

**HEATHERCOMBE BRAKE TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**HEATHERCOMBE BRAKE TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

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**HEATHERCOMBE BRAKE TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**Trustees** Jonathan P Bishop, Chairman  
Matthew B Liddle  
Ruth Lane, Secretary  
Ian Rees  
James Murray  
James West (appointed 27 February 2016)  
Matthew Pitts (appointed 17 April 2016)  
Philip Lawson (appointed 9 June 2016)

**Company registered number** 04175683

**Charity registered number** 1087001

**Registered office** Heatree House  
Manaton  
Newton Abbot  
Devon  
TQ13 9XE

**Company secretary** Ruth Lane

**Independent auditors** Bishop Fleming LLP  
Chartered Accountants  
2nd Floor Stratus House  
Emperor Way  
Exeter Business Park  
Exeter  
EX1 3QS

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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The Trustees present their annual report together with the audited financial statements for the 1 January 2016 to 31 December 2016.

Since the company qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

**OBJECTIVES AND ACTIVITIES**

● **POLICIES AND OBJECTIVES**

The Objects of the Charity are:

- To advance the education and promote the physical, spiritual, and mental welfare and development of children and young people and their families (especially but not exclusively those who have a disability or who suffer from any spiritual or other deprivation by virtue of their social or economic circumstances) within a Christian environment and ethos.
- To advance and promote the above amongst adults, insofar as from time to time the Charity's facilities and resources exceed the demand for them amongst children, young people, and their families.
- To provide, manage and improve one or more Residential Activity Centres conducted on Christian principles and to assist in organising conferences and training course for the advancement of such purposes.

The Objects of the Charity are achieved by providing Outdoor Education activities, which include environmental education, adventure activities and the provision of hospitality to schools and other groups.

Heatree Activity Centre provides a wide range of instructor-led Outdoor Education, including:

- Kayaking, raft building, climbing, abseiling, archery, fencing, stream scrambling, moorland walking, rock scrambling, high ropes and low ropes courses, mountain biking, wilderness venture, teambuilding and problem solving challenges
- Bronze Age roundhouse, Stone Age studies, eco challenge, earth walks, Haytor Victorian quarry, Houndtor Medieval village, river studies, rocky shore and sand dune studies, tourism and settlement impact studies.

The Trust has been able to provide specialist outdoor learning provision for a wide range of young people with physical and mental needs. This has included providing several special schools residential courses. The Trust has provided additional staffing and support to special schools at no extra cost. The Trust are looking at ways of continuing this provision and are considering seeking external funding to help meet the additional costs.

All the above sessions form part of a comprehensive Outdoor Education programme, tailored to suit the specific requirements of particular clients and flexibility designed to include participants with special needs and where appropriate cover various relevant aspects of the National Curriculum.

Residential visits are an invaluable experience when it comes to developing personal skills and help prepare the children for independent living. The children participating in these programmes learn much that they can carry with them as useful resources for their future lives. The Trust has been developing the National Outdoor Learning Award and are looking to expand its provision in 2017.

The beneficiaries of the Charity participating in the Outdoor Education activities and programmes provided are mainly primary and early secondary school pupils (Y4 to Y7, the schools are drawn mostly from the South West of England) during Term time and by Church and Youth Groups on week-ends and during the school holidays.

The residential programme's duration is usually either 5 days or 2-3 days.

The Charity has hosted several camps, retreats, seminars, outreach events and training courses for youth organisations.

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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In shaping the Charity's objectives for the year and planning its activities, the Trustees have considered the Charity Commission's guidance on public benefit, including the guidance on public benefit and fee charging. The Charity relies on the income from fees and charges to cover its operating costs. In setting the level of fees, charges and concessions, the Trustees give careful consideration to the accessibility of the centre for those on low incomes.

During 2016 the Trust made the ACCESS fund (Adventure Christian Camps, Education & Social Support) available for visiting groups. A number of groups benefited from applying for deprivation discounts from the ACCESS fund.

