and the rules of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

**Reserves**

The accounting policies on pages 25 to 30 describe the various funds of the Trust. Note 18 to the Financial Statements shows the assets and liabilities attributable to the various funds by type and summarises the year's movement on each fund. The Trustee policy is to build up unrestricted reserves to £28 million, as this figure is equivalent to approximately 12 months' projected operating costs of the Residential Care and Support and the Grants and Gifts objects. This will be achieved through retained surpluses on the Unrestricted Fund and will incorporate the value of the Designated Fund. At 31 December 2017 the value of unrestricted reserves was £21.47 million (2016: £19.06 million).

**Grant-making policy – Residents' subsidies and support in the community**

Applications for subsidies against full fees for residents and grants to support the community are monitored by the Council.

**3. Objectives, Activities, Achievements and Performance**

**(A) Overview**

St Monica Trust reviews its aims, objectives, activities and performance on a regular basis. 2017 was the second year of a 5 year strategic plan for the period 2016 - 2020. The primary goals of the strategic plan are:

**Service**

We want residents and customers to have the best possible experience in all that we do.

**People**

We want to develop an organisational culture that attracts, motivates and supports our people to deliver responsive services that meet the needs of our customers and residents now and in the future.

**Business and Resources**

Through ensuring financial and organisational sustainability we will deliver certainty and security for our customers and staff.

**Growth**

We will grow the trust in order to impact positively on more people's lives through increasing opportunities for innovative services, offering value for money and through staff development.

## REPORT OF THE TRUSTEE (continued)

For the year ended 31 December 2017

### 3. Objectives, Activities, Achievements and Performance (continued)

#### Overview (continued)

In support of the strategic plan process, the Trust has developed a detailed year three Implementation and Monitoring Schedule which identifies the work targets and actions inherent in delivering the strategic plan. Such a schedule is a working document for the Executive Team and is reviewed on a regular basis by the Trustees.

The Trust opened its fifth retirement village The Chocolate Quarter on the former Cadbury Chocolate factory site in Keynsham, November 2017. The site was acquired in 2016.

#### (B) The focus of our work

2018 saw St Monica Trust building on the foundations of its five year strategic plan, which aims to ensure that the Trust maintains its position as a leading provider of innovative services for older people across its area of operation. The development of the organisation over the last decade has directed the Charity into new territory within the care sector. In many ways, the Trust is now unrecognisable from the organisation that began this new millennium. However, the principles of charity and compassion established by our founder, Dame Monica Wills, continue to guide the Trust.

Supporting in excess of 5,000 older people with 1,500 staff across five retirement villages and community-based services, the Trust has extended its offering to support a wider range of needs than ever before. Coupled with the work of the Community Fund in giving gifts and grants to individuals and other organisations, it is evident that the work of the Trust is making a real difference in the lives of many people in Bristol and the surrounding area.

Having cultivated a reputation for high quality care and support, the Trust has continually challenged approaches to service delivery, fostering innovation in new developments and has maintained a clear position as a pioneer within the industry which has been recognised through awards and other accolades. The financial strength of the Trust has facilitated this radical thinking and allowed the Charity to act upon its ideas and concepts.

#### (C) The strategies we use to deliver our objectives

The objectives of St Monica Trust focus the work of the Charity on older people and adults with a physical disability or long-term illness. The **mission statement** of the Charity **‘Working together to support and celebrate the lives of older people’** the strategies we use to meet such objectives include:

- Providing **retirement housing/sheltered housing accommodation** all of which is disability-friendly and capable of supporting individuals in wheelchairs.
- **‘Extra Care’ Housing** in partnership with Bristol City Council and North Somerset Council. This concept is a fresh approach to the provision of accommodation and support for older people. Service users enjoy the comfort of living within their own home as an alternative to entry into a care home and are thus afforded greater choice and independence and the stimulation of a lively environment in which to live.
- **Care and Support** – many people prefer to ‘stay put’ as their care needs increase. A programme of Care and Support can be provided that enables individuals to maintain their independence within their own home. A 24-hour Care and Support service is available within the Trust’s own retirement housing settings and a community-based scheme is operated by the Trust across many areas of Bristol.

## REPORT OF THE TRUSTEE (continued)

For the year ended 31 December 2017

### 3. Objectives, Activities, Achievements and Performance (continued)

#### (C) The strategies we use to deliver our objectives (continued)

- High quality **nursing and residential care** are key elements of the support provided by the Trust. In addition to long-term care, short-term places are available to give a carer a much-needed break, or for those recovering following an operation or period of hospitalisation, and as a 'safe haven' for those older people facing an emergency or breakdown in their normal care arrangements. Many elements of our short-term care are operated in partnership with the NHS and local authorities.

In recent years, caring for people living with **Alzheimer's disease and other forms of dementia** has become a central feature of the services offered by the Trust. This highly specialist care is provided in safe and positive environments where activities and therapies are a regular part of daily life.

- **Care at Home** – 2017 was the fifth full year of operation of the Trust's new Homecare Service. The success of such a service rests on well-established fundamentals. Further, an ongoing commitment from government for community-based social care provision and the fragmentation of the market allied with the attraction of the Trust to local people, would appear to present many opportunities for this Charity in the homecare sector. There are however a number of key challenges facing the Trust during 2017/18, these include changes in health service commissioning behaviour in the light of continued government austerity measures, the increased competition within the sector to attract core populations of private funders and at a local level the difficulty in recruiting staff into community services.
- **The Community Fund** – the Trust recognises that older people or individuals with a long-term disability or illness frequently face financial hardship alongside the challenges their individual situation can bring. St Monica Trust offers help in two ways to individuals who live in and around the Bristol area: **Firstly**, we can make a real difference to people's daily lives by helping to pay for essential items such as wheelchairs, mobility aids or adaptations to an individual's home. **Secondly**, the Trust can make a monthly payment to an individual in the form of a short-term grant. The level of any grant, which is paid to offer support through a crisis, is paid at a level which will not affect benefits or tax credits.

The Community Fund also offers financial help to other organisations whose aims are to support a similar group of beneficiaries. In 2017 the Trust affirmed through the five year strategy, its commitment to increase the total amount provided through the community fund to over £1 million over the five year period. It has also established links with other grant giving organisations across Bristol to develop a more strategic approach to grant giving for older people and to use our resources more effectively in leveraging new charitable money into the city.

- **The Community Development Team**, formerly part of the LinkAge partnership, work to empower older people in their local communities and to reduce isolation and loneliness. The aim is to facilitate sustainable activities, self-help groups and services to enable older people to maintain their quality of life and independence.

The majority of the Community Development Team's work is based in South Bristol, however a recent development has been to expand this work to communities surrounding the Trust's other village sites.

**REPORT OF THE TRUSTEE (continued)**  
**For the year ended 31 December 2017**

**3. Objectives, Activities, Achievements and Performance (continued)**

**(C) The strategies we use to deliver our objectives (continued)**

• **Recruitment and retention of staff**

St Monica Trust aims to recruit and retain a high calibre workforce in order to deliver the high quality of care that we have built our reputation upon.

Recruiting the 'right' people that share the Trust's values is equally as important as recruiting people with the right skills. We offer a competitive pay and benefits package and are continually reviewing ways of improving this. We ensure employees are supported in the workplace using an annual performance management process that cascades organisational objectives and focuses on personal development at regular intervals during a 12-month period. We aspire to be a high quality employer.

The Trust prides itself on its training and development provision for employees, employing an in-house team of skilled trainers that deliver tailored training both internally to St Monica Trust staff and externally to other care providers; and we are also an accredited assessment centre for health and social care qualifications. All colleagues have to complete a comprehensive mandatory training programme upon appointment and undertake regular updates to stay up to date. Tailored training is provided upon request to teams to target specific areas of need.

Delivering well-being for older people is the Trust's mission statement; this aim also extends to the well-being of colleagues. Promoting the health and well-being of colleagues is not only seen as a positive staff retention initiative but also contributes to the quality of care provided to residents/customers in terms of promoting continuity of care through reduced absenteeism, and improved staff morale.

