



# Annual Report and Accounts

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*for the 12 months ended 31 March 2014*

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## Report of the Trustees (incorporating the Strategic Report) for the 12 Months ended 31 March 2014

### Welcome from the Chairman

**Don Wood, CBE**



A handwritten signature in black ink that reads "Don Wood". The signature is written in a cursive, flowing style.

**I am delighted to introduce this year's annual report and accounts for The Orders of St John Care Trust.**

As you will see from the Strategic and Financial reports, it has been a good year in what continues to be a difficult market environment.

This year, the Board of Trustees has focused on ensuring that the governance of the Trust is appropriately robust. As a result of a comprehensive review by an independent consultant, it has been pleasing to find that our fundamental practices are sound. During the coming year, we will be implementing certain steps in line with recommendations made to further improve our systems, including the formation of an Audit & Risk Committee. We will also be seeking to recruit one or two new Trustees to enhance the expertise and skills already present among the Board.

On behalf of the Trustees, I would like to express sincere thanks to Peter Loyd, who retired from the Chairmanship of the Board in November 2013 after eight years of dedicated service to the Trust. The same sentiments are due to Antony Chambers, who left the Board in January 2014, having served as a Trustee for 10 years. Their contribution to the work of OSJCT has been considerable and has been greatly appreciated.

It has been a pleasure to welcome the Earl Ferrers to our Board.

I would also like to take this opportunity of thanking everyone who works within the Trust, at whatever level and in whatever capacity. The commitment and compassion displayed by all of them are what distinguishes our organisation within the care sector and it is a privilege to represent them.

We look forward to developing our services and our buildings in the coming year, and, most importantly, to continuing to deliver the highest standards of care to those who choose to live in our care homes and extra care housing schemes.

## Chief Executive's Statement

### Andrew Cheesbrough



The 12 months to 31 March 2014 have seen the Trust enhance its position as a leading not for profit care provider. Resident numbers increased, as did the proportion of self-funders. In addition we were able to improve our estate with additional care home facilities and an expansion of our extra care housing schemes.

As detailed in the financial report, the annual surplus before pension charges increased to £3m, driven by strong occupancy levels and a focus on quality services.

The year also saw significant changes in the Chief Executive's Committee with the departure of long serving colleagues Simon Taylor, and Richard Durance from Finance and HR respectively, and the appointment of Peter Thomas as Finance & IT Director, Richard Hawes as Care Director and Sara Wright as HR Director. To assist the Trust to achieve its ambitions in a rapidly developing policy environment, we have also appointed Sara Livadeas in the new role of Strategy Director.

While the development of our executive team and our continuing strong financial performance are notable, the highlight of the year has undoubtedly been the care quality of our care homes. Through the year we have recorded CQC compliance levels of 90%, ranking us in the top two or three major care providers in the country. Much of the thanks for this goes to our Operations team, where the home managers have worked tirelessly with operations management to ensure the highest standards across the Trust.

During the year we completed two significant new developments, enabling us to improve the quality of our estate. The first new facility to open was Windsor Street Care Centre in Cheltenham, offering 82 dementia and nursing beds in a state of the art facility. We also completed our first new development in Lincolnshire with the opening of a new care home in Grantham. Apple Trees Care & Reablement Centre comprises 64 beds in a modern, innovative household setting. Services include 48 specialist dementia care beds as well as a 16 bed intermediate care unit

These two new facilities signal our intention to continue to modernise our services and the coming year will see a further two care homes open in Wiltshire as well as an additional five extra care housing schemes.

We have also launched a greater focus on volunteering, to expand on our long history of engagement in this area, with the appointment of a Head of Volunteering. Our aim is to increase the numbers and skills of our volunteers, investing in them through training in dementia care and the ability to recognise good care practice.

These achievements and aims provide the platform for us to manage what is a changeable market place with the impending introduction of the Care Act and continued austerity measures in the public sector. While both of these factors will present challenges, I am confident that the evident quality of our service and our employees will ensure the Trust is well placed to capitalise on the opportunities that will also emerge.

## Strategic Report

*“Overall, the last year has seen a consistently improving operational performance by the Trust.”*

The Trustees, who are directors of The Orders of St John Care Trust (the “Trust”) under company law, submit their annual report and the audited financial statements for the 12 month period ended 31 March 2014. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) “Accounting and Reporting by Charities” issued in March 2005 (as amended) in preparing the annual report and financial statements of the Trust.

**Overall, the last year has seen a consistently improving operational performance by the Trust.**

Our service delivery was excellent. We ended the 2013/14 year with compliance levels with the Care Quality Commission (CQC) of 91.2%. This was the highest level of compliance of any of the largest 15 providers, and almost 10% ahead of the benchmark compliance levels of larger providers.

Occupancy is above the industry average at 94.6%. The proportion of self funded occupancy, at 33%, represents a very strong performance overall and demonstrates a continued growth in private fee payers. This growth has helped to offset the challenges of downward pressure on Local Authority fees over the last five years.

Care Quality remains a top priority for all our care facilities and the Quality team continues to focus on working with their colleagues in our homes to maintain the provision of high quality, person centred care to our residents. Internal audit results have been pleasing, showing increases in scores for many of our homes. Trust Accreditations, awarded for achieving a 100% score in specific areas of the internal audit, were achieved by 15 of our homes in one or more of Personal Care, Infection Prevention and Control, Medicines Management or Dementia Care.

We have also worked closely with the CQC as they implement new regulations and inspection methods as a result of the highly publicised events at various care facilities across the country. As well as reviewing our policy to ensure we will meet the new standards, we will also be taking part in the pilot inspections CQC will be conducting during the summer of 2014, prior to the new regime taking effect in the autumn.

Customer feedback is very important to us. In addition, part of the new regulatory regime is an expansion of the requirement for residents to be involved in and to provide feedback about the services they are offered. Ahead of the new regulations, OSJCT has begun a partnership with Working Feedback, who provide a mechanism for residents to submit verified feedback to them. This information is published on the NHS Choices website ([www.nhs.gov.uk](http://www.nhs.gov.uk)) and is also sent to the CQC.

We continue to work closely in partnership with public sector commissioners to ensure our services remain relevant to local and national social care and NHS policy developments.

During the year, we have added two new care homes to our portfolio: Windsor Street Care Centre in Cheltenham (82 beds) and Apple Trees Care Centre in Grantham (64 beds). Looking ahead, two new care homes will be opening in Wiltshire in the coming months, with a third under construction.

Within these new care facilities we are now introducing our innovative 'household' design. The household model incorporates small, homely living areas into its design, reducing barriers and with the purpose of enhancing the environment for residents. This new approach to delivering care also helps our employees in the way they support our residents. In older homes, we continue to refurbish and redevelop areas to achieve a similar goal, opening up previously underused, or closed in space to provide greater opportunities for resident engagement and interaction with their home, thereby increasing well-being and independence.

In the area of dementia care, we are proud to have developed the role of the St John Admiral Nurse Service, as a result of partnership working between ourselves and Dementia UK ([www.dementiauk.org](http://www.dementiauk.org).) This service offers support and specialist dementia advice to care employees employed by the Trust and to informal carers of residents living in our care settings. We aim to support people without the use of anti-psychotic medication wherever possible and are proud that our use of such medication stands at less than 3% of all residents. In the



wider community, the St John Admiral Nurses are initiating Memory Cafes within our homes to offer support to people living with dementia in their own homes and to their families and friends.

Over the past year we have once again seen an increasing interest in and demand for accommodation within our independent living (extra care housing) schemes. Our newest scheme, Shotover View in Oxford, was fully occupied within a month of opening. With many local authorities looking at this type of care model as an alternative solution to traditional residential care, we anticipate continued growth in this area, and have three further schemes opening in the coming months in Goring, Kidlington and Abingdon. These will provide a further 164 units of accommodation.

These initiatives in both dementia care and domiciliary care have led to our decision to develop wider community based and preventative services, not only to support people with dementia and their families, but potentially for reablement and to provide intermediate care, for example following a stay in hospital prior to returning home. We are considering what opportunities there are to extend our services further into the community by offering integrated dementia support at home.