We have established with an avenue for charitable giving with Gift Aid provider, Stewardship. In 2017 we will actively be looking to maximise charitable giving.

**ACHIEVEMENTS AND PERFORMANCE**

● **KEY FINANCIAL PERFORMANCE INDICATORS**

During 2016 it was good to see increased use made of the Centre by those that had used it before as well as new clients. A good mix of schools, churches and youth groups was again achieved.

Clients continue to comment positively on the upgrading of the Centre's facilities and the continued input and benefit experienced by visiting and staying at the Centre.

The Christian ethos of the charity continues to be part of the experience of visiting schools and other organised groups continue to appreciate the opportunities available in such a lovely environment and setting.

The team continue to achieve appropriate training and progression in obtaining National Qualifications with the opportunities to Cross Skill and respond positively within a helpful Performance Management and Personal Development culture.

● **REVIEW OF ACTIVITIES**

2016 saw another increase in young people visiting Heatree Activity Centre. The total number of visitors staying at the Centre grew:

January 2016 – December 2016:

141 bookings (includes 24 day visits)

4333 children (includes 390 on day visits)

January 2015 – December 2015:

125 bookings (includes 16 day visits)

4004 children (includes 246 on day visits)

The activity centre has continued to be highly successful in achieving outstanding provision for young people which is helping to inspire them in their lives ahead.

The activity centre provided specialist Outdoor Education courses for a number of special needs schools, as well as for young people in mainstream schools with learning difficulties and physical disabilities.

Heatree Activity Centre has retained a high level of accreditation, retaining a five star Food Hygiene Rating and outstanding results in the Adventure Activity Licence Scheme, Adventure Mark and Learning Outside the Classroom Award.

The activity centre has also helped young people from participating schools to gain the John Muir Discovery Award.

The Trust started a new initiative called Venture camp which provided Outdoor Learning opportunities to 20 young people during the summer holidays. Venture camps were very well received and the Trust are looking to

**HEATHERCOMBE BRAKE TRUST  
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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develop their provision further in 2017.

**FINANCE**

● **GOING CONCERN**

After making appropriate enquiries, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

● **RESERVES POLICY**

The Trustees consider it appropriate to hold £120,000, representing a short period of operating costs, as a contingency reserve. Furthermore, given the seasonal nature of the Charity's operations, a further £100,000 is held by way of a cash flow reserve. The Trustees consider this to be an appropriate amount to provide the necessary working capital for the Charity and to cover unforeseen events.

The total unrestricted reserves of the Charity at 31 December 2016 were £260,972. After designating the £220,000 referred to above, this leaves £36,474 which has been designated for capital improvement and refurbishments to enable the centre's operation provision. The is also seeking to acquire funding from Trust funds and fundraising endeavours to further improve its facilities.

● **FINANCIAL REVIEW**

Focus and input of the financial management at the Centre continued around occupancy and expenditure. Before the deduction of depreciation, Surplus Funds of £90,953 were generated in the period.

The Charity decided to install a Bio-Mass boiler for the main Heatree House, this project was started in November 2014. This was financed by means of a hire purchase contract. Payments under the contract will conclude in 2020. The project enables the Charity to benefit from reduced fuel costs and a renewable heat incentive up until 2034.

The underlying cash position remained healthy; again no short term borrowing was required. This is in line with the Charity's policy where typically reserves sufficient to cover baseline operational expenses and working capital requirement are held. The Charity continues to reinvest surplus funds within the Charity and its development.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

● **CONSTITUTION**

The company was incorporated on 8 March 2001. The company was established under a Memorandum of Association, which established the Objects and Powers of the company and is governed under its Articles of Association.

● **METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES**

The Trustees are chosen and appointed by the existing Trustees at the time of appointment with emphasis placed on their experience in the wider community and their sharing of the Christian ethos.

● **POLICIES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

Induction involves information shared, visits to the Centre and interviews with the Trustees. Ongoing training is achieved through cascaded information obtained from journals, forums, updates from professional organisations and regular reviews of publications.