Part of sharing and believing in the Trust's values is about colleagues being 'engaged' with the Trust. In 2017 we launched our formalised staff consultation programme "eXplore" through which we aim to increase the engagement of colleagues through effective internal communications promoting two-way communication; initiatives such as our annual staff awards process to promote colleague recognition and opportunities for career development. An important element of communication is the Trust's 'whistleblowing policy' which encourages staff to communicate with relevant managers any concern they may have relating to any aspect of care.

**(D) Public benefit and maximising access to our services**

The Trustee of St Monica Trust has referred to the Charity Commission's general guidance on public benefit when reviewing and planning the work of the Charity. The concern of the Trustees has been to ensure that the Trust, in servicing the needs of older people, has due regard to the particular needs of those individuals within the beneficiary group who live in poverty.

Whilst all persons who receive support from the Community Fund are individuals who can be regarded as in financial need, people who access our other services emanate from a range of socio-economic backgrounds. The legal and regulatory framework in relation to payment by the state for care remains firmly rooted in a system of means testing. For example, any individuals who have money or assets in excess of £23,500 will find themselves responsible for meeting the cost of living in a care home. When approximately 75% of the population over 65 years own their own property, quite clearly the welfare state assumes financial responsibility for only a percentage of people who need care. Thus, along with other voluntary organisations, the Trust engages with people in need of a service, some of whom can afford the fee and others who are unable to meet such costs. The traditions and the philosophy of the Trust, and indeed the guidance of the Charities Act 2011, ensure that the Trust makes provision

**REPORT OF THE TRUSTEE (continued)**  
For the year ended 31 December 2017

**3. Objectives, Activities, Achievements and Performance (continued)**

**(D) The following objectives were established for 2017 (continued):**

for individuals who are unable to pay the fees for relevant services and thus are able to benefit and not be excluded from the Trust's services.

In 2017, the Trust helped 5,648 (2016: 5,824) people, of which 4,340 or 77% (2016: 4,532 or 75%) were afforded financial support by the Trust.

Of the total above, the Trust helped 1,507 individuals in 2017 (2016: 1,553) in its residential care services (care homes and retirement villages), of which 34%, or 514 people (2016: 36%, 565 people), were afforded financial support by the Trust. The Trust's Care at Home service also assisted 310 individuals in their own home (2016: 304).

The Trust also helped 445 individuals (2016: 438) in financial need through its Grants & Gifts scheme plus a further 778 people (2016: 773) directly through the activities of its Community Development Team (675 individuals attending 37 regular activities and 13 one off events, with 11,778 attendances; plus 103 older people receiving a befriending service). In addition, a further 2,608 (2016: 2,756) people benefitted indirectly from the Trust's financial support for local, community-based organisations.

**(E) The following objectives were established for 2017:**

The year 2017 was the second year of a five year strategic plan. The strategic plan will enable the Trust to respond to an increasingly competitive market environment, continued economic austerity coupled with a growing population of older people with increasing complex needs. So the Trust has committed to delivering against the objectives set in year 1 of the strategic plan, under the following objectives:

- **Service - customers**
- **People - colleagues and volunteers**
- **Business - and resources**
- **Growth - and development**

**THEME 1: Customers**

- Achieve an outstanding rating in at least one Key Line of Enquiry during a Care Quality Commission inspection of our care services.

The Trust achieved a CQC 'Outstanding' rating under 'Well Led' for The John Wills House Care Home within the Westbury Fields Development. John Wills House went on to receive a number of regional care awards during 2017, for care innovation.

- Move more management decisions from central to local level as part of the Localism initiative in order to create greater accountability and responsiveness to our residents and customers.

**REPORT OF THE TRUSTEE (continued)**  
**For the year ended 31 December 2017**

**3. Objectives, Activities, Achievements and Performance (continued)**

**(E) The following objectives were established for 2017 (continued):**

The Trust has continued to develop more decision-making down into the retirement villages establishing Site Executive teams within each site. The Trust has also begun the process of establishing village councils which will place residents at the centre of site development decisions

- Implement the enhancements and renewals programme for 2017 according to the timeline and priority including,

The launch of a £13 million enhancement and renewals program. In 2017, we refurbished 106 apartments to the new specification and reinstated 126 care home beds.

Installation of an electronic system to open/close the vents at Monica Wills House to reduce temperature fluctuations in the building.

The installation of mechanical venting within Monica Wills House was completed early 2017. Residents report that it has reduced the noise associated with the previous system and raised atrium temperatures.

- Design and build a sensory garden in Sandford

The Sandford sensory garden was officially opened in June, designed jointly by residents and gardeners.

**THEME 2: People – Colleagues and volunteers**

- Develop the “eXplore” staff and customer engagement initiative to ensure that we engage colleagues in their workplace by,
  - Completing the customer and staff annual surveys through the eXplore programme, achieving over a 90% satisfaction rating.
  - Successfully recruiting 250 additional colleagues to deliver services to The Chocolate Quarter.

**THEME 3: Business and Resources**

- Implement a programme of electronic rostering across the service.

Electronic rostering has continued to be rolled out across the Trust, although the program will go into 2018 with the rostering system being rolled out in Sandford in the spring.

- Deliver a further £200k of efficiencies in 2017.

The Trust continued to make £200k efficiency savings through reductions in agency spend and increases in energy efficiency.

- Appoint a resident focused IT support officer.

A resident-focused IT support officer was appointed in 2017. In the first year of operation they have dealt with 682 support requests from residents in areas including, computers and IT related issues, tv and connected devices and services, telephone and mobile communications. The Trust is currently putting an IT strategy together and will, as part of this strategy, be looking to expand this service.

**REPORT OF THE TRUSTEE (continued)**  
**For the year ended 31 December 2017**

**3. Objectives, Activities, Achievements and Performance (continued)**

**(E) The following objectives were established for 2017 (continued):**

- Commence operation of The Chocolate Quarter as our fifth retirement village in the autumn of 2017.

The Chocolate Quarter development was completed and handed over to the Trust in 2017. The development has received national and international acclaim for its philosophy of community integration and has been nominated for a series of awards. It continues to be the fastest selling retirement village in the history of the Trust.

- Complete a review of the Community Fund and develop a five year strategy to support its development and increased funding capacity.

A Community Fund strategy has been developed, the amount of money to be distributed by the fund will be increased incrementally to over £1 million by 2020.

**THEME 4: Growth and development**

- Appoint a St Monica Trust researcher to support an internal programme of research.

The Trust appointed an internal researcher in July 2017 and has produced a programme of internal service evaluations.

- Review the role of the Community Fund, developing a five year strategy to support its development, including funding capacity.

This objective was started in 2017 and will be continued through 2018.

- Establish an alliance of Bristol grant giving charities to maximise the impact of our funding and improve the lives of older people.

The Grant giving alliance was launched in early 2018, and is the first time that grant giving organisations across Bristol have come together in the development and implementation of a single fund.

**In addition to those objectives set out in the 2016 Annual Report, St Monica Trust achieved the following within 2017:**

- Over the last 3 years, the operating performance of the Trust has been favourable to budget by £1 million – this performance excludes savings in Capex.
- We have maintained our commitment to paying a minimum of 5% above the living wage. At the same time, we have been able to restore the link between all Trust salaries and the yearly rate of inflation.
- Three years ago we had 50 volunteers working in the Trust, in 2017 we had 305 volunteers supporting 1000 older people within our villages and the wider community.
- Three years ago we did not have a work experience programme in place, in 2017 60 young people attended work experience with the Trust.
- In 2017 we launched, in partnership with Weston College, the School of Food, to train the Bristol chefs of the future.

