

**Charity Registration No. 703002**

**Company Registration No. 2506147 (England and Wales)**

**DRIVE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

# **DRIVE**

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# **DRIVE**

## **TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2017**

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The trustees present their report and accounts for the year ended 31 March 2017.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "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)" (as amended for accounting periods commencing from 1 January 2016).

### **Objectives and activities**

Drive is a company limited by guarantee with charitable objectives whose aim is to enable people with disabilities to live valued lives. Drive strives to achieve this by providing a range of services for people with a disability which promotes their valued status within their local community and supports their personal and social development as individual citizens.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

We have considered the relevant guidance and are satisfied that we provide considerable public benefit as demonstrated in this report. We will refer to the guidance when reviewing our purpose and mission and in planning future activities.

### **Strategic report**

The description under the headings "Achievements and performance" and "Financial review" meet the company law requirements for the trustees to present a strategic report.

### **Achievements and performance**

#### **Ensuring our work delivers our aims**

We review our aims, objectives and activities each year. This review looks at what we achieved and the outcome of our work in the previous twelve months. The review also helps us to ensure our aims, objectives and activities remained focused on our stated objectives. We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities, thus ensuring that it continues in its stated purpose.

Throughout 2016 Drive has consulted widely with staff at all levels and the people we support to develop a new three year Business Plan for 2017 - 2020.

The key priorities reflect the requirements of The Social Services and Wellbeing (Wales) Act 2014 which aims to improve the well-being of people supported (and their carers). The Act proposes changes to the way people's needs are assessed and the way services are delivered. It aims to empower those in need of support by affording them a stronger voice and giving them more control over the services they receive. Service providers will need to work with local communities and people supported to develop wider options for support.

#### **Achievements in the year**

During 2016/17 we have continued to achieve positive outcomes for the people that we support, despite an increasingly difficult financial climate, continuing to work with our partners in five local authority areas to provide support to 367 people. This compares to 346 service users being supported this time last year.

We continue to work with Local Authority and Housing Association partners to tender for new supported living services. This has resulted in the award of a contract to develop another Closer to Home project in Bridgend for five young men with a learning disability, autistic spectrum disorders and complex challenging behaviour.

## **DRIVE**

### **TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)**

***FOR THE YEAR ENDED 31 MARCH 2017***

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We have also supported 6 service users to move into two new projects in Neath Port Talbot, one of which is a Closer to Home project. The detailed transition work has been highly successful, with families and care management teams complimenting the work of the staff teams providing support. Targeted support services to families or individuals who are living in their own flats have increased in all of the areas that Drive provides support.

Over the last year Drive has further developed Quality Assurance processes to ensure that we listen to the views of the people we support and improve the monitoring of legislative requirements.

We have also reviewed the quarterly monitoring format for Area Managers, and introduced local quality assurance groups for the people that we support to attend and give us feedback on their experience of the service that they receive.

To support new ways of working, Drive created a Management Information Strategy Reserve in 2015 to invest in new management information systems. Drive has purchased and commenced implementation of an integrated information management system designed for social care organisations, Carista. Last year we reported that the development of the system had started, and we are extremely pleased to report that the first phase for service user information went live in June 2016, with the Human Resources staffing information section being populated in October. We anticipate that the Learning and Development site, which will improve the co-ordination of training, will be ready for implementation in the autumn of 2017. This has been a major programme of change for the organisation and it has improved the quality of our monitoring through the accessibility of information for key performance indicators.

For the last two years Drive has been working towards accreditation with the National Autistic Society (NAS) for two of our services in Bridgend. We are proud to say that we have been successful in our application during 2016 and have now been issued with the award.

Contract monitoring reports were received in Bridgend, Neath Port Talbot and Rhondda Cynon Taff. All reports evidence consistent positive outcomes with minor recommendations made for improvements. All contractual compliance standards were evidenced and met.

The Care Standards Inspectorate for Wales (CSSIW) inspected Drive's Domiciliary Support Services and Registered Respite Care Home in December 2016. The Domiciliary Care Services report stated that the services visited were in the main very person centred, with positive interactions between staff and service users. Staff spoken to were happy in their work and received regular supervision and appraisal. The organisation was deemed to be committed to continuous improvements, and service users can feel confident that the agency is operated with clarity of purpose.