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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● **PAY POLICY FOR SENIOR STAFF**

The pay policy for senior staff is set and reviewed by trustees. There is a set banded pay structure.

● **ORGANISATIONAL STRUCTURE AND DECISION MAKING**

Heathercombe Brake Trust, company no 04175683, charity no 1087001, is a charitable company limited by guarantee.

The Charity trustees have complied with the duty in section 4 of the 2006 Charities Act to have due regard to guidance published by the Charity Commission on public benefit.

The Charity is also known as Heatree Activity Centre. Heatree Activity Centre is set in approximately eighty acres in the Dartmoor National Park. It comprises of Heatree House, which was extended to include the Heatree House, Farmhouse, Stable, The Way and the Copse residential wings, staff houses and several outbuildings.

The Centre is managed by the Centre Director (Jon Evans) and Centre Manager (Stephen McIlhenny). Staff through the year consisted of up to seventeen full time employees, a further four trainee instructors and additionally up to four volunteer assistants.

The Chairman of the Charity is Mr Jonathan Bishop.

The Secretary of the Charity is Mrs Ruth Lane.

● **RISK MANAGEMENT**

The trustees have a duty to identify and review the risks to which the Charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

A full review of the Centre's policies which mitigate the inherent risks associated with the Centre and its activities was performed during the year. The review drew on internal experience and external/professional advice to continue to ensure where appropriate, for example the Health and Safety policy, the Centre meets both internal and external scrutiny with detailed attention paid to the relevant risk assessments.

**PLANS FOR FUTURE PERIODS**

● **FUTURE PLANS**

Plans for the future include continuing to invest capital funds to further enhance all aspects of the Trust. Budgets/Costings set and agreed for 2017 anticipate further increased occupancy/use of the Centre. The Trustees continue, in the spirit of Continuous Improvement, to review all aspects of the Centre with appropriate changes and improvements identified and implemented.

During 2016 the Trust raised funds for its 25th Anniversary legacy project Camp Courageous. Designated fund raising events for Camp Courageous raised £11,364. The funds enabled ten South Devon families each with a child with Downs Syndrome to enjoy a free residential adventure retreat in July, followed by a reunion day in October. Camp Courageous has had a tremendous impact on the lives of the families involved, and has been a flagship provision for the Trust. Camp Courageous is highly regarded and supported across South Devon and the Trust is looking forward to continuing its development in 2017.

Following the successful impact of Camp Courageous and the high level of local support, the Trust is looking to develop the ACCESS funds appeal, promotion and impact.

Active recruitment of further new Trustees is also in hand. New Trustees have been appointed and further new Trustees will be recruited.

**HEATHERCOMBE BRAKE TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**TRUSTEES' RESPONSIBILITIES STATEMENT**

The Trustees (who are also directors of Heathercombe Brake Trust for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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.

**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

This report was approved by the Trustees on 3 June 2017 and signed on their behalf by:

**Jonathan P Bishop, Chairman**



**HEATHERCOMBE BRAKE TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEATHERCOMBE BRAKE TRUST**

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We have audited the financial statements of Heathercombe Brake Trust for the year ended 31 December 2016 set out on pages 9 to 23. 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 Auditors' 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 opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

As explained more fully in the Trustees' responsibilities statement, 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 Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**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 December 2016 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, based on the work undertaken in the course of the audit, the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEATHERCOMBE BRAKE TRUST**