**REPORT OF THE TRUSTEE (continued)**  
**For the year ended 31 December 2017**

**3. Objectives, Activities, Achievements and Performance (continued)**

**(E) The following objectives were established for 2017 (continued):**

- The Trust was part of the area pilot in partnership with the University of the West of England for associate nurses, placing 3 members of staff on the course.
- We have changed the allocation process for Trust properties after extensive consultation.
- We have 41 out of 45 CQC key lines of enquiry at 'Good' to 'Outstanding.'
- We completely re-specified, through consultation with staff and residents, the service model, financial model, technology offering, care delivery and environmental design for The Chocolate Quarter.
- In the last year, we have recruited 477 people into the Trust.
- We have launched the new Trust website.
- We have maintained occupancy rates of 97% over the last 3 years compared to the national benchmark rate for nursing residential of 84%.
- We have increased the monthly activity rates within our villages.
- We hosted the 'Care Home for 4 Year Olds', helping launch a national conversation around intergenerational living.
- We have won 9 regional and national awards for our care, catering and training.
- We are 'Skills for Care' Employer of the Year in 2017.
- We were identified as the 'Best in Sector' for the Hospitality Assured programme, beating organisations such as St Andrews Hospital.
- We have spoken at the House of Commons on the subject of intergenerational services.
- We have introduced the 'eExplore' consultation programme across all sites for residents and staff.
- All retirement communities have passed the ARCO Code of Conduct.
- We have increased activities in our villages, which are now delivering 322 separate activities and reaching 4,500 attendees.
- In community development, we run on average 100 activities and are reaching 450 attendees.
- Staff turnover is consistently below national benchmark data.
- Introduced new governance arrangements.
- Brokered a partnership between SMT, The Anchor Society and Bristol Sports Foundation to deliver a 3 year sport and physical activity programme.
- Engaged with University of the West of England to scope a revised business plan and staff development programme.



**REPORT OF THE TRUSTEE (continued)**

For the year ended 31 December 2017

**3. Objectives, Activities, Achievements and Performance (continued)**

**(E) The following objectives were established for 2017 (continued):**

• **Positive work of the Community Fund and the Community Development Team**

The St Monica Trust Community Fund aims to ease the financial pressure and improve the daily lives of older people by helping purchase the essential items they need or supporting them through a crisis. In 2017, the fund operated in the following manner:

<b>Requests received</b>	842 gift and grant requests received (2016: 837)
<b>Gifts awarded</b>	352 gifts awarded worth £181,145 (2016: £143,569)
<b>Short-term grants</b>	157 new short term grants awarded 56 people receiving a short term grant at the year end Value of short term grants: £86,553 (2016: £94,714)
<b>Annuities</b>	no people receiving an annuity at the year end Value of annuities: £nil (2016: £3,630)
<b>Organisations</b>	10 organisations awarded grants worth £79,957 (2016: £163,467) including the CAB Residents Advice Service
<b>People helped</b>	At least 445 individuals were helped directly and many more were helped through the work of the organisations funded and by LinkAge.
<b>Community Development Team</b>	£103,057 (2016: £94,862)
<b>Total net giving</b>	£450,712 (2016: £499,242)
<b>Operating Costs</b>	£81,046 (2016: £74,708)
<b>TOTAL COMMUNITY FUND COST</b>	£531,758 (2016: £574,950)

In early 2017, the decision was taken to withdraw from LinkAge as a result of their restructure and change of purpose. The core team now deliver community development under the Trust's name. We have also successfully sought external funding to run two new projects independently of the Community Fund. Projects delivered in 2017 are:

- Continuation of Community Development project in Bedminster/Southville
- Continuation of Community Development project in Stockwood
- Continuation of Befriending Scheme in Bedminster/Southville and Stockwood
- The ACE Neighbours programme started in July, funded by LinkAge
- The Stockwood Communities in Transition project started in September, funded by Bristol Ageing Better
- Introduced new governance arrangements
- Brokered a partnership between SMT, The Anchor Society and Bristol Sports Foundation to deliver a 3 year sport and physical activity programme
- Engaged with UWE to scope a revised business plan and staff development programme

**REPORT OF THE TRUSTEE (continued)**

For the year ended 31 December 2017

**3. Objectives, Activities, Achievements and Performance (continued)**

**(E) The following objectives were established for 2017 (continued):**

- **The objectives and achievements of the Endowment Trustee were as follows:**

**The objectives for the year:**

- Agricultural property investments: To attain an average annual real (inflation adjusted) total return of at least 3% over the long term (measured over rolling 10 year periods).
- Financial investments: To attain an average annual real (inflation adjusted) total return of at least 3% over the long term (measured over rolling 10 year periods) and to outperform a composite benchmark measured over 3 year rolling periods.

The composite benchmark for allocation of financial investments is as follows:

%	Benchmark
40%	MSCI World Index
15%	Barclays Global Aggregate Bond Index (Hedged)
17%	FTSE All-Share Index
15%	HFRI Fund of Funds Diversified Index
8%	MSCI Emerging Markets Index
5%	Citigroup Hi-Yield Cash-Pay Capped Index (Hedged)

- Income: To provide the Trust with £5.84 million net unrestricted income for 2017 plus an additional agreed £0.3 million for 2017 giving a total of £6.14m for 2017.

**Achievements for the year have been as follows:**

Summary. The market value of St Monica Trust's investments managed by the Endowment Trustee increased by 6.7% from £252 million at 31 December 2016 to £269 million at 31 December 2017 (see note 11).

Asset Allocation. The broad asset allocation at 31 December 2017 was:

Agricultural property – 58%  
Commercial property – 3%  
Financial investments – 35%  
Other investments – 1%  
Cash on deposit – 3%

This accords with the broad target asset allocation of 60% property and 40% financial investments.

**REPORT OF THE TRUSTEE (continued)**  
For the year ended 31 December 2017

**3. Objectives, Activities, Achievements and Performance (continued)**

**(E) The following objectives were established for 2017 (continued):**

Agricultural Property Investments:

For the 10 years to 31 December 2017 the portfolio achieved its objective of attaining an average annual real (inflation adjusted) total return of at least 3%. Actual average annual performance was 10.1% per annum for the 10 years against the inflation + 3% benchmark of 5.4%.

The Endowment Trustee is in the process of bringing to fruition several major projects within the portfolio which are expected to add considerable value over the coming years.

Commercial property investments:

The Endowment Trustee had monitored the optimum time to dispose of Plot A which was part of the Newport Road, Cowes investment property and this completed during 2017 following the grant of planning permission.

Financial Investments:

A detailed financial investment strategy has been produced to provide the required income for the Trust's operations, both short and long term, and to ensure future capital growth. By using the advisory management of Cambridge Associates, the Endowment Trustee has been able to interview and select the best managers from a wide section of the investment market and so spread the risk and invest modestly in some more unusual sectors.

The composition of the portfolio was fairly stable in 2017 with full redemption of a hedge fund – York (£2.5m) and an addition to a hedge fund - Brummer multi-strategy fund (£2.6m). A full redemption from one global equity fund - Threadneedle (£9.2m) and the inception of KBI Institutional Developed Equity Fund (£9.2m). There was also a partial redemption from an emerging market fund - First State (£2.0m) to fund an additional investment in DFA (£2.0m) and a partial redemption from one global equity fund - J O Hambro (£1m), with proceeds used to make an addition to Oak Tree (£1m).

For the 10 years to 31 December 2017 the portfolio achieved its objective of attaining an average annual real (inflation adjusted) total return of at least 3%. Actual average annual performance was 7.6% per annum for the 10 years against the inflation + 3% benchmark of 5.4%.

For the 3 years to 31 December 2017 the portfolio returned 9.2% (2016 7.6%) against the benchmark of 9.9% (2016 9.0%). This performance was slightly below benchmark due to market sentiment favouring capital growth as opposed to income generation and there is a bias within the portfolio to value style investing to support the income requirements of the Trust.