Our ability to remain at the forefront of care delivery lies to a very large extent in the skill and competence of our employees, of whom we are very proud. Our dedicated in house training team provides a comprehensive range of relevant training programmes to ensure everyone working in our care facilities is well qualified, beyond statutory requirements, to meet the needs of residents who are increasingly frail, with a greater likelihood of having a dementia. Our Qualifications Team has been approved as a Centre of Excellence by the awarding body, City & Guilds and we have recently developed a 'virtual' Learning Academy, providing our employees with a single point from which they are able to access relevant e-learning programmes to support face-to-face training. We also work closely with carefully chosen external training providers, such as St John Ambulance, where we are not able to deliver subjects ourselves. Internal conferences and workshops, such as our third Home Managers' conference this year, reinforce and encourage collaborative working across the Trust whilst also enabling and empowering employees.

The work of our dedicated operations teams is enhanced by the willing commitment of a growing number of volunteers, who visit our care homes with the aim of 'Making a Difference' to our residents. With the appointment of a new Head of Volunteering this year, this aspect of our services will be a main area of focus in the coming 12 months.

## Structure, Governance and Management

The Trust is a charitable company limited by guarantee (registered company number 3073089) and is a registered charity (registered charity number 1048455). It is governed by Articles of Association. Under the Trust's Articles of Association, there are five classes of Trustee.

- (a) an Ex-officio Trustee, being the current President of The British Association of the Sovereign Military Order of St John of Jerusalem of Rhodes and of Malta (also known as 'BASMOM') or, if the person for the time being occupying the office of President shall be unwilling to act as a Trustee, such person as he shall appoint to serve as the Ex-officio Trustee in his place (there is currently an Ex-officio Trustee who was appointed by the President);
- (b) up to five BASMOM Trustees who are nominated by BASMOM and appointed by the Trustees (there are currently five BASMOM Trustees);
- (c) up to three Venerable Order Trustees who are nominated by The Priory of England and the Islands of the Most Venerable Order of the Hospital of St John of Jerusalem and appointed by the Trustees (there are currently three Venerable Order Trustees);
- (d) one Medical Trustee appointed at the Trustees' discretion (there is currently one Medical Trustee); and
- (e) one or more co-opted Trustees appointed at the Trustees' discretion. Co-opted Trustees may be appointed notwithstanding the maximum number of Trustees fixed by the Articles, but only if the maximum number of BASMOM Trustees or Venerable Order Trustees has been appointed (there are currently no co-opted Trustees).

## Organisation

The Trustees, as the directors and charity trustees of the Trust, are responsible for the affairs of the Trust. The Board of Trustees meets six times a year. The Chief Executive attends all these meetings. All Trustees (including new Trustees before their appointment) are provided with a copy of a Board Manual, which gives full details of the Trust's governance and operational structures, policies and procedures.

Trustees are chosen on the basis of the skills and experience they can bring to overseeing the activities of the Trust. A pattern of governance reviews has been established at two/three year intervals. The latest such exercise included a skills audit, the conclusions of which will assist in the future recruitment of Trustees by highlighting the skill sets which would be beneficial for strengthening the Board. This audit also produced a programme of training for Trustees to ensure that the Board's level of knowledge in key areas is kept up to date. This programme is now being implemented.

The Trustees delegate day to day management of the Trust to the Chief Executive and the Chief Executive's Committee, which meets at least eight times per year.

The Trustees have appointed two sub-committees to manage specific areas of the organisation.

The Nominations Committee meets at least three times per year and comprises three trustees and the Chief Executive, charged with reviewing all nomination matters and providing recommendations to the full Trustee board where appropriate.

The Audit & Risk Committee also meets at least three times per year and comprises of three Trustees, the Chief Executive and the Finance Director and has powers to review all finance, risk and investment matters for the Trust. Both committees have Terms of Reference agreed by the full Trustee Board.

## Investment Powers

Under the Articles of Association, the Trust has the power to make any investments which the Trustees see fit. A core level of funds is held in the form of short-term investments. These can be placed either on short term Treasury Deposit, or held in high interest deposit accounts.

The Board is responsible for the regular review of investments.



## Objectives

**The Charitable Object of the Trust is: 'the relief of the aged, the infirm and the sick'.**

In furtherance of this Object, the Trustees have set the following objectives:

- to provide care to older people through care homes (including residential, mental health, nursing intermediate and day care services); and
- to provide other specialist accommodation and assistance to older people, disabled people and people who are chronically sick and the provision of care in the community and at home.

The principal focus for the year under review continued to be to provide care, accommodation and assistance to older and disabled people. The strategies used to achieve this included the development of new, purpose built facilities to enhance the quality of the physical environment, improvements in service quality, a focus on staff training and partnership working with Local Authorities.

The Trustees have had regard to Charity Commission guidance on Public Benefit and consider that the Trust objectives and activities are for the public benefit.

The Trust aims to maintain its fees at an affordable level. Fees are charged in a fair and transparent manner and are not supplemented with a significant amount of 'extra' charges. If a service user's finances deteriorate they are treated with understanding and every reasonable effort is made to mitigate these circumstances. 'Top-ups' are not generally charged, except in a limited number of cases where, due to Local Authority pressure, this is necessary. The current number of our care home residents charged 'top-ups' is around 3% of the total number of residents.

The principal funding source is fees for residential care from Lincolnshire, Wiltshire, Oxfordshire and Gloucestershire Local Authorities and from residents with personal contracts. Expenditure is all related to providing this care.

## Activities

The Orders of St John Trust was formed in 1988 to operate 16 Care Homes in Lincolnshire. The assets of this charity are now administered as part of the property of the Trust pursuant to a Charity Commission Scheme dated 3 June 2003.

The Trust was formed in 1995 as a company limited by guarantee. The activities of the Trust relate to the operation of:

- 18 Care Homes under lease from Wiltshire County Council
- One extra care facility in Wiltshire under a management contract with the scheme management company
- One extra care facility in Wiltshire under a management contract with bpha
- 15 freehold Care Homes in Lincolnshire
- One extra care housing facility in Suffolk under a management contract with bpha
- 17 Care Homes in Oxfordshire under a management contract with The Oxfordshire Care Partnership (OCP)
- Four extra care housing facilities in Oxfordshire under a management contract with bpha
- 18 Care Homes in Gloucestershire under a management contract with The Gloucestershire Care Partnership (GCP)
- One Care Home in West Sussex under lease from the Duke of Norfolk Estate transferred as part of the assets of The Order of Malta Homes on 3 June 2003
- Seven flats attached to the Care Home in West Sussex providing sheltered accommodation transferred as part of the assets of The Order of Malta Homes
- The operation of St. Anne's Court as a sheltered housing scheme for the elderly in Newcastle-upon-Tyne. This was also transferred into the Trust as part of the transfer of assets from The Orders of St John Trust on 3 June 2003.

In addition, the Trust holds funds and investments with a view to the further development of its charitable aims, which include provision for the sick or infirm.

## Financial Review

### Key Performance Indicators (KPIs)

The Trustees review monthly management accounts, a half year forecast and the annual budget, all of which include a set of both financial and operational KPIs. The key KPIs are:

	<b>Actual 12 months to 31 March 2014</b>	<b>Actual 12 months to 31 March 2013</b>
Financial KPIs:	£'000	£'000
Income	99,563	95,085
Surplus	2,577	1,790
Cash flow	11,578	(4,242)

	%	%
Operational KPIs:		
Proportion of homes achieving full compliance with Care Quality Commission (CQC) standards	90%	88%
Occupancy as % of total places	94.6%	93.2%
Homes agency labour cost as % of total homes payroll	2.1%	4.5%

Actual performance in 2013/14 was largely in line with budget on the above financial KPIs. A budget is produced each year and performance is monitored against it on a regular basis. Occupancy is below target as funding pressure on both Local Authorities and self-funded residents, due to the economic downturn, has delayed placement. This has resulted in a small shortfall of actual income against budget. Agency labour in two homes that opened in the year in Gloucestershire was higher than expected and certain Wiltshire homes also suffered an increase in agency costs. Cash flow is higher than expected due to the sale of assets and a lower than budgeted level of capital expenditure. There has been some recovery in occupancy and reduced agency at the start of 2014/15.

## Reserves Policy and Risk Management

The Trustees have considered the need for an appropriate level of reserves in conjunction with the guidance issued by the Charity Commission. In determining a reserves policy, the Trustees have identified core objectives to be met. These are:

- The establishment of adequate reserves (net current assets) to ensure that the Trust has adequate liquidity to meet any short term fluctuations in occupancy levels or exceptional costs outside the scope of the budget; and
- The development of a strong balance sheet and positive cash flow to support the funding of both the improvement of existing properties and the construction or purchase of new ones.