Due to safeguarding issues raised by staff in one service, a robust action plan is in place to respond to recommendations made.

Our Respite Care Service had an extremely positive report with no recommendations made. The report summary reflected that people using the service are happy and enjoy positive relationships with staff during their respite stay, having access to an environment where independence is promoted and choice and control in their lives is facilitated wherever possible.

Customer Satisfaction surveys were carried out in a variety of ways last year. The customer satisfaction forms were given out at the summer conference 2016. Staff supported individuals' to take part in the survey. In order to gain more customer feedback, the Participation Officer made visits to several of Drive's projects. These included visiting Wellbeing, Connect and the Horticultural Project. The results from this year's survey appears very positive once again, with 94% of individuals saying they were happy with their support. The majority of comments made by individuals was about good support and being happy where they lived.

## **DRIVE**

### **TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)**

***FOR THE YEAR ENDED 31 MARCH 2017***

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Drive's training and development strategy, and recruitment and retention strategy are very well established within the organisation and ensure legislative and best practice requirements are met. Drive utilizes staff matching tools to match staff and people supported to ensure positive interactions through similar interests and hobbies. We have increased recruitment strategies this year to further promote Drive as a good employer, including attendance at recruitment fairs and radio adverts.

Support staff have accessed a comprehensive range of training opportunities, including both statutory core training and more specialist training to meet the complex needs of people supported. We have supported over 45% of our support staff to gain the relevant level of QCF care qualification, with 57 more undertaking qualifications. This ensures staff are highly trained and competent to deliver a professional person-centred service.

We have continued to embed Positive Behavioural Support to minimise incidents of challenging behaviour and restrictive practice, enabling people to enjoy ordinary lives in local communities.

Drive has staff qualified in all 3 levels of the Positive Behaviour Management diploma and certificates and has 5 BILD accredited PBM trainers, to deliver training in reactive strategies and positive behaviour management theory.

Over 84% of managers have achieved QCF level 5 qualification in Management, supplemented by workshops on leadership, coaching and mentoring. These are all factors in Drive's very low level of turnover of staff which was only 12%, compared to the sector average of 23%, reflecting Drive's supportive culture of valuing staff, providing regular supervision and appraisal along with quality training and ensuring Drive's culture of supporting independence rather than 'doing for' is maintained.

We have restructured during 2016 having consistently received feedback from staff that the senior support worker role needed to be reviewed. We have introduced a new Team Leader post to support the work of Team Managers going forward. This necessitated a full recruitment process involving 40 existing staff, however the transition went smoothly and we are confident that we have competent, skilled staff undertaking the new role.

Drive has well established and robust arrangements to ensure positive approaches to risk taking and health and safety. Drive's Health and Safety Committee oversees and ensures, so far as reasonably practicable, the health, safety and welfare of all employees and also any other person affected by Drive's activities e.g. services users, visitors etc. Drive actively promotes a positive culture of healthy and safe working and this is effectively balanced with risk taking strategies that enables the people Drive supports to live full and valued lives.

We continued to develop initiatives to help us gain the silver award for the Corporate Health Standard. We have a dedicated working group which, in addition to meeting the Corporate Health Standards criteria, also looks at any relevant ideas relating to the health and wellbeing of staff, and tenants, in general. Last year this included bringing a chiropractor to the office once a month at reduced rates, and paying staff while they attended a 'quit smoking' group.

The financial environment continues to be a challenge for the organisation. As reported previously, some of the supported living services are being delivered at a cost level that is extremely difficult to manage, and this is becoming even more challenging due to increases in the National Living Wage, increased costs for sleep-in payments, pay awards which have been implemented in line with Total Rewards Strategy, and the costs associated with succession planning and the new Team Leader posts. These initiatives have been essential for Drive to be able to remain competitive as an employer and move forward with management development initiatives.