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

Tim Borton FCA DChA (Senior statutory auditor)

for and on behalf of

**Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

30 August 2017

**HEATHERCOMBE BRAKE TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Restricted funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>INCOME FROM:</b>					
Charitable activities		11,364	917,381	928,745	895,825
Investments	2	-	11,298	11,298	8,960
<b>TOTAL INCOME</b>		<b>11,364</b>	<b>928,679</b>	<b>940,043</b>	<b>904,785</b>
<b>EXPENDITURE ON:</b>					
Charitable activities		11,364	912,723	924,087	964,881
<b>TOTAL EXPENDITURE</b>		<b>11,364</b>	<b>912,723</b>	<b>924,087</b>	<b>964,881</b>
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>					
		-	15,956	15,956	(60,096)
<b>NET MOVEMENT IN FUNDS</b>		-	15,956	15,956	(60,096)
<b>RECONCILIATION OF FUNDS:</b>					
Total funds brought forward		-	1,742,044	1,742,044	1,802,140
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>-</b>	<b>1,758,000</b>	<b>1,758,000</b>	<b>1,742,044</b>

All activities relate to continuing operations. In 2015, of the total charitable income, £5,297 was to restricted funds and £890,528 was to unrestricted funds.

The notes on pages 12 to 23 form part of these financial statements.

**HEATHERCOMBE BRAKE TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REGISTERED NUMBER: 04175683**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2016**

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Tangible assets	6		1,598,305		1,661,199
<b>CURRENT ASSETS</b>					
Stocks	7	7,483		7,483	
Debtors	8	41,384		51,440	
Cash at bank and in hand		260,972		209,952	
		<u>309,839</u>		<u>268,875</u>	
<b>CREDITORS:</b> amounts falling due within one year	9	(83,927)		(88,203)	
<b>NET CURRENT ASSETS</b>			<u>225,912</u>		<u>180,672</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,824,217</u>		<u>1,841,871</u>
<b>CREDITORS:</b> amounts falling due after more than one year	10		(66,217)		(99,827)
<b>NET ASSETS</b>			<u>1,758,000</u>		<u>1,742,044</u>
<b>CHARITY FUNDS</b>					
Unrestricted funds	12		1,758,000		1,742,044
<b>TOTAL FUNDS</b>			<u>1,758,000</u>		<u>1,742,044</u>

The financial statements were approved by the Trustees on 3 June 2017 and signed on their behalf, by:

**Jonathan P Bishop, Chairman**

The notes on pages 12 to 23 form part of these financial statements.

**HEATHERCOMBE BRAKE TRUST**  
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**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>Note</b>	<b>2016 £</b>	<b>2015 £</b>
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	14	<u>99,436</u>	<u>61,878</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		56	119
Purchase of tangible fixed assets		<u>(12,103)</u>	<u>(111,863)</u>
<b>Net cash used in investing activities</b>		<u>(12,047)</u>	<u>(111,744)</u>
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		(30,562)	(24,462)
Interest paid		<u>(5,807)</u>	<u>(6,150)</u>
<b>Net cash used in financing activities</b>		<u>(36,369)</u>	<u>(30,612)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>51,020</b>	<b>(80,478)</b>
Cash and cash equivalents brought forward		<u>209,952</u>	<u>290,430</u>
<b>Cash and cash equivalents carried forward</b>	15	<u><u>260,972</u></u>	<u><u>209,952</u></u>

**HEATHERCOMBE BRAKE TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. ACCOUNTING POLICIES**

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006

Heathercombe Brake Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

**1.2 Reconciliation with previous Generally Accepted Accounting Practice**

In preparing these accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

On transition to FRS 102, no restatements were required.

**1.3 COMPANY STATUS**

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member of the company.

**1.4 FUND ACCOUNTING**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.5 INCOME**

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donated services or facilities are recognised when the company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the company of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the Trustees' report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the company which is the amount the company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

**1.6 EXPENDITURE**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Charitable activities and Governance costs are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

**1.7 GOING CONCERN**

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements and consider these sufficient for the charity to be able to continue as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.8 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £500 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2-5% straight line
Round House in freehold property	-	10% straight line
Plant and machinery	-	25% straight line
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	25% straight line

**1.9 LEASING AND HIRE PURCHASE**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of financial activities incorporating income and expenditure account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**1.10 OPERATING LEASES**

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

**1.11 STOCKS**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.12 INTEREST RECEIVABLE**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