The level of reserves required is determined using comprehensive budgets and cash flow forecasts. Regular updates and monitoring of these documents is carried out to ensure that a surplus is achieved and cash flow is adequate for the needs of the Trust. Levels of property investment are budgeted according to resources available and on-going reserve requirements reviewed.

The Trust normally maintains reserves, represented by net current assets in the balance sheet, in excess of £1.4m to provide for unforeseen financial fluctuations, such figure being calculated in accordance with the policy above. Net current assets at the balance sheet date are £19.1m. The excess of this amount above reserves is expected to be utilised principally to fund the construction or purchase of properties related to the provision of care and care related services.

## Risk Management

The Trustees have identified the risks to which the Trust is exposed and, for each of these, an assessment has been made as to their impact, severity, and probability. Internal controls have been reviewed for effectiveness in mitigating these risks and further controls have been put in place where appropriate as set out in the Trust's procedures manual.

Systems established to manage the level of risk include the following:

- The issue and regular review of a comprehensive risk map.
- The review of major risk related incidents (and steps taken to address these).
- The internal control system is monitored and supported by internal and external audit that are able to provide an independent perspective on the management of risk within the Trust. The Board reviews the regular reports prepared by the internal auditor, which is an independent firm of Chartered Accountants, Beever & Struthers.
- Internal auditors have carried out an internal needs assessment and procedures have been developed to take into account the need to manage risk within the organisation.

The management and control of risk is an on-going process in the Trust. The risk map and risk control procedures are subject to frequent review and amendments issued as new information and situations arise. Responsibility for ensuring that there are appropriate risk management and audit structures in place, and for reviewing those structures, is the responsibility of the Board.

## Principal Risks

The principal risks to which the Trust may be subject, and which are managed via the Risk Map and Risk Control Procedures, are:

- Operational Risks (e.g. changes in the employment market)
- Financial Risks (e.g. short term fluctuations in occupancy or exceptional costs)
- Environmental/External Risks (e.g. demographic changes or public perceptions of the care market)
- Legal and Compliance Risks (e.g. changes in legislation)
- Governance and Management Risks (e.g. shortage of relevant skills)

The Risk Map shows the detailed method by which the major risks are managed. The basic strategies that are applied are:

- Transferring the whole or part of the financial consequences to third parties (e.g. insurance)
- Avoiding the activity giving rise to the risk
- Management or mitigation of risk
- Accepting the level of risk

## Employee Involvement

One of our strengths is the quality of all our employees; it is a key factor in our ability to meet our objectives and commitments to residents and service users in an effective and efficient way. We continue to consult and keep employees informed on matters affecting them, and on the progress of the Trust. We do this in a number of ways including a regular forum for consultation, departmental meetings and a variety of newsletters and intranet pages.

## Disabled Employees

We give full and fair consideration to applications for employment from disabled persons for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, we make every effort to retrain them and/or make reasonable adjustments in order that their employment within the Trust may continue. It is Trust policy to make training, career development and promotion opportunities available to all employees.

## Health, Safety and Welfare at Work

The Trust is committed to ensuring the health, safety and welfare of employees, so far as is reasonably practicable. We also fully accept our responsibilities for other persons who may be affected by our activities. We are committed to taking steps to ensure that our statutory duties are met at all times. We have appointed a specialist senior Health & Safety Manager to lead on the development of policy, procedure and good practice in our care facilities, and each employee is given such information, instruction and training as is necessary to enable the safe performance of work activities.

## Creditor payment policy and practice

It is the policy of the Trust to pay creditors when they fall due for payment. Terms of payment are agreed with suppliers when negotiating each transaction and the policy is to abide by those terms, provided that suppliers also comply with all relevant terms and conditions. The amounts due to trade creditors at 31 March 2014 represented 22 days of average daily purchases through the year (2012/13- 28 days).

## Trustees' Responsibilities Statement

The Trustees (who are also directors of The Orders of St John Care Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that:

- So far as each Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- The Trustees have taken all steps that they ought to have taken as Trustees to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Auditors

Grant Thornton UK LLP having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

This report, incorporating the Strategic Report, was approved by the Trustees on 17 September 2014 and signed on their behalf on 4 November 2014 by:

**Don Wood**

Chairman

4 November 2014

## Independent Auditor's Report to the Members of The Orders of St John Care Trust

We have audited the financial statements of The Orders of St John Care Trust for the year ended 31 March 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective Responsibilities of Trustees and Auditor

As explained more fully in the Trustees' Responsibilities Statement on pages 13 and 14, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

## Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on Other Matter Prescribed by the Companies Act 2006

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

## Matters on Which We are Required to Report by Exception

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

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

### Carol Rudge

Senior Statutory Auditor

For and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants, London

4 November 2014

## Statement of Financial Activities

### For the year ended 31 March 2014

(incorporating an income and expenditure account and a statement of recognised gains and losses)

	Note	2014 £'000	2013 £'000
Incoming resources			
Incoming resources from generated funds			
Donations		5	60
Investment income	5	86	88
Incoming resources from charitable activities	2	99,482	94,937
<b>Total incoming resources</b>		<b>99,573</b>	<b>95,085</b>

Resources expended			
Charitable activities	3	93,433	90,220
Governance costs	8	3,563	3,075
<b>Total resources expended</b>		<b>96,996</b>	<b>93,295</b>

Net income for the year		2,577	1,790
Actuarial losses on defined benefit pension schemes	21	(4,329)	(430)

Net movement in funds		(1,752)	1,360
Reconciliation of fund balances			
Total funds brought forward	18	29,396	28,036
<b>Total funds carried forward</b>	<b>18</b>	<b>27,644</b>	<b>29,396</b>

All operations are continuing.

All recognised gains and losses are included in this statement.

The above surpluses are historic cost surpluses. The above statement reflects the bases of preparation as referred to in Note 1.

All funds are unrestricted.

The notes on pages 20 to 55 form an integral part of these financial statements.

The Income and Expenditure Account for the purposes of the Companies Act 2006 is the items prior to the line "Net income for the year".

## Balance Sheet as at 31 March 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	10	25,316	30,846
Investment in joint venture	12	250	250
		<b>25,566</b>	<b>31,096</b>
Current assets			
Property and land held for sale	13	1,611	2,926
Debtors: due within one year	14	9,941	12,749
Short term deposits	15	9,469	9,596
Cash at bank and in hand		13,202	1,496
		<b>34,223</b>	<b>26,767</b>
Current liabilities			
Creditors: amounts falling due within one year	16	(15,079)	(15,644)
<b>Net current assets</b>		<b>19,144</b>	<b>11,123</b>
<b>Total assets less current liabilities</b>		<b>44,710</b>	<b>42,219</b>
Creditors: amounts falling due after one year	17	(1,736)	(1,842)
<b>Net assets excluding pensions deficit</b>		<b>42,974</b>	<b>40,377</b>
Defined benefit pensions scheme deficit	21	(15,330)	(10,981)
<b>Net assets including pension deficit</b>		<b>27,644</b>	<b>29,396</b>
Funds			
Unrestricted funds	18	42,974	40,377
<b>Unrestricted income funds (excluding pension reserve)</b>		<b>42,974</b>	<b>40,377</b>
Pension reserve	18	(15,330)	(10,981)
<b>Total Funds</b>	<b>18</b>	<b>27,644</b>	<b>29,396</b>

Approved by the Trustees on 17 September 2014 and signed on their behalf on 4 November 2014 by:

**Don Wood, Chairman**

**Richard Fitzalan Howard, Trustee**

The above statement reflects the structure and the basis of preparation referred to in Note 1. The notes on pages 20 to 55 form an integral part of these financial statements.

## Cash Flow Statement

### For the year ended 31 March 2014

	<b>Note</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
Net cash inflow from operating activities	22	8,335	2,675
Returns on investments and servicing of finance	22	(44)	(47)
Capital expenditure and financial investment	22	3,381	(6,783)
Financing	22	(93)	(87)
<b>Increase / (decrease) in cash</b>		<b>11,579</b>	<b>(4,242)</b>

#### Reconciliation of net cash flow to movement in net funds/debt

	<b>Note</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
Increase / (decrease) in cash in the period		11,579	(4,242)
Cash outflow from repayments of debt		93	87
<b>Change in net funds resulting from cash flow</b>		<b>11,672</b>	<b>(4,155)</b>
Net funds at 1 April 2013		9,164	13,319
<b>Net funds at 31 March 2014</b>	<b>22</b>	<b>20,836</b>	<b>9,164</b>

# Notes to the Financial Statements for the 12 months ended 31 March 2014

## 1. Accounting Policies

### **Basis of Preparation of the Financial Statements**

The financial statements have been prepared under the historic cost convention and in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 2006. The principal accounting policies adopted in the preparation of the accounts are set out below, which have remained unchanged from the previous year.