During the year Drive worked with Sayer Vincent to review its Finance Function. An action plan has been developed and is in the process of being implemented.

## **DRIVE**

### **TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)**

**FOR THE YEAR ENDED 31 MARCH 2017**

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#### **Investors in People**

We have been going through the process of reassessment under the new Investors in People Award which was completed in the spring of 2017. Drive opted to join the new award, undertaking an in depth assessment. We were extremely pleased to be accredited until 2020 following rigorous assessment, scoring higher against all industry (Human Health and Social Work Sector) indicators. We have developed an action plan from the results of the assessment to maintain and improve our Strategies for leadership, management development and development of our support staff.

Some of the aims already identified for 2017 are to:

- Review Supervision and Appraisal Procedures
- Improve our Communication Strategy
- Add to our processes for getting feedback from our staff
- Review how we can improve Rewards and Recognition for our staff

#### **Participation Strategy**

Key objectives set out in the Participation Strategy are:

- To increase the number of people involved in recruitment, and design a video for use on the website and during recruitment days.
- To increase the number of service users who provide training to staff.
- To create local groups to look at quality assurance in their areas.

Despite difficult financial challenges it is pleasing to report significant progress with some large projects and change management strategies this year, which will contribute to ensuring we maintain our values and provision of high quality services.

#### **Financial review**

##### **Results**

The net incoming unrestricted surplus for the year ended 31 March 2017 amounted to £138,928 (2016: net outgoing unrestricted deficit £100,734). This surplus increased the cumulative unrestricted funds to £3,711,699. The movements in the individual designated funds are shown in note 23.

The restricted funds include the monies received for the provision of care in the local authority areas in which the charity works. The total incoming resources from these sources amounted to £9,932,922 (2016: £8,594,956). Expenditure from restricted reserves of £9,937,069 (2016: £8,663,328) resulted in net outgoing resources of £4,147 (2016: £91,615).

All of the incoming resources have been applied to further the principal objects of the charity. The funding for the year continued to be received from those local authorities with whom the charity has a service level agreement. In addition, the charity received Supporting People Grant from those same local authorities as well as contributions from the service users in the form of housing benefit and other contributions. The principal cost for the year was staff salaries and related costs. The staff provide the level of care required to meet the charity's obligations under the service level agreements. In addition, the charity meets the cost of accommodation on behalf of its service users, including rent, housing associations charges and other housekeeping costs.

# **DRIVE**

## **TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)**

**FOR THE YEAR ENDED 31 MARCH 2017**

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The trustees recognise the need to hold reserves to help to continue the principal objects of the charity should the level of funding fall. In addition, the need to establish a base reserve of unrestricted funds to build up the level equivalent to two months operating costs has been recognised by the trustees, to mitigate the risk of losing a specific grant funder. The level of unrestricted reserves at the balance sheet date was £3,711,699 (2016: £3,572,771), which is equivalent to two months operating costs. The level of available funds at the balance sheet date excluding the investment made in fixed assets and the amounts set aside into designated reserves, amounted to £2,076,647 (2015: £1,775,131).

The trustees use designated reserves to set funds aside for a specific purpose or project; the details of which are shown on note 23 of the financial statements.

### **Investment powers**

Under the Memorandum and Articles of Association the charity has the power to invest for the furtherance of the charity's principal activity. All investments comply with the Charity Commission guidelines.

The trustees, having regard to the liquidity requirements of the charity have operated a policy of keeping surplus cash balances as liquid as possible and any surplus balances will be invested in fixed term deposit accounts.

### **Financial controls**

The Management Board is responsible for the organisations' strategy and policy framework. It delegates the day to day management and implementation of that framework to the Chief Executive Officer, Barry Gallagher, and other senior managers (the Senior Management Team).

There have been no material changes in policy during the year.

### **Risks**

The approach to risk management, set out in policy and guidelines, has been approved by the board. The approach allocates responsibility for risk management and established a framework in which risks are identified and evaluated so that an appropriate response can be determined and affected.

To co-ordinate this process, the approach combines oversight by the audit committee and senior management, tasked with preparing a register for the specific risks and controls relating to organisation functions. The register will form the basis for action plans designed to address weaknesses in controls identified, and mitigate risks where this is considered to be desirable.