Income:

The Endowment Investments provided the Trust with £6.33m (2016 £6.1m) of net unrestricted funds in 2017 against a target of £6.14m, an excess of £0.2m. For the three years to 31 December 2017 the Endowment Investments provided the Trust with £18.7m against the target of £17.4m, an excess of £1.3m. This contributed to the financial success of the Trust in 2017 as shown in the Statement of Financial Activities on page 22.

## **REPORT OF THE TRUSTEE (continued)**

For the year ended 31 December 2017

### **3. Objectives, Activities, Achievements and Performance (continued)**

(E) The following objectives were established for 2017 (continued):

#### **4. Financial review**

The Trust's financial position at the end of 2017 was strong, with unrestricted reserves of £21.5 million (2016: £19.1 million) and net assets of £297.3 million (2016: £272.4 million). The Trust is reliant on the unrestricted income from the Permanent Endowment, which in 2017 was £6.3 million compared with the target for the year of £6.1 million.

#### **5. Plans for future periods – Awaiting update**

In 2017, the Trust began the second year of its five year strategic plan. The strategic themes are:

##### **Theme 1**

##### **Service - Customers**

We would like residents and customers to have the best possible experience in all that we do.

##### **Theme 2**

##### **People - Colleagues and volunteers**

We would like to develop organisational culture that attracts, motivates, and supports our people to deliver responsive services that meet the needs of our residents and customers now and in the future.

##### **Theme 3**

##### **Business and Resources**

Through ensuring financial and organisational sustainability we will deliver certainty and security for our customers and staff.

##### **Theme 4**

##### **Growth and development**

We will grow the Trust in order to impact positively on more people's lives through increasing opportunities for innovative services, offering value for money and through staff development.

**Within these themes, the Trust will deliver the following objectives in 2018:**

#### **THEME 1: Customers**

- Agreed with residents the format and makeup of the village councils.
- We will have achieved CQC Good rating in all newly inspected Care services.
- We will have appointed a resident's community navigator to support residents volunteering opportunities in the wider community and enhance wellbeing.
- We will have worked to become compliant with GDPR.
- We will have completed the first round of funding through the Bristol Older Peoples grant funders Alliance.

## REPORT OF THE TRUSTEE (continued)

For the year ended 31 December 2017

### 3. Objectives, Activities, Achievements and Performance (continued)

(E) The following objectives were established for 2017 (continued):

#### THEME 2: People – Colleagues and volunteers

- We will develop a continuous improvement approach through training managers in techniques and review issues such as a welcome pack and maintenance processes.
- We will revise Supervision and Appraisal processes.
- We will have purchased and commenced the operation of the Health and Social Care Academy.
- We will develop a comprehensive 5-year people strategy.

#### THEME 3: Business and Resources

- We will create our internal quality assurance processes to underpin our quality performance.
- We will continue to invest in our existing village accommodation.
- We will make a further £200k in efficiency savings during the year.
- We will restructure the senior team to ensure that it is appropriate to manage a growing organisation.

#### THEME 4: Growth and development

- Our Community Development team will deliver £750k of funding to individuals and groups across greater Bristol.
- We will update our website to reflect the current offering at our sites.
- We will establish intergenerational initiatives across our sites, e.g. baby session at TCQ, visiting nursery children at Westbury Fields.
- We will review the chocolate quarter operational model and reflect on learning from this new approach.
- We will develop an evaluation method for the community fund so we can better understand the impact of our funding.
- We will publish a five-year growth and development strategy.

Signed for and on behalf of the Council



27th June 2018

C A Griffiths  
President of the Council



## Independent auditor's report to the Trustee of St Monica Trust

### Opinion

We have audited the financial statements of St Monica Trust ("the charity") for the year ended 31 December 2017 which comprise the statement of financial activities, balance sheet, cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2017 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

### Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charity in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### Other information

The trustees are responsible for the other information, which comprises the Report of the Trustee. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the information given in the Report of the Trustee is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

### Matters on which we are required to report by exception

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- the charity has not kept sufficient accounting records; or

## Independent auditor's report to the trustee of St Monica Trust (continued)

- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### Trustees' responsibilities

As explained more fully in their statement set out on page 6, the trustees are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charity's trustees as a body, in accordance with section 144 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



**Jonathan Brown**  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
66 Queen Square  
Bristol  
BS1 4BE

Date: 27 June 2018

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

**STATEMENT OF FINANCIAL ACTIVITIES**  
for year ended 31 December 2017

	Note	Restricted funds				Total 2017 £'000	Total 2016 £'000
		Unrestricted fund £'000	Designated fund £'000	Other restricted funds £'000	Permanent endowment funds £'000		
<b>INCOMING RESOURCES</b>							
Incoming resources from charitable activities:							
Residential care and support		24,389	-	-	-	24,389	22,894
Accommodation income		8,855	261	-	-	9,116	-
Incoming resources from generated funds:							
Investment income	3	6,915	-	10	-	6,925	6,923
<b>Total incoming resources</b>		<b>40,159</b>	<b>261</b>	<b>10</b>	<b>-</b>	<b>40,430</b>	<b>29,817</b>
<b>RESOURCES EXPENDED</b>							
Costs of generating funds:							
Investment management charges	5a	-	-	-	(703)	(703)	(682)
Property operational costs	5b	(497)	-	-	-	(497)	(549)
Major repairs & other costs	5c	-	-	-	(337)	(337)	(265)
<b>Total costs of generating funds</b>	5	<b>(497)</b>	<b>-</b>	<b>-</b>	<b>(1,040)</b>	<b>(1,537)</b>	<b>(1,496)</b>
<b>CHARITABLE EXPENDITURE</b>							
Costs in furtherance of the Trust's objects:							
Residential care and support	6	(30,059)	-	(10)	(635)	(30,704)	(28,234)
Accommodation costs		(6,807)	-	-	-	(6,807)	-
Community support		(532)	-	-	-	(532)	(575)
Governance	7	(56)	-	-	-	(56)	(45)
<b>Total charitable expenditure</b>		<b>(37,454)</b>	<b>-</b>	<b>(10)</b>	<b>(635)</b>	<b>(38,099)</b>	<b>(28,854)</b>
<b>Total resources expended</b>		<b>(37,951)</b>	<b>-</b>	<b>(10)</b>	<b>(1,675)</b>	<b>(39,636)</b>	<b>(30,350)</b>
<b>Net incoming resources for the year before investment gains</b>		<b>2,208</b>	<b>261</b>	<b>-</b>	<b>(1,675)</b>	<b>794</b>	<b>(533)</b>
Realised and unrealised gains on investments	11	-	-	21	23,783	23,804	28,042
<b>Net incoming resources for the year</b>		<b>2,208</b>	<b>261</b>	<b>21</b>	<b>22,108</b>	<b>24,598</b>	<b>27,509</b>
Transfer between funds	8	(344)	290	-	54	-	-
Actuarial gain/(loss) on defined benefit pension	24	-	-	-	303	303	(1,249)
<b>Net movement in funds</b>		<b>1,864</b>	<b>551</b>	<b>21</b>	<b>22,465</b>	<b>24,901</b>	<b>26,260</b>
Total funds brought forward		16,151	2,904	299	253,081	272,435	246,175
<b>Total funds carried forward</b>	18	<b>18,015</b>	<b>3,455</b>	<b>320</b>	<b>275,546</b>	<b>297,336</b>	<b>272,435</b>

All results relate to continuing operations. All gains and losses recognised in the year are included in the statement of financial activities. See note 25 for comparative Consolidated Statement of Financial Activities.