**1.13 DEBTORS**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. ACCOUNTING POLICIES (continued)**

**1.14 CASH AT BANK AND IN HAND**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.15 LIABILITIES AND PROVISIONS**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.16 FINANCIAL INSTRUMENTS**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**1.17 PENSIONS**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

**2. INVESTMENT INCOME**

	<b>Restricted funds 2016 £</b>	<b>Unrestricted funds 2016 £</b>	<b>Total funds 2016 £</b>	<b>Total funds 2015 £</b>
Rent receivable	-	11,242	11,242	8,841
Deposit account interest	-	56	56	119
	<b>-</b>	<b>11,298</b>	<b>11,298</b>	<b>8,960</b>

In 2015, of the total investment income, £8,960 was to unrestricted funds and £ NIL was to restricted funds.

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**3. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITY**

	<b>Governance</b>	<b>Activities</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>2016</b>	<b>2015</b>
			<b>£</b>	<b>£</b>
Provisions, housekeeping and activity	-	131,508	131,508	149,227
Catering and hospitality temporary staff costs	-	11,846	11,846	33,798
Miscellaneous staff costs	-	3,907	3,907	3,994
Stationery and advertising	-	4,775	4,775	7,774
Telephone	-	18,262	18,262	15,254
Motor and travel	-	24,556	24,556	20,352
Repairs, renewals and replacements	-	71,969	71,969	76,236
Accountancy	1,230	-	1,230	3,883
Payroll	1,788	-	1,788	1,621
Audit Fees	6,500	-	6,500	6,500
Legal and Professional	264	925	1,189	5,461
Bank charges	-	460	460	908
Rates	-	6,590	6,590	10,086
Insurance	-	21,082	21,082	20,202
Heat and light	-	44,307	44,307	55,301
Sundries	-	1,532	1,532	3,384
Interest on hire purchase contracts	-	5,807	5,807	6,150
Wages and salaries	-	456,984	456,984	429,485
National insurance	-	30,221	30,221	26,181
Pension cost	-	4,577	4,577	944
Depreciation	-	74,997	74,997	88,140
At 31 December 2016	<b>9,782</b>	<b>914,305</b>	<b>924,087</b>	<b>964,881</b>

**4. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets:		
- owned by the charity	74,997	88,141
Auditors' remuneration	6,500	6,500
Auditors remuneration - non-audit	1,230	3,884
Operating lease costs	6,054	6,054

During the year, no Trustees received any remuneration (2015: £NIL).

During the year, no Trustees received any benefits in kind (2015: £NIL).

During the year 8 trustees (2015: 6 trustees) received reimbursed expenses of £2,515 (2015: £1,894) relating to travel.

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**5. STAFF COSTS**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	456,984	429,485
Social security costs	30,221	26,181
Other pension costs	4,577	944
	<u>491,782</u>	<u>456,610</u>

The average number of persons employed by the company during the year was as follows:

	2016 No.	2015 No.
Management	2	2
Support	35	33
	<u>37</u>	<u>35</u>

No employee received remuneration amounting to more than £60,000 in either year.

**Key Management Personnel**

The charity trustees who have authority and responsibility for planning, directing and controlling the activities of the charity are considered to be the key management personnel. The charity trustees were not paid and did not receive any other benefits from employment with the charity in the year (2015: £nil).

**6. TANGIBLE FIXED ASSETS**

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>COST</b>					
At 1 January 2016	2,060,623	73,662	12,287	81,681	2,228,253
Additions	9,259	-	-	2,844	12,103
	<u>2,069,882</u>	<u>73,662</u>	<u>12,287</u>	<u>84,525</u>	<u>2,240,356</u>
<b>DEPRECIATION</b>					
At 1 January 2016	468,126	51,030	10,181	37,717	567,054
Charge for the year	40,561	13,411	527	20,498	74,997
	<u>508,687</u>	<u>64,441</u>	<u>10,708</u>	<u>58,215</u>	<u>642,051</u>
<b>NET BOOK VALUE</b>					
At 31 December 2016	<u>1,561,195</u>	<u>9,221</u>	<u>1,579</u>	<u>26,310</u>	<u>1,598,305</u>
At 31 December 2015	<u>1,592,497</u>	<u>22,632</u>	<u>2,106</u>	<u>43,964</u>	<u>1,661,199</u>