The Chief Executive and Directors are expected to:

- Establish clear objectives for their area of operation and identify and evaluate the key risks to achieving those objectives;
- Incorporate risk responses into a system of internal control which is designed to address opportunities, facilitate effective and efficient operations, protect Drive's interests and ensure compliance with applicable law and guidance;
- Follow Drive's guidelines and standards relating to particular types of risk and ensure that emerging risks are identified and an appropriate response is effected;
- Monitor the effectiveness of the systems for risk and internal control and report significant weaknesses or non-compliance to the senior management team (SMT);
- Ensure that the risk management system is communicated to staff and embedded in operational processes; and
- Assign responsibility for managing risks within boundaries agreed by the SMT and the audit committee.

In its broadest sense, responsibility for the ongoing management of risk rests with all staff in their respective area of operation.

# **DRIVE**

## **TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)**

**FOR THE YEAR ENDED 31 MARCH 2017**

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Specific risks faced by the charity are:

- Financial instability created by legislation/case law such as the National Living Wage, Welfare Reform, definition of working time etc., together with the impact of the way services are being commissioned;
- Balancing continuity and change in an unstable financial environment that requires new models of service for the benefit of the people we support; and
- Dilution of Drive's values/principles due to pressures in the external environment that are not aligned with Drive's Mission.

Drive has an internal control system which incorporates risk management and is designed to provide reasonable assurance that we will achieve our overall mission and objectives. Drive continues to work on a new approach to internal controls and risk management with consultants Sayer Vincent to enhance its risk and assurance framework.

### **Disabled employees**

The charity operates a policy of equal opportunities for employment which includes disabled employees. This policy gives full and fair consideration to applications for employment by the charity made by disabled persons, having regard to their particular aptitude and abilities, for continuing the employment of, and for arranging appropriate training for, employees of the charity who have become disabled persons during the periods when they were employed by the charity and otherwise, for the training, career development and promotion of disabled persons employed by the charity.

### **Plans for future periods**

Drive's new Business Plan identifies clear aims and opportunities for the next three years. A key theme in the Plan and associated work plans is to continue to work innovatively to provide diverse support models with reduced funding. We have led the way with new models of support in Bridgend and will endeavour to produce similar models in other local authorities.

This relies on joint partnership work, more flexibility from commissioners, and increased appetites for risk management. We have made progress through actively meeting with key partners and stakeholders and will continue this work during 2017. Other aims include:

- Develop a sustainable model for Supported Living services.
- Increase specialist support for people with complex needs, behaviour that challenges, and Autism.
- Design more community day time opportunities through the development of hubs in all local authority areas.
- Improve Drive's partnership opportunities through increased publicity and marketing of our work.
- Provide support to people who previously lived with older carers.
- Plan support for younger adults transferring into adult services, particularly people with Autism.
- Support the relocation of people with complex challenging behaviour from out of area placements to appropriate local services that are closer to home.
- Explore opportunities for fund-raising.

### **Structure, governance and management**

#### **Legal status**

The organisation is a company limited by guarantee, registration number 2506147, and is governed by its Memorandum and Articles of Association. Drive is also registered with the Charity Commission, number 703002. The trustees are also directors of the charitable company.



# **DRIVE**

## **TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)**

***FOR THE YEAR ENDED 31 MARCH 2017***

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### **Appointment, induction and training of new trustees**

Board members are drawn from a wide background, bringing together professional, commercial parent/carer and local experience. The Board are elected by the members at the annual general meeting. New Board members are given training by the Company Secretary. The Board meets on a regular basis through the year and establishes ad hoc Task and Finish Groups to look into specific areas, as required.

### **Organisation**

The organisation is managed by a voluntary Management Board whose role is to set the overall objectives for Drive and to ensure that the organisation is keeping within its legal and moral obligations. The Management Board holds the ultimate power and responsibility for Drive.