**BALANCE SHEET**  
at 31 December 2017

	Note	2017		2016	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible fixed assets	10		168,754		141,372
Investments	11		269,382		252,602
			<u>438,136</u>		<u>393,974</u>
<b>CURRENT ASSETS</b>					
Stocks	12	36		37	
Debtors	13	6,987		6,282	
Cash at bank and in hand		3,847		12,844	
		<u>10,870</u>		<u>19,163</u>	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	14	<u>(24,104)</u>		<u>(17,638)</u>	
<b>NET CURRENT (LIABILITES)/ASSETS</b>			<u>(13,234)</u>		<u>1,525</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITES</b>			<u>424,902</u>		<u>395,499</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	15		<u>(119,061)</u>		<u>(114,188)</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			<u>305,841</u>		<u>281,311</u>
Pension liability	24		<u>(8,505)</u>		<u>(8,876)</u>
<b>NET ASSETS</b>			<u>297,336</u>		<u>272,435</u>
<b>FUNDS</b>					
Permanent endowment fund net of pension liability			275,546		253,081
Other restricted funds	16		320		299
<b>Total restricted funds</b>			<u>275,866</u>		<u>253,380</u>
Designated fund	17		3,455		2,904
Unrestricted fund			18,015		16,151
<b>Total unrestricted funds</b>			<u>21,470</u>		<u>19,055</u>
			<u>297,336</u>		<u>272,435</u>

The financial statements on pages 21 to 42 were approved by the Council on signed on its behalf by:

27<sup>th</sup> June 2018

and were



C A Griffiths  
President of the Council

**Cash Flow Statement**  
for year ended 31 December 2017

	<i>Note</i>	2017		2016	
		£'000	£'000	£'000	£'000
<b>Net cash flows from operating activities</b>	21		3,888		4,303
<b>Cash flows from investing activities</b>					
Interest received		8		16	
Dividend income received		2,236		2,124	
Purchase of tangible fixed assets		(35,618)		(32,770)	
Proceeds from sale of tangible fixed assets		8,855		-	
Purchase of investments		(15,870)		(2,791)	
(Increase)/decrease in fixed asset investment cash deposits		620		(5,614)	
Proceeds from sale of investments		22,104		10,656	
		<hr/>		<hr/>	
<b>Net cash flows from investing activities</b>			(17,665)		(28,379)
<b>Cash flows from financing activities</b>					
Increase/(Decrease) in bank loans		4,780		28,197	
		<hr/>		<hr/>	
<b>Net cash flows from financing activities</b>	22		4,780		28,197
<b>Net increase/(decrease) in cash and cash equivalents</b>					
Cash and cash equivalents in the reporting year			(8,997)		4,121
Cash and cash equivalents at the beginning of the reporting year			12,844		8,723
			<hr/>		<hr/>
<b>Cash and cash equivalents at the end of the reporting year</b>	22		3,847		12,844
			<hr/>		<hr/>
<b>Reconciliation to net cash</b>					
Net funds at 1 January			(17,085)		1,377
(Decrease) in cash			(8,997)		4,121
Increase in investments			(620)		5,614
(Increase)/Decrease in bank loans			(4,780)		(28,197)
			<hr/>		<hr/>
<b>Net funds at 31 December</b>	22		(31,482)		(17,085)
			<hr/>		<hr/>

## NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 31 December 2017*

### 1 PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments, in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2015)" applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

The accounting policies that the Trust has adopted to determine the amounts included in respect of material items shown in the balance sheet and also to determine the income and expenditure are shown below and have been applied consistently throughout the current and prior year.

### 2 ACCOUNTING POLICIES

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention modified by the revaluation of fixed asset investments.

The financial statements have been prepared on a going concern basis. The uncertainties arising from current economic conditions are considered on page 6. The Report of the Trustee also explains why the Trustees consider that the going concern basis is appropriate.

The financial statements are prepared in sterling, which is the functional currency of the Trust. Monetary amounts in these financial statements are rounded to the nearest £000.

#### **Critical accounting judgements and key sources of estimation uncertainty**

In applying the charity's accounting policies, the Trustee is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure.

#### **Donations and legacies**

Dividends and interest on capital and income fund investments are included as income in the financial statements on an accruals basis.

#### **Voluntary income**

This is credited to the appropriate fund in the year in which it is receivable.

#### **Government grants**

These are credited to the appropriate fund in the year in which they are receivable.

#### **Residential care and support**

Fees from residents and other service-user income is credited to the unrestricted fund on an accruals basis.

## Notes *(continued)*

### 2 ACCOUNTING POLICIES *(continued)*

#### **Accommodation Income**

The Trust offers leases to tenants at The Chocolate Quarter on a fixed repayment (i.e. the tenant will receive the price they paid on exit) or equity participation basis (i.e. the exit amount is driven by the market). Where the lessee opts for a fixed repayment, the proceeds are recognised as a liability in accordance with the lifetime leases accounting policy described on page 28. However, where the lessee opts for the equity participation arrangement, the Trust is under no obligation to repurchase the apartment until the property has been sold on to a new tenant. Therefore, the proceeds from the initial sale of a property under an equity participation lease are recognised as income in the statement of comprehensive income, with a corresponding cost of sale recognised in accommodation cost.

Under both the fixed repayment and equity participation arrangements, the Trust becomes entitled to a surrender fee, payable at the end of the lease, which is accrued annually over the life of the lease. This is recognised within accommodation income in the SoFA as it is earned.

#### **Expenditure**

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All costs are allocated or apportioned to one of the functional categories of resources expended in the statement of financial activities.

- (a) Costs of generating funds relate to those costs incurred in the management of the fixed asset investments.
- (b) Costs in furtherance of the Trust's objects relate to those costs incurred in running and supporting the objects of the Trust.

#### **Support costs**

Support costs are apportioned to categories of expenditure, and only governance costs are separately disclosed.

#### **Grants payable**

Grants are awarded from the Community Fund and a detailed analysis and explanation of grants awarded has been provided in the Report of the Trustee.

#### **Irrecoverable VAT**

Any irrecoverable VAT is charged to the statement of financial activities, or capitalised as part of the cost of the related asset, where appropriate.

#### **Recognition of liabilities**

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

## Notes (continued)

### 2 ACCOUNTING POLICIES (continued)

#### Tangible fixed assets

All expenditure on the acquisition, enhancement, production or installation of fixed assets for use by the Trust and all receipts of such assets by way of gift are capitalised and included in the balance sheet at cost. The freehold land and property is included in fixed assets at cost. Assets with a value below £1,000 are not capitalised.

Tangible fixed assets include apartments which may be disposed of within 12 months through an equity participation lease (see accommodation income accounting policy above).

#### Capitalisation of finance costs

All finance costs in respect of the bank loan obtained for the Keynsham, Westbury-on-Trym, Bedminster and Sandford developments up to the point when these developments commenced normal operations are capitalised within tangible fixed assets and are being amortised over the life of the asset to which they relate.

#### Depreciation

Depreciation is provided with the intention of writing off the costs of tangible fixed assets (to residual values) over their useful lives. The provision is calculated using the straight-line method at the following rates:

Assets in the course of construction	Nil
Freehold buildings	2%
Special building assets	14%
Furniture and equipment	12.5% to 33.3%
Motor vehicles	25%

Freehold land is not depreciated. The residual values of freehold buildings were revised by management during 2014. The revision resulted in a reduction to the depreciation expense of £1.4m in that year.

#### Impairment reviews

Impairment reviews are carried out annually which includes consideration of current selling price of properties against the carrying value of each asset.

## Notes *(continued)*

### 2 ACCOUNTING POLICIES *(continued)*

#### **Lifetime leases**

The Trust offers leases to tenants at The Chocolate Quarter on a fixed repayment (i.e. the tenant will receive the price they paid on exit) or equity participation basis (i.e. the exit amount is driven by the market). Where the lessee opts for a fixed repayment, the proceeds are recognised as a liability in accordance with the lifetime leases accounting policy described on page 28. However, where the lessee opts for the equity participation arrangement, the Trust is under no obligation to repurchase the apartment until the property has been sold on to a new tenant. Therefore, the proceeds from the initial sale of a property under an equity participation lease are recognised as income in the statement of comprehensive income, with a corresponding cost of sale recognised in accommodation cost.

Under both the fixed repayment and equity participation arrangements, the Trust becomes entitled to a surrender fee, payable at the end of the lease, which is accrued annually over the life of the lease. This is recognised within accommodation income in the SoFA as it is earned.