### **Basis of Accounting for Joint Venture**

The Trust has a 50% investment in two joint venture vehicles, the Oxfordshire Care Partnership (OCP) and the Gloucestershire Care Partnership (GCP). Both have the legal form of joint ventures but do not have the substance of joint ventures. In accordance with FRS 9, the investments have been accounted for akin to a Joint Arrangement Non Entity (JANE) and not consolidated into the results of the Trust. Instead, the individual cash flows within OCP and GCP that relate to the Trust have been identified and accounted for within the Statement of Financial Activities as if they were part of the Trust's operations. Any amounts owing to or from OCP and GCP are shown under the respective balance sheet heading of the Trust. As the joint ventures are not consolidated, any investment in joint ventures is recorded at historic cost within the Trust. The accounts do not take into consideration any surplus generated and held within OCP or GCP as there are restrictions and uncertainties on its distribution. Any surplus arising in OCP or GCP will be accounted for on a receipts basis into the Trust.

### **Going Concern**

The Trustees have assessed the charity's future activities and commitments against the working capital in place and access to funds. The Trustees view the level of net current assets as sufficient to ensure future operations are sustainable within a more difficult operating requirement. The charity has the ability to react flexibly to reduce operational expenditure if necessary. The Trustees also consider that the pension deficit does not affect the present operating capacity of the charity or the future viability of the charity.

### **Capitalisation and use of Fixed Assets**

Expenditure incurred on assets to be held on a continuing basis in the Trust's activities is capitalised where appropriate and depreciated. Subsequent expenditure to properties is capitalised where it results in increased quality, reduces operating costs or significantly extends the useful economic life of the asset, and is in excess of £500.

Freehold land is held at cost and is not depreciated. Assets under construction are not depreciated until put into use. Depreciation is provided on all other tangible assets to write off the cost less estimated residual value on a straight-line basis over the useful economic lives of the assets concerned. The following rates apply:

Furniture and equipment	10%, 20% or 25% or remainder of lease, if shorter
Vehicles	25%
Improvements to leasehold property	10% or remainder of lease, if shorter
Freehold properties	7 to 40 years
Improvements to freehold property	10% or over life of building

### **Incoming Resources from Charitable Activities**

Revenue is accounted for on the basis of invoiced charges for residential and related care services, raised in accordance with local authority or residents' personal contracts and recognised over the period in which provided. It includes direct collections from the local housing contributions including housing benefit collected directly from the local authority, together with personal contributions from residents.

### **Expenditure**

Distinction is drawn in the accounts between expenditure directly related to carrying out the objects of the Trust and indirect expenditure associated with the governance and strategic management of the charitable company. The allocation takes into account the staff and related costs of those whose role involves close contact with the residential homes, their staff and the residents.

### **Leasing**

Leases where substantially all of the risks and rewards of ownership are not transferred to the Trust are treated as operating leases. The long leases on the properties at Newcastle, West Sussex, Malmesbury and Coombe End Court in Wiltshire, along with the short leases on the other properties, are all treated as operating leases. Rental payments under operating leases are charged in the accounts on a straight-line basis over the period of the lease.

### **Current Asset Investments**

Current asset investments are investments which are disposable without curtailing or disrupting the operations and are either readily convertible into known amounts of cash or at close to their carrying value. Current asset investments comprise short term deposits of less than one year, excluding cash. Current asset investments are recognised at cost in the accounts.

### **Property and Land Held for Sale**

Property and land held for sale is included in the balance sheet at the lower of cost and net realisable value. Cost consists of direct costs excluding interest.

### **Stock**

All purchases are charged as an expense, and closing stocks are excluded from the balance sheet, as such stock balances are not considered to be material.

### **Pension Costs**

The Trust is an admitted member of a sub-fund of a Local Government Pension Scheme (LGPS) operated by Wiltshire County Council, a sub-fund of an LGPS operated by Oxfordshire County Council and of a sub-fund of an LGPS operated by Gloucestershire County Council, which are all defined benefit schemes.

Defined benefit pension scheme surpluses (to the extent they are recoverable) or deficits are recognised in full on the balance sheet. The movement in the surplus or deficit arising from employee service in the year is charged to resources expended. The expected return on the schemes' assets and the interest during the year on the present value of the scheme liabilities arising from the passage of time are recognised in other finance costs. Actuarial gains and losses are recognised as a movement in funds. Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are spread over the remaining service lives of the active members of the schemes.

The Trust also operates a number of defined contribution pension schemes. The contributions in respect of these schemes are charged to the Statement of Financial Activities in the period to which they relate.

### **Provisions**

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of past events. It is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

## 2. Incoming Resources

## 3. Charitable Activities

### Incoming resources from charitable activities – care contracts

The Trust has both block and spot placement contracts with Local Authorities and direct individual contracts with those residents whose financial resources exceed the level for financial assistance. In all counties, day care and other forms of care services are provided under contract from the respective Local Authority or with private individuals.

	<b>2014 £'000</b>	<b>2013 £'000</b>
Homes		
Payroll costs	68,625	66,948
FRS 17 adjustments for pension contributions paid in excess of current service cost	(94)	(161)
Premises costs	10,997	10,020
Other staff costs	1,555	1,350
Health and hygiene costs	2,156	2,161
Catering costs	4,104	3,919
Care activity	282	236
Office and administration	5,098	4,905
Travel and subsistence	548	524
Interest payable and other finance costs	153	296
Loss on disposal of assets	9	21
<b>Total direct charitable expenditure</b>	<b>93,433</b>	<b>90,220</b>

## 4. Net Income For The Year

Net income is arrived at after charging the following:

	<b>2014 £'000</b>	<b>2013 £'000</b>
Depreciation	3,540	2,948
Accelerated depreciation	-	214
Fees payable to the Trust's auditor:		
Audit of the financial statements	66	71
Taxation and other services	53	26
Fees payable to the Trust's internal auditor:		
Internal audit fees	74	74
Fees payable to actuaries	2	2
Operating lease payments: plant and machinery	83	117
Operating lease payments: vehicles	164	172
Operating lease payments: land and buildings	2,257	1,225
Loss on disposal of assets	9	21

## 5. Investment Income

	<b>2014 £'000</b>	<b>2013 £'000</b>
Interest from short term bank deposits	86	88
FRS17 pension finance income	-	-
	<b>86</b>	<b>88</b>

## 6. Interest Payable And Other Finance Costs

	<b>2014 £'000</b>	<b>2013 £'000</b>
Interest payable on bank loan	123	135
FRS17 pension finance costs	114	161
	<b>237</b>	<b>296</b>

The above interest payable represents accrued loan interest on a bank loan taken out to purchase the freeholds of seven Lincolnshire homes.

## 7. Staff Costs

Staff costs for the period were as follows:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Direct charitable</b>		
Wages and salaries	63,288	62,004
Social security costs	3,840	3,763
Other pension costs	1,496	1,181
	<b>68,624</b>	<b>66,948</b>

<b>Governance staff costs</b>		
Wages and salaries	1,978	1,869
Social security costs	221	203
Other pension costs	94	106
	<b>2,293</b>	<b>2,178</b>

<b>Total staff costs</b>	<b>70,917</b>	<b>69,126</b>
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The average number of contracted full time equivalent employees employed by the Trust in connection with the homes is as follows:

	<b>2014</b>	<b>2013</b>
Wiltshire	855	856
Oxfordshire	838	882
Lincolnshire	480	515
Gloucestershire	1,020	966
<b>Total</b>	<b>3,193</b>	<b>3,219</b>

No employee engaged at the homes earned more than £60,000 p.a. (2012/13 – none).

The number of staff employed by the Trust at the Support Centre and the Operations Centre at the end of the period (including part-time) was 107 (2012/13 – 56).

The average total number of staff (full time and part time) employed by the Trust was 4,952 (2012/13 – 4,851).