### **Key management personnel**

The Management Board sets the remuneration of key management personnel, see note 7. Key management personnel are defined as the charity's senior management team, which comprises of the Chief Executive, Director of Operational Services, Director of HR and Director of Finance, together with its Trustees. Drive has a Total Reward Strategy and the remuneration of key management personnel is part of that process. No formal benchmarks, parameters or criteria are used to generate automatic pay increases, and decisions for all staff are made to reflect the financial position of the organisation within the current economic climate. Trustees do not receive any remuneration for their role, although they are entitled to claim expenses.

# DRIVE

## TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

**FOR THE YEAR ENDED 31 MARCH 2017**

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### REFERENCE AND ADMINISTRATIVE DETAILS

<b>Charity Name</b>	Drive
<b>Charity Number</b>	703002
<b>Company Number</b>	2506147
<b>Principal office</b>	Unit 8 Cefn Coed Parc Nantgarw Treforest RCT CF15 7QQ
<b>Registered Office</b>	Unit 8 Cefn Coed Parc Nantgarw Treforest RCT CF15 7QQ
<b>Company Secretary</b>	Mr B Gallagher
<b>Trustees</b>	Mr Geoff Lake Ms Jean Gregson Ms Janet Sheldon Ms Karen Rix – resigned 4 October 2016 Mr John Minkes Mr Hugh Irwin Ms Jennifer Jones Mr Karmeno Gauci – appointed 4 October 2016 Mr Anthony Isingrini – appointed 4 October 2016 Mrs Katrina Kurowski - appointed 4 October 2016
<b>Solicitors</b>	Hugh James 3rd Floor Aribee House Greyfriars Road Cardiff

# **DRIVE**

## **TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)**

***FOR THE YEAR ENDED 31 MARCH 2017***

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### **Independent Auditors**

Broomfield & Alexander Limited  
Waters Lane Chambers  
Waters Lane  
Newport  
NP20 1LA

### **Bankers**

Barclays  
PO Box 52  
Cardiff  
CF1 4XR

## DRIVE

### TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

**FOR THE YEAR ENDED 31 MARCH 2017**

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#### **Funds held as custodian trustee**

The charity manages money on behalf of its services users. This service included paying expenditure on their behalf; detailed records are kept to ensure that the charity is able to identify amounts owed to/by each individual.

#### **Statement of trustees responsibilities**

The trustees, who are also the directors of Drive for the purpose of company law, are responsible for preparing the Trustees Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

#### **Auditor**

In accordance with the company's articles, a resolution proposing that Broomfield & Alexander Limited be reappointed as auditor of the company will be put at a General Meeting.

#### **Disclosure of information to auditor**

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees report, including the strategic report, was approved by the Board of Trustees.



.....  
**B Gallagher - Secretary**

Dated: .....

20/7/17

# **DRIVE**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF DRIVE**

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We have audited the accounts of Drive for the year ended 31 March 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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 and regulations made under that Act. 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 opinions we have formed.

#### **Respective responsibilities of trustees and auditor**

As explained more fully in the statement of trustees responsibilities, the trustees, who are also the directors of Drive for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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 accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable 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 accounts. In addition, we read all the financial and non-financial information in the Trustees Annual Report to identify material inconsistencies with the audited accounts 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 accounts.**

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 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 Trustees Report for the financial year for which the accounts are prepared is consistent with the accounts.

# DRIVE

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF DRIVE

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### 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 accounts 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.

*GRJ*

Ian Thomas BSc FCA DChA (Senior Statutory Auditor)  
for and on behalf of Broomfield & Alexander Limited

Chartered Accountants  
Statutory Auditor

*20 July 2017*  
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Ty Derw  
Lime Tree Court  
Cardiff Gate Business Park  
CARDIFF  
CF23 8AB  
UK