#### **Investments**

Both current and fixed asset investments are stated at mid-market value at the balance sheet date. This is not in accordance with FRS 102 which recommends bid value but is consistent with the entity's performance management process. Using bid values would lead to a reduction in the valuation of these listed investments of an amount which is considered by the Trustee to be immaterial.

All recognised gains and losses on investments are shown separately in the statement of financial activities. The investment in the subsidiary undertaking is stated at cost.

#### **Investment properties**

Investment properties are included in the balance sheet at their open market value on an existing use basis. The valuation is determined on the basis of professional advice. In accordance with FRS 102 investment properties are revalued annually and the aggregate surplus or deficit is included as an unrealised gain or loss within the permanent endowment fund. No depreciation or amortisation is provided in respect of freehold investment properties.

#### **Stocks**

Stocks consist of catering supplies and have been valued at the lower of cost and net realisable value.

#### **Leased assets**

Rentals in respect of operating leases are charged directly to the statement of financial activities on a straight line basis over the lease term.

## Notes (continued)

### 2 ACCOUNTING POLICIES (continued)

#### Pension costs

The employees of the Trust are eligible to join a group personal pension plan with Aviva or with the National Employment Savings Trust (NEST). The Trust's pension contributions for current employees are charged to the statement of financial activities in the year in which the obligation to make contributions arises.

The Trust pays certain discretionary pensions, which are not funded under a closed defined benefit scheme. The pension liability in respect of this obligation is recognised in the balance sheet based on annual actuarial valuations. Actuarial gains or losses are included in the statement of financial activities. Further details in respect of unfunded pension liabilities are contained in note 24. The Trustees have confirmed with the Charity Commission that the pension liability may be treated as a deduction from the Permanent Endowment Fund, and, as a result, the Permanent Endowment Fund in the "Funds" section of the balance sheet is shown net of the estimated pension liability.

#### Basic financial instruments

##### (a) Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### (b) Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### (c) Fixed asset investments

Investments are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

##### (d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the charity's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### Permanent endowment fund

The permanent endowment fund incorporates the original endowment together with surpluses arising from disposals of investments, that element of gravel royalties which represents the depletion of the site and, by orders of the Charity Commission, the recoupment from income by annual contributions, over 25 years or 30 years, of capital expenditure made on real estate improvements and leasehold property.

## Notes (continued)

### 2 ACCOUNTING POLICIES (continued)

#### Restricted funds

These are other funds for which the donor has specifically restricted the purpose for which they can be used. The amounts in the funds represent the monies still remaining for future expenditure. There are two restricted funds which are held by the Trust and explained in more detail below:

(a) *Residents' legacy fund*

These are funds donated by residents, which have restricted purposes for which they can be applied.

(b) *Community support fund*

These are funds donated by beneficiaries of the Trust's community support services, which have restricted purposes for which they can be applied.

#### Unrestricted fund

Operating income together with income arising from permanent endowment and unrestricted fund investments is credited to the unrestricted fund. The Charity Commission Scheme permits the fund to be applied towards contributions to the management expenses, the expenses related to running the operational activities, establishing a reserve fund and paying annuities and gifts. Any balance remaining may be accumulated for endowment purposes, but in practice is currently retained as unrestricted funds as explained in the reserves policy in The Report of the Trustee.

#### Designated fund

A designated fund exists to hold a proportion of the community fee and exit fees for the Equity Participation and Fixed Repayment leasehold options as detailed in the Accommodation Income accounting policy. These funds are set aside for future maintenance costs.



Notes (continued)

3 INVESTMENT INCOME

	2017 £'000	2016 £'000
<b>(a) Unrestricted fund</b>		
Commercial investment properties	545	597
Agricultural investment properties	4,136	4,186
Listed and other investments	2,122	2,018
Interest on cash deposits	8	16
Other investments	104	96
	<u>6,915</u>	<u>6,913</u>
<b>(b) Restricted funds</b>		
Distributions from CCLA Investment Management Limited	10	10
	<u>6,925</u>	<u>6,923</u>

4 ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs £'000	Depreciation £'000	Other costs £'000	2017 £'000	2016 £'000
<b>Costs of generating funds</b> (note 5)	-	-	1,537	1,537	1,496
<b>Charitable expenditure</b>					
Residential care and support (note 6)	21,591	1,422	7,691	30,704	28,234
Accommodation costs	-	-	6,807	6,807	-
Community support	174	-	358	532	575
Governance costs (note 7)	-	-	56	56	45
	<u>21,765</u>	<u>1,422</u>	<u>14,912</u>	<u>38,099</u>	<u>28,854</u>
	<u>21,765</u>	<u>1,422</u>	<u>16,449</u>	<u>39,636</u>	<u>30,350</u>

All support costs have been allocated to one charitable activity (Residential care and support)

**Notes** *(continued)*

**5 COSTS OF GENERATING FUNDS**

	2017 £'000	2016 £'000
<b>(a) Investment management charges</b>		
Society of Merchant Venturers of Bristol – reallocation of salaries, overheads and general advisory	234	229
Investment manager fees	109	92
Agricultural estate management	360	358
Commercial properties management	-	3
	703	682
<b>(b) Property operational costs</b>		
Agricultural estates	491	525
Commercial properties	6	24
	497	549
<b>(c) Major repairs &amp; other costs</b>		
Agricultural estates	337	265
	1,537	1,496
<b>Total costs of generating funds</b>	<b>1,537</b>	<b>1,496</b>

**6 RESIDENTIAL CARE AND SUPPORT**

	2017 £'000	2016 £'000
Staff costs	21,591	19,901
Residential services	654	566
Site services	1,082	1,089
Provisions and catering	1,079	1,008
Insurance	301	288
Property and equipment (including depreciation)	3,859	3,314
Miscellaneous	615	523
Management and administration	1,523	1,545
	30,704	28,234
	<b>30,704</b>	<b>28,234</b>

**Notes** (continued)

**7 GOVERNANCE COSTS**

	2017 £'000	2016 £'000
Auditor's remuneration (including irrecoverable VAT)		
- for audit	30	30
- for tax related services	-	-
other professional services	26	15
	56	45
	56	45

Neither the Council, nor persons connected with them, received any remuneration or other benefits from the Trust during the year. Reimbursement of expenses amounted to £Nil during the year (2016: £Nil).

**8 TRANSFERS**

	Unrestricted fund	Designated fund	Other restricted funds	Permanent endowment funds
	£'000	£'000	£'000	£'000
Service Charge Transfer (A)	(344)	290	-	54
	(344)	290	-	54

(A) During the year £344,000 has been transferred out of the unrestricted fund which represents service charges received from residents. The transfer is part of an agreement to designate funds for future maintenance costs on the Westbury-on-Trym, Cote Lane and Bedminster sites, £290,000 has been transferred into the designated fund and £54,000 into the permanent endowment fund.

**9 STAFF COSTS**

	2017 £'000	2016 £'000
Wages and salaries	19,042	17,575
Social security costs	1,310	1,103
Pensions costs	759	796
Agency staff costs	654	583
	21,765	20,057
	21,765	20,057

The average number of full-time equivalent persons employed permanently by the Trust during the year was:

	Number	Number
Residential care and support	714	685
Community support	3	2
Management of the Trust	22	20
	739	707
	739	707

**Notes** (continued)

**9 STAFF COSTS** (continued)

The number of employees whose emoluments, excluding pension contributions, were in excess of £60,000 per annum fell within the following bands:

	2017 Number	2016 Number
£60,001 to £70,000	2	1
£70,001 to £80,000	3	2
£80,001 to £90,000	1	2
£90,001 to £100,00	1	1
£100,001 to £110,000	-	1
£110,001 to £120,000	-	-
£120,001 to £130,000	-	-
£130,001 to £140,000	1	-
£140,001 to £150,00	-	-
£150,001 to £160,000	-	1
£170,001 to £180,000	1	-
	<u>1</u>	<u>-</u>

These members of staff have pension benefits accruing under the group personal pension plan.