Remuneration in excess of £60,000 p.a. was in the following annual equivalent bands:

	<b>2014</b>	<b>2013</b>
<b>Trust</b>	<b>No.</b>	<b>No.</b>
£60,000 - £70,000	11	13
£70,000 - £80,000	-	1
£90,000 - £100,000	1	3
£100,000 - £110,000	1	1
£110,000 - £120,000	1	1
£140,000 - £150,000	-	1
£160,000 - £170,000	1	-

Emoluments for this purpose include gross salary and benefits in kind. 14 of the employees above are accruing retirement benefits (2012/13 – 17). Money purchase pension contributions in the period in respect of these employees amounted to £55,974 (2012/13 – £99,706).

## 8. Governance Costs

Governance costs for the period were as follows:

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
Management and administration	514	458
Finance	1,247	267
IT & systems	293	344
Operations	791	306
Property	386	1,146
Training and HR	332	554
<b>Total governance costs</b>	<b>3,563</b>	<b>3,075</b>

Following approval from the Charity Commission on 28 November 2005, the Trust's Articles of Association were amended to provide authorisation for the remuneration of the Chairman. Remuneration of £21,726 has been paid to Mr Peter Loyd, former Chairman, (2012/13 – £36,885) and remuneration of £6,250 has been paid to Mr Don Wood, Chairman. No other Trustees were paid any remuneration. Trustees' travel expenses of £15,814 have been reimbursed (2012/13 – £15,529). Seven Trustees have had travel expenses reimbursed during the period (2012/13 – 10 Trustees).

## 9. Taxation

The Trust is a registered charity and is therefore exempt from corporation tax under Section 505 of the Taxes Act 1988.

## 10. Fixed Assets

Governance costs for the period were as follows:

	<b>Freehold Land and Buildings</b>	<b>Assets in Course of Construction</b>	<b>Leasehold Property</b>	<b>Furniture and Equipment</b>	<b>Vehicles</b>	<b>Total</b>
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 April 2013	14,867	8,591	18,503	14,047	75	56,083
Additions	1,311	7	3,746	1,726	-	6,790
Disposals	(369)	(8,439)	(8)	(40)	-	(8,856)
Transfer	(961)	1,063	-	-	-	102
<b>At 31 March 2014</b>	<b>14,848</b>	<b>1,222</b>	<b>22,241</b>	<b>15,733</b>	<b>75</b>	<b>54,119</b>

<b>Depreciation</b>						
At 1 April 2013	4,609	-	11,195	9,368	65	25,237
Depreciation charge	747	-	1,466	1,317	10	3,540
Disposals	(369)	-	(4)	(30)	-	(403)
Transfer	369	-	4	56	-	429
<b>At 31 March 2014</b>	<b>5,356</b>	<b>-</b>	<b>12,661</b>	<b>10,711</b>	<b>75</b>	<b>28,803</b>

<b>Net Book Value</b>						
At 1 April 2013	10,258	8,591	7,308	4,679	10	30,846
<b>At 31 March 2014</b>	<b>9,492</b>	<b>1,222</b>	<b>9,580</b>	<b>5,022</b>	<b>-</b>	<b>25,316</b>

Asset disposals include £7.7m relating to the sale of a care home at Windsor Street, Cheltenham. The value of freehold land within freehold land and buildings is £3.4m

## 11. Leased Assets

The Trust holds short, renewable leases of 25 years to 30 March 2024 of 18 residential homes in Wiltshire at a rent of £480,728 per year.

The leases for the Oxfordshire homes are held by OCP and are not recharged to the Trust, and for the Gloucestershire homes are held by GCP and are not recharged to the Trust. The exception to this is Windsor Street, Cheltenham, which was sold to Bedfordshire Pilgrims Housing Association (bhpa) on 16 January 2014 and is now leased back to the Trust at a rent of £537,581 per annum.

The Trust holds a long lease of 99 years to 23 June 2092 of a sheltered housing scheme for aged persons in need in Newcastle-upon-Tyne at a rent of £5,000 per year. The Trust took over responsibility of a 99 year lease to 25 March 2076 on St Wilfrid's Arundel Priory, Arundel, which it operates as a care home and sheltered housing scheme, at a rent of £200 per year.

The Trust took over responsibility of a 125 year lease to 24 June 2129 on the premises at Coombe End Court, Marlborough, at a rent of £53,894 per year. The Trust took over responsibility of a 40 year lease from 1 November 2011 on the premises at Athelstan House, Malmesbury, at a rent of £542,256 per year.

The Trust took over responsibility of a 40 year lease to 1 January 2054 on the premises of Apple Trees, Grantham, at a rent of £364,994.

The Trust has taken over a 10 year lease on an office in Witney, the Trust Operations Centre, at a rent of £71,947 per year and a 15 year lease on the Trust Support Centre, part of Wellingore Hall near Lincoln, at a rent of £67,791 per year. In addition, the Trust holds a 15 year lease on the Wiltshire Regional Office, Monckton House at Trowbridge. The rent has recently been renegotiated to £50,640 per year.

The net book value of long leasehold property with a remaining life of over 50 years, included in leasehold property above, is £1,775,069.

## 12. Investment in Joint Venture

	<b>£'000</b>
As at 1 April 2013	250
Repayment of loan capital	-
<b>As at 31 March 2014</b>	<b>250</b>

The investment in joint venture represents the Trust's £250,000 injection of loan capital into GCP.

GCP has the form but not the substance of a joint venture, and was established specifically for the transfer of the running of care homes from Gloucestershire County Council. The Trust undertakes the day to day running of the homes and the other joint venture party is responsible for major repairs and new build activities within each contract.

The investment is held at historic cost and no impairment to its value is required at 31 March 2014 as the Trust's share of net assets is in excess of its cost of investment. The accounting treatment of this investment is stated in Note 1

## 13. Property and Land Held For Sale

	<b>2014 £'000</b>	<b>2013 £'000</b>
Freehold property and land	1,611	2,926
<b>Total</b>	<b>1,611</b>	<b>2,926</b>

The Trust owns a piece of land at Semington, Wiltshire (£1.2m). This is expected to be sold to a partner organisation and used for the construction of new, purpose built care home which would be operated by the Trust. In addition, an amount of £0.3m has been transferred from Fixed Assets following the closure of Chandos House, Grantham. The site is due to be cleared and sold for alternative use.

## 14. Debtors: Amounts Due Within One Year

The amounts due from residents or their representatives, including provision in full for amounts contingent upon the sale of their former properties, and otherwise accrued is as follows:

	<b>2014 £'000</b>	<b>2013 £'000</b>
Resident and services contributions	7,874	9,609
Less: provision for doubtful debts	(704)	(682)
	<b>7,170</b>	<b>8,927</b>

Other debtors and accrued income	2,034	3,226
Prepayments	737	596
<b>Total</b>	<b>9,941</b>	<b>12,749</b>

## 15. Short Term Deposits

Balances held on the period end were as follows:

	<b>2014 £'000</b>	<b>2013 £'000</b>
RBS deposit fund	7,189	7,126
COIF deposit fund	2,280	2,470
<b>Total</b>	<b>9,469</b>	<b>9,596</b>

## 16. Creditors: Amounts Falling Due Within One Year

	<b>2014 £'000</b>	<b>2013 £'000</b>
Bank loans	99	86
Trade creditors	1,718	2,268
Tax and social security costs	1,203	1,658
Accruals	10,277	9,871
Deferred income	1,782	1,761
<b>Total</b>	<b>15,079</b>	<b>15,644</b>

## 17. Creditors: Amounts Falling Due After One Year

	<b>2014 £'000</b>	<b>2013 £'000</b>
Bank Loan	1,736	1,842
<b>Total</b>	<b>1,736</b>	<b>1,842</b>

<b>Bank Loan Analysis</b>		
	<b>2014 £'000</b>	<b>2013 £'000</b>
Instalments due:		
1 to 2 years	106	93
2 to 5 years	366	318
After 5 years	1,264	1,431
<b>Total</b>	<b>1,736</b>	<b>1,842</b>

The loan has been used to acquire the freeholds of seven Lincolnshire homes. The loan is secured on the seven homes and bears a fixed interest rate of 6.89%. Repayments are being made by the Trust in 100 instalments, payable over 25 years, which commenced on 1 July 2001.