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**6. TANGIBLE FIXED ASSETS (continued)**

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £	2015 £
Freehold property	<b>170,020</b>	173,562

**7. STOCKS**

	2016 £	2015 £
Finished goods and goods for resale	<b>7,483</b>	7,483

**8. DEBTORS**

	2016 £	2015 £
Trade debtors	<b>32,151</b>	33,008
Other debtors	-	1,192
Prepayments and accrued income	<b>9,233</b>	17,240
	<b>41,384</b>	51,440

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016 £	2015 £
Net obligations under finance leases and hire purchase contracts	<b>30,562</b>	27,514
Trade creditors	<b>2,614</b>	9,522
Other taxation and social security	<b>4,576</b>	6,118
Other creditors	<b>2,634</b>	3,032
Accruals and deferred income	<b>43,541</b>	42,017
	<b>83,927</b>	88,203

**DEFERRED INCOME**

Deferred income at 1 January 2016	<b>35,517</b>
Resources deferred during the year	<b>35,740</b>
Amounts released from previous years	<b>(35,517)</b>
Deferred income at 31 December 2016	<b>35,740</b>

The deferred income represents deposits for bookings for 2017.

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**10. CREDITORS:**  
**AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2016 £	2015 £
Net obligations under finance leases and hire purchase contracts	<b>66,217</b>	99,827

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2016 £	2015 £
Between one and five years	<b>66,217</b>	99,827

**11. FINANCIAL INSTRUMENTS**

	2016 £	2015 £
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Trade debtors - non-factored	<b>32,151</b>	33,008
Prepayments and accrued income	<b>1,333</b>	11,102
Bank and cash balances	<b>260,972</b>	209,952
	<b>294,456</b>	254,062

	2016 £	2015 £
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	<b>(2,614)</b>	(9,522)
Net obligations under finance leases and hire purchase contracts	<b>(96,779)</b>	(127,341)
Accruals	<b>(7,801)</b>	(6,500)
	<b>(107,194)</b>	(143,363)

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**12. STATEMENT OF FUNDS**

	<b>Brought Forward £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Transfers in/out £</b>	<b>Carried Forward £</b>
<b>DESIGNATED FUNDS</b>					
Renewals fund (previously known as the capital project fund)	<b>88,186</b>	-	-	<b>(51,712)</b>	<b>36,474</b>
Fixed asset reserve	<b>1,533,858</b>	-	<b>(74,997)</b>	<b>42,665</b>	<b>1,501,526</b>
Contingency reserve	-	-	-	<b>120,000</b>	<b>120,000</b>
Seasonal cash flow reserve	-	-	-	<b>100,000</b>	<b>100,000</b>
	<b>1,622,044</b>	-	<b>(74,997)</b>	<b>210,953</b>	<b>1,758,000</b>
<b>GENERAL FUNDS</b>					
Free reserves	<b>120,000</b>	<b>928,679</b>	<b>(837,726)</b>	<b>(210,953)</b>	-
Total Unrestricted funds	<b>1,742,044</b>	<b>928,679</b>	<b>(912,723)</b>	-	<b>1,758,000</b>
<b>RESTRICTED FUNDS</b>					
Camp Courageous	-	<b>11,364</b>	<b>(11,364)</b>	-	-
Total of funds	<b>1,742,044</b>	<b>940,043</b>	<b>(924,087)</b>	-	<b>1,758,000</b>

The fixed asset reserve represents the value of funds tied up in the Trust's fixed assets. These reserves are, by their nature, not freely available for alternative use.

A designated contingency reserve has been separately identified from free reserves, to more clearly show the required amount to cover a short period of charitable operations should unforeseen events occur.