# DRIVE

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
<b>Income from:</b>					
Donations and legacies	3	-	-	-	6,700
Charitable activities	4	3,566,189	9,932,922	13,499,111	12,115,670
Investments	5	6,515	-	6,515	10,536
<b>Total income</b>		<b>3,572,704</b>	<b>9,932,922</b>	<b>13,505,626</b>	<b>12,132,906</b>
<b>Expenditure on:</b>					
Charitable activities	6	3,433,776	9,937,069	13,370,845	12,302,012
<b>Net Income/(expenditure) for the year/ Net movement in funds</b>		<b>138,928</b>	<b>(4,147)</b>	<b>134,781</b>	<b>(169,106)</b>
Fund balances at 1 April 2016		3,572,771	95,762	3,668,533	3,837,639
<b>Fund balances at 31 March 2017</b>		<b>3,711,699</b>	<b>91,615</b>	<b>3,803,314</b>	<b>3,668,533</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# DRIVE

## BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	12	1,181,904		1,224,270	
Investments	13	1		1	
		<u>1,181,905</u>		<u>1,224,271</u>	
<b>Current assets</b>					
Debtors	16	1,772,838		1,267,801	
Cash at bank and in hand		2,611,399		2,632,459	
		<u>4,384,237</u>		<u>3,900,260</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(1,529,970)</u>		<u>(1,171,143)</u>	
Net current assets		2,854,267		2,729,117	
<b>Total assets less current liabilities</b>		<u>4,036,172</u>		<u>3,953,388</u>	
<b>Creditors: amounts falling due after more than one year</b>	19	(232,858)		(284,855)	
<b>Net assets</b>		<u><u>3,803,314</u></u>		<u><u>3,668,533</u></u>	
<b>Income funds</b>					
Restricted funds	22	91,615		95,762	
<u>Unrestricted funds</u>					
Designated funds	23	520,773		645,140	
General unrestricted funds		<u>3,190,926</u>		<u>2,927,631</u>	
		<u>3,711,699</u>		<u>3,572,771</u>	
		<u><u>3,803,314</u></u>		<u><u>3,668,533</u></u>	

The accounts were approved by the Trustees on 4 JULY 2017



John Minkes - Chair

Company Registration No. 2506147



# DRIVE

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	28		29,391		74,730
<b>Investing activities</b>					
Purchase of tangible fixed assets		(4,969)		(12,562)	
Interest received		6,515		10,536	
<b>Net cash generated from/(used in) investing activities</b>			1,546		(2,026)
<b>Financing activities</b>					
Repayment of bank loans		(51,997)		(50,759)	
<b>Net cash used in financing activities</b>			(51,997)		(50,759)
<b>Net (decrease)/increase in cash and cash equivalents</b>			(21,060)		21,945
Cash and cash equivalents at beginning of year			2,632,459		2,610,514
<b>Cash and cash equivalents at end of year</b>			2,611,399		2,632,459

# **DRIVE**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 MARCH 2017**

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#### **1 Accounting policies**

##### **Charity information**

Drive is a private company limited by guarantee incorporated in England and Wales. The registered office is Unit 8, Cefn Coed, Parc Nantgarw, NANTGARW, CF15 7QQ, UK.

##### **1.1 Accounting convention**

The accounts have been prepared in accordance with the charity's Memorandum and Articles and Association, the Companies Act 2006 and "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)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

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

The accounts have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

##### **1.2 Going concern**

At the time of approving the accounts, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the accounts.

##### **1.3 Charitable funds**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the accounts.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

Further details of each fund are disclosed in notes 22-23.

##### **1.4 Incoming resources**

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Donations are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Investment income is recognised on a receivable basis.

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Housing benefit claimed on behalf of all service users is accounted for on a receivable basis.

# DRIVE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2017**

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### **1 Accounting policies (Continued)**

Grants of a revenue nature are credited direct to the revenue account in the period to which they relate. A provision for estimated grant clawback has been made in the financial statements where there is an indication a clawback will be made. Capital grants received to fund the purchase of fixed assets are brought into the restricted funds via the statement of financial activities and reduced annually by the charge for depreciation.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

#### **1.5 Resources expended**

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Charitable expenditure comprises these costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include costs of the preparation and examination of the statutory accounts, the costs of trustees meetings and the cost of any legal advice to trustees on governance or constitutional matters.

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

#### **1.6 Tangible fixed assets**

Individual fixed assets costing £1,000 or more are initially recorded at cost.