## 18. Reconciliation of Funds

Reconciliation of changes and recognised gains and losses for the period:

	<b>Unrestricted £'000</b>	<b>2013 £'000</b>	<b>TOTAL £'000</b>
As at 1 April 2013	40,377	(10,981)	29,396
Net income for the year	2,597	(20)	2,577
Actuarial loss on defined benefit pension schemes	-	(4,329)	(4,329)
<b>As at 31 March 2014</b>	<b>42,974</b>	<b>(15,330)</b>	<b>27,644</b>

## 19. Operating Lease Commitments

As at 31 March 2014, the Trust had minimum annual rental commitments for land and buildings under non-cancellable operating leases as follows:

	<b>2014 £'000</b>	<b>2013 £'000</b>
Expiring after five years	2,185	1,311
	<b>2,185</b>	<b>1,311</b>

As at 31 March 2014, the Trust had annual rental commitments for cars as follows:

	<b>2014 £'000</b>	<b>2013 £'000</b>
Expiring within 1 year	12	20
Expiring within 1 - 2 years	11	22
Expiring within 2 - 5 years	96	36
	<b>119</b>	<b>78</b>

As at 31 March 2014, the Trust had annual rental commitments for plant and machinery as follows:

	<b>2014 £'000</b>	<b>2013 £'000</b>
Expiring within 1 year	–	–
Expiring within 2 - 5 years	117	117
	<b>117</b>	<b>117</b>

## 20. Capital Commitments

At 31 March 2014, approvals and commitments remaining to major maintenance projects were as follows:

	<b>2014 £'000</b>	<b>2013 £'000</b>
Approved	–	–
<b>Committed</b>	<b>1,230</b>	<b>867</b>

Approved projects are projects authorised, but not yet contracted. Committed projects represent works that are approved and contracted, but not yet invoiced.

## 21. Pension schemes

The Trust contributes to several pension schemes.

A number of these are defined contribution pension schemes on a money purchase basis at fixed rates. Consequently, the Trust has no contingent liability in respect of these schemes.

Three of these schemes are defined benefit schemes. The Trust is an admitted member of sub-funds of the Local Government Pension Schemes (LGPS) operated by Wiltshire Council, Oxfordshire County Council and Gloucestershire County Council. Contributions are set by the independent qualified Actuary appointed by the Councils, on the basis of triennial valuations using the "Projected Unit Method" of valuation. The last valuation for all the schemes was dated 31 March 2013.

The Trust holds group life policies for the benefit of employees and their dependants, the cost of which is borne by the Trust alone.

### Pension costs charged to the Statement of Financial Activities during the period:

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
LGPS – Continuing staff	843	800
Contributions to other schemes	653	487
<b>Total costs</b>	<b>1,496</b>	<b>1,287</b>

These amounts are charged to charitable activities and governance costs in the Statement of Financial Activities.

### Balance Sheet Summary:

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
Pension Fund Liability as of 1 April	(10,981)	(10,551)
Current service cost less contributions	94	161
Other finance cost	(114)	(161)
Actuarial loss	(4,329)	(430)
<b>Pension Fund Liability as at 31 March</b>	<b>(15,330)</b>	<b>(10,981)</b>

## Financial Reporting Standard 17 disclosures

### The Oxfordshire LGPS Scheme

Summary of key actuarial assumption within the Oxfordshire LGPS  
(The Orders of St John Care Trust share of fund)

A full actuarial valuation of the scheme was carried out as at 31 March 2013 and updated to 31 March 2014 by a qualified independent Actuary, appointed by the Oxfordshire LGPS pension scheme. The major assumptions used by the Actuary were as follows:

Financial Assumptions	2014 % p.a.	2013 % p.a.
Inflation (CPI)/pension increase rate	2.7%	2.5%
Salary increase rate	4.5%	4.3%
Expected return on assets	6.2%	5.3%
Discount rate	4.4%	4.2%

The expected return on assets is based on the long term future expected investment return for each asset class at the beginning of the period. The return on gilt yields and corporate bond yields (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

<b>Mortality</b>	<b>2014</b>	<b>2013</b>
<b>Males</b>		
Base table (in 2013)	<b>S1PA with allowance for MC improvement factors to 2014</b>	<b>S1PA with allowance for MC improvement factors to 2013</b>
Scaling to above base table rates	95%	95%
Cohort improvement factors (from 2013)	80% of LC	80% of LC
Minimum underpin to improvement factors	1.5%	1.5%
Retiring today	23.2	19.2
Retiring in 20 years	25.4	21.1

<b>Mortality</b>	<b>2014</b>	<b>2013</b>
<b>Females</b>		
Base table (in 2013)	<b>S1PA with allowance for MC improvement factors to 2014</b>	<b>S1PA with allowance for MC improvement factors to 2013</b>
Scaling to above base table rates	95%	95%
Cohort improvement factors (from 2013)	60% of LC	60% of LC
Minimum underpin to improvement factors	1.5%	1.5%
Retiring today	25.5	23.2
Retiring in 20 years	27.9	25.1

### Balance Sheet disclosures as at 31 March 2014

Fair Value of the major categories of plan assets as a % of total plan assets	2014	2013
Equities	68	69
Gilts and other bonds	16	16
Property	5	6
Cash and other	5	4
Alternative assets	6	5
<b>Total</b>	<b>100</b>	<b>100</b>

Balance Sheet	2014 £'000	2013 £'000
Fair value of employer assets	17,644	21,934
Present value of funded liabilities	(26,437)	(26,870)
<b>Net underfunding in funded plans</b>	<b>(8,793)</b>	<b>(4,936)</b>

Present value of unfunded liabilities	(18)	(17)
<b>Net liability</b>	<b>(8,811)</b>	<b>(4,953)</b>

Amount in the Balance Sheet		
Liabilities	(8,811)	(4,953)
Assets	-	-
<b>Net liability</b>	<b>(8,811)</b>	<b>(4,953)</b>

### Revenue Account Costs for the Year to 31 March 2014

Recognition in the Statement of Financial Activities	2014 £'000	2013 £'000
Current service cost	382	403
Interest cost	1,114	1,096
Expected return on employer assets	(1,152)	(1,049)
<b>Total</b>	<b>344</b>	<b>450</b>

These amounts are charged to charitable activities and governance costs in the Statement of Financial Activities. The actual return on plan assets was a profit of £1,102,000 (2013 – profit of £3,868,000). An estimate of the employer's contribution for the year ended 31 March 2015 will be approximately £277,000.

**Reconciliation of defined benefit obligation:**

	<b>2014 £'000</b>	<b>2013 £'000</b>
Opening defined benefit obligation	26,887	24,190
Current service cost	382	403
Interest cost	1,114	1,096
Contributions by members	90	105
Actuarial (losses)/gains	(1,170)	1,943
Estimated unfunded benefits paid	(1)	(1)
Estimated benefits paid	(847)	(849)
<b>Closing defined benefit obligation</b>	<b>26,455</b>	<b>26,887</b>

**Reconciliation of fair value of employer assets:**

	<b>2014 £'000</b>	<b>2013 £'000</b>
Opening fair value of employer assets	21,934	18,491
Expected return on assets	1,152	1,049
Contributions by members	90	105
Contributions by the employer	274	321
Actuarial (losses)/gains	(4,957)	2,818
Benefits paid	(849)	(850)
<b>Closing fair value of employer assets</b>	<b>17,644</b>	<b>21,934</b>

### Amounts for the current and previous accounting periods

	<b>2014 £'000</b>	<b>2013 £'000</b>	<b>2012 £'000</b>	<b>2011 £'000</b>	<b>2010 £'000</b>
Fair value of employer assets	17,644	21,934	18,491	18,671	17,297
Present value of defined benefit obligation	(26,455)	(26,887)	(24,190)	(20,385)	(26,863)
Deficit	(8,811)	(4,953)	(5,699)	(1,714)	(9,566)
Experience (losses)/gains on assets	(4,957)	2,818	(1,043)	274	(3,853)
Experience gains/(losses) on liabilities	2,086	-	(1)	2,572	(20)

### Amount Recognised in other recognised gains and losses on the Statement of Financial Activities

	<b>2014 £'000</b>	<b>2013 £'000</b>	<b>2012 £'000</b>	<b>2011 £'000</b>	<b>2010 £'000</b>
Actuarial (losses)/gains	(3,787)	875	(4,137)	5,814	(2,683)
Cumulative actuarial (losses)/gains	(8,526)	(4,739)	(5,614)	(413)	(6,227)

## Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the Scheme liabilities are set out below:

	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	26,038	26,455	26,879
Projected service cost	378	385	393

	<b>+1 Year</b>	<b>None</b>	<b>-1 Year</b>
Adjustment to mortality age rating assumption			
Present value of total obligation	25,537	26,455	27,381
Projected service cost	372	385	398

## The Wiltshire LGPS Scheme

### Summary of key actuarial assumptions within the Wiltshire LGPS (The Orders of St John Care Trust share of fund)

A full actuarial valuation of the scheme was carried out as at 31 March 2013 and updated to 31 March 2014 by a qualified independent Actuary, appointed by the Wiltshire LGPS pension scheme. The major assumptions used by the Actuary were as follows:

#### Financial Assumptions

	<b>2014 % p.a.</b>	<b>2013 % p.a.</b>
Inflation (CPI)/pension increase rate	2.6%	2.8%
Salary increase rate	4.4%	5.1%
Expected return on assets	6.0%	5.1%
Discount rate	4.1%	4.5%

The expected return on assets is based on the long term future expected investment return for each asset class at the beginning of the period.