**10 TANGIBLE FIXED ASSETS**

	Assets in the course of construction £'000	Freehold land and buildings £'000	Furniture and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
At 1 January 2017	44,013	107,238	10,731	374	162,356
Transfers	(55,542)	52,385	3,157	-	-
Additions	33,721	436	1,461	-	35,618
Disposals	-	(6,807)	-	(57)	(6,864)
	<u>22,192</u>	<u>153,252</u>	<u>15,349</u>	<u>317</u>	<u>191,110</u>
<b>Accumulated depreciation</b>					
At 1 January 2017	-	11,642	9,090	253	20,985
Charge for year	-	556	811	55	1,422
Disposals	-	-	-	(51)	(51)
	<u>-</u>	<u>12,198</u>	<u>9,901</u>	<u>257</u>	<u>22,356</u>
<b>Net book value</b>					
At 31 December 2017	<u>22,192</u>	<u>141,054</u>	<u>5,448</u>	<u>60</u>	<u>168,754</u>
At 31 December 2016	44,013	95,597	1,641	121	141,372

The above schedule includes finance costs of £3,718,000 (2016: £2,963,000) relating to loan interest and charges incurred for financing the new Keynsham, Monica Wills House, the sheltered flats and the Garden House Annexe at Cote Lane, and the Sandford developments.

Land costing £25,575,000 (2016: £23,376,000) is not depreciated.

Notes (continued)

11 FIXED ASSET INVESTMENTS

	Investment Properties £'000	Financial securities £'000	Cash on deposit £'000	Other investments* £'000	Total £'000
<b>Cost</b>					
At 1 January 2017	36,649	66,689	9,364	2,914	115,616
Additions	145	15,725	-	-	15,870
Disposals	(733)	(12,100)	(620)	-	(13,453)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	<b>36,061</b>	<b>70,314</b>	<b>8,744</b>	<b>2,914</b>	<b>118,033</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Revaluation – unrealised gains</b>					
At 1 January 2017	116,444	21,506	-	(964)	136,986
Disposals	(3,862)	(3,481)	-	-	(7,343)
Net gains arising on revaluation	15,307	6,359	-	40	21,706
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	<b>127,889</b>	<b>24,384</b>	<b>-</b>	<b>(924)</b>	<b>151,349</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 31 December 2017	<b>163,950</b>	<b>94,698</b>	<b>8,744</b>	<b>1,990</b>	<b>269,382</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	153,093	88,195	9,364	1,950	252,602
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

There were total realised and unrealised gains during the year of £23,804,000 (2016 £28,042,000).

\* Other investments are Hercules Unit Trust income units, investments in CCLA Investment Management Limited.

**Notes** (continued)

**11 FIXED ASSET INVESTMENT (continued)**

Investments with a market value of greater than 5% total quoted securities at 31 December 2017 and 2016:

Investment	Portfolio 2017	Portfolio 2016
Artemis Equity Income Fund	5.7%	5.6%
Brummer Multi-Strategy 2 XL Fund	5.5%	-
Investec UK Special Situations Fund	6.7%	6.9%
Newton Global Higher Income Fund	9.5%	9.8%
JO Hambro Global Select Equity Fund	5.1%	5.8%
KBI Institutional Developed Equity Fund	10.1%	-
Trojan Income Fund	6.7%	7.0%
Kiltearn Global Equity Fund	10.4%	9.8%
First State Emerging Markets Fund	6.6%	6.5%
Neptune Equity Income Fund	5.1%	5.1%
Threadneedle Global Equity Fund	-	10.1%

The total cumulative surplus/(deficit) on revaluing investment properties is as follows:

	2017 £'000	2016 £'000
Commercial property (note (a))	360	1,375
Agricultural property (note (b))	127,527	115,066
	<u>127,887</u>	<u>116,441</u>

- (a) The commercial property has been valued at 31 December 2017 by CBRE Limited in accordance with the RICS Valuation – Professional Standards 2014 (the ‘Red Book’).
- (b) The agricultural property has been valued at 31 December 2017 by the Land Steward in accordance with the RICS Valuation – Professional Standards 2014 (the ‘Red Book’).

**12 STOCKS**

	2017 £'000	2016 £'000
Sundry stocks	36	37
	<u>36</u>	<u>37</u>

Stock relates to catering purchases in the SoFA of £1,033,000 (2016: £1,008,000)

**13 DEBTORS**

	2017 £000	2016 £000
Trade debtors	1,253	1,006
Other debtors	2,032	1,960
Prepayments and accrued income	3,702	3,316
	<u>6,987</u>	<u>6,282</u>

**Notes** (continued)

**14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £'000	2016 £'000
Trade creditors	1,145	1,877
Bank loan	2,785	116
Amounts due to lifetime leasehold tenants	12,541	8,335
Other creditors	1,637	1,596
Tax and Social Security	456	368
Accruals and deferred income	5,540	5,346
	24,104	17,638
	24,104	17,638

**15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2017 £'000	2016 £'000
Bank loan	41,288	39,177
Amounts due to lifetime leasehold tenants	77,773	75,011
	119,061	114,188
	119,061	114,188

**Age analysis of bank loan**

	£'000	£'000
Due within one year	2,785	116
Between two and five	40,793	38,573
After five years	495	604
	44,073	39,293
	44,073	39,293

The Trust's bank loans have been arranged with no security having been provided by the Trust to the lender.

Bank loans consist of:

- (a) Keynsham development loan consists of two revolving loan facilities. Facility A is for £20,000,000 and is fully utilised. The interest rate is 1.50% above bank base rate and is repayable in April 2018. Facility B is for £25,000,000 and at the year-end £18,000,000 was utilised. The interest rate is 0.90% above bank base rate and is repayable within three years.
- (b) Keynsham development loan facility Accordion for £10,000,000 and at the year-end £2,671,000 was utilised, repayable in March 2018. The interest is 0.90% above LIBOR
- (c) Sandford development loan of £2,203,000 which was for a period of 10 years and is due for repayment in December 2020.  
It is an interest only loan with a rate of 0.45% above LIBOR.
- (d) John Wills Annex loan of £1,195,000 which is due for repayment by January 2028. The interest rate is 0.65% above bank base rates

The amounts due to lifetime leasehold tenants relates to amounts paid by the residents for their leases, which is repayable when the properties are vacated.

**Notes** *(continued)*

**16 OTHER RESTRICTED FUNDS**

	At 1 January 2017 £'000	Incoming resources £'000	Outgoing resources £'000	Gains on investments £'000	At 31 December 2017 £'000
Residents' legacy fund	137	4	(4)	9	146
Community support fund	162	6	(6)	12	174
	<u>299</u>	<u>10</u>	<u>(10)</u>	<u>21</u>	<u>320</u>

**17 DESIGNATED FUND**

A designated fund has been set up for future maintenance costs on the Westbury-on-Trym, Cote Lane, Sandford and Bedminster sites. Transfers from the unrestricted fund have been made in line with the expected costs, and represent service charges received from residents.