All tangible fixed assets (other than the horticultural building which is held at valuation – open market value) are included at cost.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold interest in land and buildings	2% on cost
Fixtures, fittings and equipment	15% on cost
Motor vehicles	25% on cost
Horticultural building	2.5% on cost

#### **1.7 Fixed asset investments**

A subsidiary is an entity controlled by the charity. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

# DRIVE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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### 1 Accounting policies (Continued)

#### 1.8 Impairment of fixed assets

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/ (expenditure) for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 Financial Instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# DRIVE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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### 1 Accounting policies (Continued)

#### ***Impairment of financial assets***

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Basic financial liabilities***

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

# DRIVE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

#### 1 Accounting policies (Continued)

##### 1.11 Retirement benefits

The charity operates three types of pension schemes being defined contribution, auto enrolment pension and defined benefit, depending on Terms and Conditions of employees. Contributions are charged in the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

The defined contribution scheme is a stakeholder pension. For employees that started before July 2014 employer contributions are made on behalf of employees at a rate of 6% of employee's basic salary. The amount paid and accrued relating to employees basic pay during the financial year are charged to the Statement of Financial Activities. These contributions are invested separately from the assets of the charity.

From July 2014 the charity operated an auto enrolment pension scheme for new employees and to supplement the defined contribution scheme to comply with the Pension Act 2014.

The charity has also entered into a defined benefit pension scheme in respect of 6 employees that transferred under TUPE from Monmouthshire County Borough Council in 2008. The charity has paid amounts as defined under the admission agreement between Torfaen County Borough Council and Monmouthshire County Borough Council under The Local Government Pension Scheme (Benefit, Membership and Contributions) Regulations 2007, and The Local Government Pension Scheme (Administration) Regulations 2008. The charity is in negotiation regarding an admission agreement with Rhondda Cynon Taff Council pension fund following a TUPE transfer of staff in January 2016 from Merthyr County Borough Council.

##### 1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

#### 2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### 3 Donations and legacies

	2017	2016
	£	£
Donations and gifts	-	6,700

# DRIVE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 4 Charitable activities

	2017 £	2016 £
ILF and targeted support income	1,554,164	1,629,662
Supporting People grant	808,217	1,070,366
Health and local authority	9,124,705	7,524,590
Rent and service charges	1,790,721	1,630,332
Other income	221,304	260,720
	<u>13,499,111</u>	<u>12,115,670</u>
Analysis by fund		
Unrestricted funds	3,566,189	
Restricted funds	9,932,922	
	<u>13,499,111</u>	
For the year ended 31 March 2016		
Unrestricted funds		3,520,714
Restricted funds		8,594,956
		<u>12,115,670</u>

### 5 Investments

	2017 £	2016 £
Interest receivable	<u>6,515</u>	<u>10,536</u>

# DRIVE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 6 Charitable activities

	2017 £	2016 £
Staff costs	10,819,344	9,883,973
Depreciation of fixed assets	47,334	54,161
Advertising and promotion	47,435	14,941
Food, cleaning, health and safety	48,217	47,753
Interest and bank charges	79,073	71,403
Legal and professional costs	160,857	158,590
Office expenses	240,290	200,441
Participation	13,788	14,523
Rent and utilities	1,215,843	1,141,261
Repairs, maintenance and renewals	237,110	230,078
Travel and vehicle costs	203,941	208,380
Bad debt expense	-	1,991
	<u>13,113,232</u>	<u>12,027,495</u>
Share of support costs (see note 7)	249,657	266,561
Share of governance costs (see note 7)	7,956	7,956
	<u>13,370,845</u>	<u>12,302,012</u>
<b>Analysis by fund</b>		
Unrestricted funds	3,433,776	
Restricted funds	9,937,069	
	<u>13,370,845</u>	
<b>For the year ended 31 March 2016</b>		
Unrestricted funds		3,638,684
Restricted funds		8,663,328
		<u>12,302,012</u>



# DRIVE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 7 Support costs

	Support costs	Governance costs	2017	2016	Basis of allocation
	£	£	£	£	
Staff costs	191,339	-	191,339	187,807	Time spent
Bank charges	420	-	420	420	Time spent
Establishment costs	57,898	-	57,898	78,334	Time spent
Audit fees	-	7,956	7,956	7,956	Governance
	<u>249,657</u>	<u>7,956</u>	<u>257,613</u>	<u>274,517</u>	
Analysed between					
Charitable activities	<u>249,657</u>	<u>7,956</u>	<u>257,613</u>	<u>274,517</u>	

Governance costs includes payments to the auditors of £7,956 (2016- £7,956) for audit fees.