Breakdown of the expected return on assets by category:

	<b>2014 % p.a.</b>	<b>2013 % p.a.</b>
Equities	6.7%	5.7%
Bonds	4.1%	3.7%
Property	4.8%	3.9%
Cash	3.7%	3.0%

### Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25%. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	<b>Males</b>	<b>Females</b>
Current pensioners	22.3 years	24.5 years
Future pensioners	24.1 years	26.9 years

## Historic Mortality

Life expectancy for all of the below year ends is based on the PFA92 and PMA92 tables. The allowance for future life expectancy is in the following table:

Year End	Prospective Pensioners	Pensioners
31 March 2013	Year of birth, medium cohort and 1% pa minimum improvements from 2010	Year of birth, medium cohort & 1% pa minimum improvements from 2010
31 March 2012	Year of birth, medium cohort & 1% p.a. minimum improvements from 2010	Year of birth, medium cohort & 1% p.a. minimum improvements from 2010
31 March 2011	Year of birth, medium cohort & 1% p.a. minimum improvements from 2010	Year of birth, medium cohort & 1% p.a. minimum improvements from 2010
31 March 2010	Year of birth, medium cohort & 1% p.a. minimum improvements from 2007	Year of birth, medium cohort & 1% p.a. minimum improvements from 2007

Age ratings are applied to the above tables based on membership profile.

## Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post April 2008 service.

## Balance Sheet disclosures as at 31 March 2014

Fair Value of the major categories of plan assets as a % of total plan assets

	<b>2014 %</b>	<b>2013 %</b>
Equities	72	72
Bonds	15	15
Property	10	10
Cash and other	3	3
<b>Total</b>	<b>100</b>	<b>100</b>

## Balance Sheet

	<b>2014 £'000</b>	<b>2013 £'000</b>
Fair value of employer assets	12,894	11,709
Present value of funded liabilities	(18,507)	(17,062)
<b>Net Liability</b>	<b>(5,613)</b>	<b>(5,353)</b>

<b>Amount in the Balance Sheet</b>		
Liabilities	(5,613)	(5,353)
Assets	-	-
<b>Net Liability</b>	<b>(5,613)</b>	<b>(5,353)</b>

## Revenue account costs for the year to 31 March 2014

Recognition in the Statement of Financial Activities

	<b>2014 £'000</b>	<b>2013 £'000</b>
Current service cost	214	221
Interest cost	761	709
Expected return on employer assets	(595)	(579)
Past service gain	-	14
<b>Total</b>	<b>380</b>	<b>365</b>

These amounts are charged to charitable activities and governance costs in the Statement of Financial Activities.

The actual return on plan assets was a gain of £1,243,000 (2013 – gain of £1,373,000).

An estimate of the employer's contribution for the year ended 31 March 2014 will be approximately £745,000.

Reconciliation of defined benefit obligation:

	<b>2014 £'000</b>	<b>2013 £'000</b>
Opening defined benefit obligation	17,062	14,883
Current service cost	214	221
Interest cost	761	709
Contributions by members	47	61
Actuarial losses	966	1683
Past service costs	-	14
Estimated benefits paid	(543)	(509)
<b>Closing defined benefit obligation</b>	<b>18,507</b>	<b>17,062</b>

## Reconciliation of fair value of employer assets:

	<b>2014 £'000</b>	<b>2013 £'000</b>
Opening fair value of employer assets	11,709	10,527
Expected return on assets	595	579
Contributions by members	47	61
Contributions by the employer	431	468
Actuarial gains	655	583
Benefits paid	(543)	(509)
<b>Closing fair value of employer assets</b>	<b>12,894</b>	<b>11,709</b>

## Amounts for the current and previous accounting periods

	<b>2014 £'000</b>	<b>2013 £'000</b>	<b>2012 £'000</b>	<b>2011 £'000</b>	<b>2010 £'000</b>
Fair value of employer assets	12,894	11,709	10,527	10,300	9,352
Present value of defined benefit obligation	(18,507)	(17,062)	(14,883)	(13,748)	(17,886)
Deficit	(5,613)	(5,353)	(4,356)	(3,448)	(8,534)
Experience gains/(losses) on assets	655	583	(414)	261	(1,756)
Experience (losses)/gains on liabilities	(143)	28	(217)	1,490	-

## Amount Recognised in other recognised gains and losses on the Statement of Financial Activities (SOFA)

	<b>2014 £'000</b>	<b>2013 £'000</b>	<b>2012 £'000</b>	<b>2011 £'000</b>	<b>2010 £'000</b>
Actuarial losses	(311)	(1,100)	(1,073)	(3,856)	(4,261)
Cumulative actuarial losses	(5,006)	(4,695)	(3,595)	(2,522)	(6,108)

## Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<b>Change in assumptions at year ended 31 March 2014:</b>	<b>Approximate % increase to Employer Liability</b>	<b>Approximate monetary amount £'000</b>
0.5% decrease in real discount rate	8%	1,551
1 year increase in member life expectancy	3%	555
0.5% increase in the salary increase rate	2%	370
0.5% increase in the pension increase rate	6%	1,167

## The Gloucestershire LGPS Scheme

Summary of key actuarial assumption within the Gloucestershire LGPS (The Orders of St John Care Trust share of fund)

A full actuarial valuation of the scheme was carried out as at 31 March 2013 and updated to 31 March 2014 by a qualified independent Actuary, appointed by the Gloucestershire LGPS pension scheme. The major assumptions used by the Actuary were as follows:

### Financial Assumptions

	<b>2014 % p.a.</b>	<b>2013 % p.a.</b>
Inflation (CPI)/pension increase rate	2.6%	2.8%
Salary increase rate	3.9%	4.6%
Expected return on assets	5.9%	5.2%
Discount rate	4.1%	4.5%

The expected return on assets is based on the long term future expected investment return for each asset class at the beginning of the period.

Breakdown of the expected return on assets by category:

	<b>2014 % p.a.</b>	<b>2013 % p.a.</b>
Equities	6.6%	5.7%
Bonds	3.8%	3.4%
Property	4.8%	3.9%
Cash	3.7%	3.0%

### **Mortality**

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	<b>Males</b>	<b>Females</b>
Current pensioners	22.5 years	24.6 years
Future pensioners	24.4 years	27.0 years

## Historic Mortality

Life expectancy for all of the below year ends is based on the Fund's VitaCurves. The allowance for future life expectancy is in the following table:

Year End	Prospective Pensioners	Pensioners
31 March 2013	Year of birth, medium cohort & 1% p.a. minimum improvements from 2010	Year of birth, medium cohort & 1% p.a. minimum improvements from 2010
31 March 2012	Year of birth, medium cohort & 1% p.a. minimum improvements from 2010	Year of birth, medium cohort & 1% p.a. minimum improvements from 2010
31 March 2011	Year of birth, medium cohort & 1% p.a. minimum improvements from 2010	Year of birth, medium cohort & 1% p.a. minimum improvements from 2010
31 March 2010	Year of birth, medium cohort & 1% p.a. minimum improvements from 2007	Year of birth, medium cohort & 1% p.a. minimum improvements from 2007

Age ratings are applied to the above tables based on membership profile.

## Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post April 2008 service

## Balance sheet disclosures as at 31 March 2014

Fair Value of the major categories of plan assets as a % of total plan assets

	<b>2014</b> <b>%</b>	<b>2013</b> <b>%</b>
Equities	72	75
Bonds	20	17
Property	6	6
Cash	2	2
<b>Total</b>	<b>100</b>	<b>100</b>

## Balance Sheet

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
Fair value of employer assets	6,761	6,430
Present value of funded liabilities	(7,668)	(7,105)
<b>Net liability</b>	<b>(907)</b>	<b>(675)</b>

<b>Amount in the Balance Sheet</b>		
Liabilities	(907)	(675)
Assets	-	-
<b>Net liability</b>	<b>(907)</b>	<b>(675)</b>

## Revenue account costs for the year to 31 March 2014

Recognition in the Statement of Financial Activities

	<b>2014 £'000</b>	<b>2013 £'000</b>
Current service cost	153	176
Interest cost	317	292
Expected return on employer assets	(331)	(308)
Past service gain	-	14
<b>Total</b>	<b>139</b>	<b>174</b>

These amounts are charged to charitable activities and governance costs in the Statement of Financial Activities.