	Total £'000
At 1 January 2017	2,904
Accommodation income	261
Transfer from the unrestricted fund	290
	<u>3,455</u>
At 31 December 2017	<u>3,455</u>

**18 ANALYSIS OF FUNDS**

	Unrestricted fund £'000	Designated fund £'000	Restricted fund £'000	Permanent endowment fund £'000	Total £'000
<b>Movement in funds</b>					
At 1 January 2017	16,151	2,904	299	253,081	272,435
Net incoming/(outgoing) resources	2,208	261	-	(1,675)	794
Transfers between funds	(344)	290	-	54	-
Gains on investment assets	-	-	21	23,783	23,804
Actuarial gain on pension liability	-	-	-	303	303
	<u>18,015</u>	<u>3,455</u>	<u>320</u>	<u>275,546</u>	<u>297,336</u>
<b>Representation of fund balances</b>					
Tangible fixed assets	5,508	-	-	163,246	168,754
Investments	-	-	285	269,382	269,667
Cash and bank balances	3,849	-	-	(2)	3,847
Other current assets and liabilities	8,658	3,455	35	(29,514)	(17,366)
Long term creditors	-	-	-	(119,061)	(119,061)
Pension liability	-	-	-	(8,505)	(8,505)
	<u>18,015</u>	<u>3,455</u>	<u>320</u>	<u>275,546</u>	<u>297,336</u>
Unrealised investment asset gains included above	-	-	-	21,706	21,706



**Notes** *(continued)*

**19 CAPITAL COMMITMENTS**

	2017 £'000	2016 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	7,183	21,485

**20 FINANCIAL COMMITMENTS**

At 31 December 2017 the Trust had annual commitments under non-cancellable operating leases for plant and machinery expiring in one year of £22,000 (2016: £21,000) and in two to five years of £26,000 (2016: £22,000). The total charge to the statement of financial activities in the year in respect of operating lease rentals for the hire of plant and machinery was £27,000 (2016: £23,000).

**21 CASHFLOW STATEMENT**

Reconciliation of net income to cash generated by operations:

	2017 £'000	2016 £'000
Net income for the year	24,901	26,260
Adjustments for:		
Interest receivable	(2,244)	(2,140)
Profit on disposal of accommodation	(2,041)	-
Depreciation charges	1,422	1,219
(Gains)/losses on investment assets	(23,634)	(28,042)
(Gains)/losses on pension scheme less contributions paid	(371)	1,223
Operating cash flow before movement in working capital	(1,967)	(1,480)
Decrease/(increase) in stock	1	(2)
(Increase) in debtors	(705)	(1,827)
Increase in creditors	6,559	7,612
<b>Cash generated by operating activities</b>	<b>3,888</b>	<b>4,303</b>

**22 RECONCILIATION OF MOVEMENT IN NET CASH**

	At 1 January 2017 £'000	Cash flow £'000	At 31 December 2017 £'000
Investments	9,364	(620)	8,744
Cash at bank and in hand	12,844	(8,997)	3,847
Bank loan	(39,293)	(4,780)	(44,073)
	(17,085)	(14,397)	(31,482)

## Notes (continued)

### 23 TRANSACTIONS WITH CONNECTED PERSONS

The Trust paid a fee including reallocation of salaries and overhead costs totalling £234,000 (2016: £231,000) to the Society of Merchant Venturers of Bristol to cover the services it provides in its role as Endowment Trustee (note 5(a)).

A professional indemnity insurance premium of £3,000 (2016: £3,000) was paid by the Trust on the behalf of the Trustees.

### 24 PENSION SCHEMES

#### Unfunded pension liability

The Trust has granted unfunded defined benefit pensions to some current and former employees of the Trust. The valuation of the pensions was carried out as at 31 December 2017 by PriceWaterhouseCoopers, a qualified independent actuary who are a fellow of the institute of actuaries. Pension payments made for the year ended 31 December 2017 in respect of the defined benefit pensions were £304,000 (2016: £311,000).

The principal assumptions made by the Trust were:	2017	2016	2014	2013
	%	%	%	%
Rate of increase in pensionable salaries	3.1	3.2	2.9	2.9
Rate of increase in pensions in payment	3.0	3.0	2.8	2.8
Inflation rate	3.1	3.2	2.9	2.9
Discount rate	2.5	2.7	3.8	3.6

Pensioner and non-pensioner mortality	SAPS all MC	SAPS all MC	SAPS all MC	SAPS all MC
	1% pa	1% pa	1% pa	MC 1% pa

The amounts recognised in the balance sheet are as follows:	£'000	£'000	£'000	£'000
Present value of scheme liabilities	8,505	8,876	7,915	7,755
Deficit in the scheme	8,505	8,876	7,915	7,755

#### Analysis of amount charged to net outgoing resources in respect of defined benefit pensions

	2017	2016
	£'000	£'000
Interest on pension liability	(236)	(285)
<b>Total operating charge</b>	<b>(236)</b>	<b>(285)</b>

**Notes** (continued)

**24 PENSION SCHEMES** (continued)

	2017 £'000	2016 £'000
<b>Movement in liability during the year</b>		
Liability at the start of the year	(8,876)	(7,653)
Movement:		
Employer contributions (including pension payments)	304	311
Interest cost	(236)	(285)
Actuarial gain/(loss)	303	(1,249)
	<u>          </u>	<u>          </u>
<b>Liability at the end of the year covered by a specific provision in the financial statements</b>	<u>(8,505)</u>	<u>(8,876)</u>
<b>Analysis of amount recognised in the statement of financial activities</b>	<b>£'000</b>	<b>£'000</b>
Actuarial (loss)/gain recognised in the statement of financial activities	<u>303</u>	<u>(1,249)</u>

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

	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Scheme assets					
Scheme liabilities	8,505	(8,876)	(7,653)	(7,915)	(7,755)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Deficit in plan	8,505	(8,876)	(7,653)	(7,915)	(7,755)
Actuarial gains/(losses) on liabilities	303	(1,249)	221	88	(258)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Statement of total recognised gains and losses for the period ending 31 December	<u>303</u>	<u>(1,249)</u>	<u>221</u>	<u>88</u>	<u>(258)</u>

**Other pension scheme**

The Trust also contributes to a group personal pension plan. The contributions made by the Trust to this pension scheme are charged to the statement of financial activities when they fall due and were £522,000 (2016: £511,000).

Notes (continued)

25 COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Note	Unrestricted fund £'000	Designated fund £'000	Other restricted funds £'000	Permanent endowment funds £'000	Total 2016 £'000
<b>INCOMING RESOURCES</b>						
Incoming resources from charitable activities:						
Residential care and support		22,894	-	-	-	22,894
Incoming resources from generated funds:						
Investment income	3	6913	-	10	-	6,923
<b>Total incoming resources</b>		<b>29,807</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>29,817</b>
<b>RESOURCES EXPENDED</b>						
Costs of generating funds:						
Investment management charges	5 (a)	-	-	-	(682)	(682)
Property operational costs	5 (b)	(549)	-	-	-	(549)
Major reports	5 (c)	-	-	-	(265)	(265)
<b>Total costs of generating funds</b>	5	<b>(549)</b>	<b>-</b>	<b>-</b>	<b>(947)</b>	<b>(1,496)</b>
<b>CHARITABLE EXPENDITURE</b>						
Costs in furtherance of the Trust's objects:						
Residential care and support	6	(27,504)	-	(10)	(720)	(28,234)
Community support		(575)	-	-	-	(575)
Governance	7	(45)	-	-	-	(45)
<b>Total charitable expenditure</b>		<b>(28,124)</b>	<b>-</b>	<b>(10)</b>	<b>(720)</b>	<b>(28,854)</b>
<b>Total resources expended</b>	4	<b>(28,673)</b>	<b>-</b>	<b>(10)</b>	<b>(1,667)</b>	<b>(30,350)</b>
<b>Net incoming/(outgoing) resources for the year before transfers</b>						
Realised and unrealised gains on investments	11	1,134	-	-	(1,667)	(533)
		-	-	20	28,022	28,042
<b>Net incoming/(outgoing) resources for the year after transfers</b>						
Transfer between funds	8	1,134 (344)	- 290	20	26,355 54	27,509 -
Actuarial gain/(loss) on defined benefit pension	24	-	-	-	(1,249)	(1,249)
<b>Net movement in funds</b>		<b>790</b>	<b>290</b>	<b>20</b>	<b>25,160</b>	<b>26,260</b>
Total funds brought forward		15,361	2,614	279	227,921	246,175
<b>Total funds carried forward</b>		<b>16,151</b>	<b>2,904</b>	<b>299</b>	<b>253,081</b>	<b>272,435</b>