A seasonal cash flow reserve has been established at an amount that covers necessary working capital for the charity during seasonal variations in activities.

The transfer to the fixed asset reserves represents £30,562 in respect of capital repayment on the hire purchase contract and £12,103 spent on new fixed assets during the year.

The £120,000 of free reserves brought forward have been transferred to the contingency reserves as described above. The balance of the free reserves (£90,953) has been transferred to the seasonal cash flow reserve. The balance of the cashflow reserve has been transferred from what was the capital fund, leaving £36,474 that has been designated for asset renewal and other major repairs.

The charity established a legacy project on its 25th Anniversary called Camp Courageous. The Charity raised funds through charitable giving to provide free places at the camp at Heatree for 10 South Devon families, each with a child with Down's Syndrome.

The Trust plans to continue Camp Courageous for the future and to establish media communications about the project, including a video on the website.

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**SUMMARY OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Carried Forward £
Designated funds	1,622,044	-	(74,997)	210,953	1,758,000
General funds	120,000	928,679	(837,726)	(210,953)	-
	<u>1,742,044</u>	<u>928,679</u>	<u>(912,723)</u>	<u>-</u>	<u>1,758,000</u>
Restricted funds	-	11,364	(11,364)	-	-
	<u>1,742,044</u>	<u>940,043</u>	<u>(924,087)</u>	<u>-</u>	<u>1,758,000</u>

**13. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Restricted funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	1,598,305	1,598,305	1,661,201
Current assets	-	309,839	309,839	268,873
Creditors due within one year	-	(83,927)	(83,927)	(88,203)
Creditors due in more than one year	-	(66,217)	(66,217)	(99,827)
	<u>-</u>	<u>1,758,000</u>	<u>1,758,000</u>	<u>1,742,044</u>

**14. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2016 £	2015 £
Net income/(expenditure) for the year (as per Statement of financial activities)	15,956	(60,096)
<b>Adjustment for:</b>		
Depreciation charges	74,997	88,141
Interest received	(56)	(119)
Interest paid	5,807	6,150
Decrease in debtors	10,056	48,645
Decrease in creditors	(7,324)	(20,843)
<b>Net cash provided by operating activities</b>	<u>99,436</u>	<u>61,878</u>

**15. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash in hand	260,972	209,952
<b>Total</b>	<u>260,972</u>	<u>209,952</u>

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**16. PENSION COMMITMENTS**

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £4,577 (2015: £944). Contributions totalling £1,425 (2015: £1,714) were payable to the fund at the balance sheet date and are included in creditors.

**17. OPERATING LEASE COMMITMENTS**

At 31 December 2016 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	6,054	6,054
Between 1 and 5 years	11,165	17,218
Total	<u>17,219</u>	<u>23,272</u>

**18. FINANCE LEASE AND HIRE PURCHASE COMMITMENTS**

The obligation under hire purchase contracts relates to a biomass boiler used to provide renewable energy heating. There are no contingent rental, renewal or purchase option clauses.

At 31 December 2016 the total of the Charity's future minimum lease payments under the hire purchase contract was:

	2016 £	2015 £
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	36,369	36,369
Between 2 and 5 years	78,779	115,168
Less: finance charges	(18,369)	(24,196)
Carrying amount of liability	<u>96,779</u>	<u>127,341</u>



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**19. RELATED PARTY TRANSACTIONS**

Jonathan P Bishop and Matthew Pitts, trustees, are both directors of Cornerstone Academy Trust. During the year services of £21,301 (2015: £21,300) were provided to the Academy at standard rates.

Jonathan P Bishop, a trustee, is a group leader for Dartmoor Christian Camp (DCC). During the year services of £8,608 (2015: £7,962) were provided to DCC at a reduced rate to support disadvantaged children in accordance with the Trust's objectives.

Jonathan P Bishop, a trustee, is a group leader for Whipton Chapel. During the year services of £1,378 (2015: £1,378) were provided to Whipton Chapel at standard rates.