The actual return on plan assets was a gain of £537,000 (2013- gain of £806,000).

An estimate of the employer's contribution for the year ended 31 March 2014 will be approximately £257,000.

## Reconciliation of defined benefit obligation

	<b>2014 £'000</b>	<b>2013 £'000</b>
Opening defined benefit obligation	7,105	6,060
Current service cost	153	176
Interest cost	317	292
Contributions by members	34	48
Actuarial losses	350	703
Past service costs	-	14
Estimated benefits paid	(291)	(188)
<b>Closing defined benefit obligation</b>	<b>7,668</b>	<b>7,105</b>

## Reconciliation of fair value of employer assets

	<b>2014 £'000</b>	<b>2013 £'000</b>
Opening fair value of employer assets	6,430	5,564
Expected return on assets	331	308
Contributions by members	34	48
Contributions by the employer	138	200
Actuarial gains	119	498
Benefits paid	(291)	(188)
<b>Closing fair value of employer assets</b>	<b>6,761</b>	<b>6,430</b>

Amounts for the current and previous accounting periods:

	<b>2014 £'000</b>	<b>2013 £'000</b>	<b>2012 £'000</b>	<b>2011 £'000</b>	<b>2010 £'000</b>
Fair value of employer assets	6,761	6,430	5,564	5,364	5,133
Present value of defined benefit obligation	(7,668)	(7,105)	(6,060)	(5,636)	(7,644)
Deficit	(907)	(675)	(496)	(272)	(2511)
Experience gains/(losses) on assets	119	498	(194)	(209)	(1,235)
Experience gains/(losses) on liabilities	40	6	(43)	971	-

Amount Recognised in other recognised gains and losses on the Statement of Financial Activities (SOFA)

	<b>2014 £'000</b>	<b>2013 £'000</b>	<b>2012 £'000</b>	<b>2011 £'000</b>	<b>2010 £'000</b>
Actuarial losses	(231)	(205)	(282)	1,664	(1,415)
Cumulative actuarial losses	(1,136)	(905)	(700)	(418)	(2,082)

## Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<b>Change in assumptions at year ended 31 March 2014:</b>	<b>Approximate % increase to Employer Liability</b>	<b>Approximate monetary amount £'000</b>
0.5% Decrease in real discount rate	8%	639
1 Year increase in member life expectancy	3%	230
0.5% Increase in the salary increase rate	2%	124
0.5% Increase in the pension increase rate	7%	512

## 22. Notes to Cashflow Statement

<b>Net cash inflow/(outflow) from operating activities</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
Net income for the year	2,577	1,790
Depreciation charges	3,540	2,948
Accelerated depreciation	-	214
Deficit on disposal of fixed assets	9	21
FRS 17 pension (income)/cost	20	-
Change in debtors	2,808	(2,748)
Change in creditors	(663)	403
Interest received	(86)	(88)
Interest paid	130	135
	<b>8,335</b>	<b>2,675</b>

## Returns on investments

Interest received	86	88
Interest paid	(130)	(135)
	<b>(44)</b>	<b>(47)</b>

### Capital expenditure and financial investment

Leasehold improvements	(3,745)	(1,845)
Purchase of other fixed assets	(3,045)	(6,046)
Disposal of other fixed assets	8,856	78
Disposal of land held for sale	1,315	1,030
	<b>3,381</b>	<b>(6,783)</b>

### Financing

<b>Repayment of amounts borrowed</b>	(93)	(87)
	<b>(93)</b>	<b>(87)</b>

### Analysis of net funds

	<b>As at 1 April 2014 £'000</b>	<b>Cash Flow</b>	<b>As at 31 March 2014</b>
Cash at bank, in hand	1,496	11,706	13,202
Short term deposits	9,596	(127)	9,469
	<b>11,092</b>	<b>11,579</b>	<b>22,671</b>
Debt due within 1 year	(86)	(13)	(99)
Debt due after 1 year	(1,842)	106	(1,736)
	<b>(1,928)</b>	<b>93</b>	<b>(1,835)</b>
<b>Net funds</b>	<b>9,164</b>	<b>11,672</b>	<b>20,836</b>

## 23. Related parties

On 20 December 2001, the Trust entered into a joint venture agreement, The Oxfordshire Care Partnership, in which the Trust holds a 50% interest. The other party in the joint venture is bpha, which holds the remaining 50% interest. The joint venture is managed through a Board of Management on which both parties are equally represented.

On 1 May 2005, the Trust entered into a joint venture agreement, The Gloucestershire Care Partnership, in which the Trust holds a 50% interest. The other party in the joint venture is bpha, which holds the remaining 50% interest. The joint venture is managed through a Board of Management on which both parties are equally represented

The OCP and GCP principal activities are the provision of care to elderly people though the provision of Care Homes and to provide housing, accommodation and assistance to help people who are elderly or disabled and associated facilities and amenities for such people.

Both OCP and GCP have the legal form of joint ventures but do not have the substance of joint ventures. The accounting treatment is outlined in notes 1 and 12.

### Related party transactions

The income and expenditure account includes the following transactions between the Trust and OCP:

<b>Income</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
Incoming resources from charitable activities	12,212	13,159
Other income	396	397
	<b>12,608</b>	<b>13,556</b>

**The amounts due to or from OCP at the year end are:**

Payable: Accruals	683	155
	<b>683</b>	<b>155</b>

Receivable: Other debtors	33	-
	<b>33</b>	<b>-</b>

Income: Incoming resources from charitable activities	27,542	25,963
	<b>27,542</b>	<b>25,963</b>

**The amounts due to or from GCP at the year end are:**

Payable: Accruals	469	43
	<b>469</b>	<b>43</b>

Receivable		
Short term loan (Note 12)	250	250
Other debtors	100	92
Contractual payments due from GCP	259	339
	<b>609</b>	<b>681</b>

## Report of the Trustees: Reference and Administrative Details

### Trustees / Directors

**Don Wood** CBE (Chairman – appointed 1 November 2013)  
**Peter Loyd** (retired 1 November 2013)  
**Richard Fitzalan Howard** (President of BASMOM from February 2014)  
**Antony Chambers** (retired January 2014)  
**The Earl Ferrers**  
**Brian Goodson** CB, OBE, KStJ  
**Mrs Jill Hughes**  
**Sir Nicholas Mander**, Bt  
**Dr Ralph Stephenson**, TD, CStJ, MBBS, MRCS  
**Neil Weir**, MD, MA, FRCS  
**Mrs Millie Wentworth-Stanley**, MA, LLM

### Chief Executive's Committee

**Andrew Cheesbrough** – Chief Executive  
**Dan Hayes** – Operations Director  
**Peter Thomas** – Finance & IT Director (appointed 30 September 2013)  
**Richard Hawes** – Care Director (appointed 27 January 2014)  
**Sara Livadeas** – Strategy Director (appointed 9 June 2014)  
**Sara Wright** – HR Director (appointed 1 September 2014)  
**Simon Taylor** – Finance & IT Director (resigned 1 November 2013)  
**Richard Durance** – HR & Training Director (resigned 31 March 2014)  
**Mary Horner** – Head of Care Quality (retired 6 May 2014)  
**Jacqueline Lindre** - Development Director (resigned 26 June 2014)

### Company Secretary

**Temple Secretarial Limited** Withers LLP, 16 Old Bailey, London, EC4M 7EG

### Solicitors

**Withers LLP** 16 Old Bailey, London, EC4M 7EG

### Auditors

**Grant Thornton UK LLP** Melton Street, Euston Square, London, NW1 2EP

### Internal Auditors

**Beever & Struthers** 15 Bunhill Road, London, EC1Y 8LP

### Registered Office

**Wellingore Hall** Wellingore, Lincoln, LN5 0HX

### Bankers

**Barclays Bank PLC** One Snow Hill, Birmingham, B3 2WN





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Registered Charity No. 1048355

Registered Company No: 3073089

Company limited by Guarantee  
Registered in England & Wales