### 8 Net movement in funds

	2017	2016
	£	£
Net movement in funds is stated after charging/(crediting)		
Fees payable to the company's auditor for the audit of the company's financial statements	7,956	7,956
Depreciation of owned tangible fixed assets	<u>47,334</u>	<u>54,161</u>

### 9 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

# DRIVE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 10 Employees

#### Number of employees

The average monthly number of employees during the year was:

	2017 Number	2016 Number
Care and administration staff	629	603

The average number of employees during the year, calculated on the basis of full-time equivalents was 497 (2016: 477).

#### Employment costs

	2017 £	2016 £
Wages and salaries	9,886,498	9,119,592
Social security costs	741,864	603,149
Other pension costs	382,321	349,039
	11,010,683	10,071,780

The number of employees whose annual remuneration was £60,000 or more were:

	2017 Number	2016 Number
£60,000 - £70,000	1	1

During the year, defined contribution pension contributions on behalf of the above employee amounted to £3,875 (2016: £4,052).

#### Senior management remuneration

The key management personnel of the charity are as detailed in the Trustees report. The total employee benefits (including salary, employer's national insurance, pension and benefits in kind) of the key management personnel of the charity were £253,509 (2016: £263,826).

### 11 Taxation

As a registered charity, Drive is entitled to the exemption from taxation in respect of income and capital gains received with sections 478-489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purpose only.

Drive Enterprises (Mentrau Drive) Ltd's Corporation Tax liability for the year amounted to £nil (2016: £nil).

# DRIVE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 12 Tangible fixed assets

	Freehold interest in land and buildings	Plant and machinery including motor vehicles	Fixtures, fittings and equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 2016	1,441,307	78,527	391,119	1,910,953
Additions	-	-	4,969	4,969
At 31 March 2017	1,441,307	78,527	396,088	1,915,922
<b>Depreciation and Impairment</b>				
At 1 April 2016	268,984	73,122	344,578	686,684
Depreciation charged in the year	24,766	5,405	17,163	47,334
At 31 March 2017	293,750	78,527	361,741	734,018
<b>Carrying amount</b>				
At 31 March 2017	1,147,557	-	34,347	1,181,904
At 31 March 2016	1,172,323	5,406	46,541	1,224,270

### 13 Fixed asset investments

	Other investments
<b>Cost or valuation</b>	
At 1 April 2016	1
At 31 March 2017	1
<b>Carrying amount</b>	
At 31 March 2017	1
At 31 March 2016	1

	Notes	2017 £	2016 £
Other investments comprise:			
Investments in subsidiaries	14	1	1

# DRIVE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 14 Subsidiaries

Details of the charity's subsidiaries at 31 March 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Drive Enterprises (Mentrau Drive) Ltd	Unit 8, Cefn Coed, Parc Nantgarw, Nantgarw, CF15 7QQ	Dormant	Ordinary Shares	100.00	

The aggregate capital and reserves and the results for the year of the subsidiary was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Drive Enterprises (Mentrau Drive) Ltd	-	564

### 15 Financial Instruments

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	1,752,658	1,132,997
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	1,558,962	1,309,023

### 16 Debtors

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,738,688	1,132,997
Other debtors	13,970	-
Prepayments and accrued income	20,180	134,804
	1,772,838	1,267,801

# DRIVE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 17 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans	20	56,236	56,236
Other taxation and social security		203,866	146,975
Trade creditors		350,969	233,392
Other creditors		269,349	128,882
Accruals and deferred income		649,550	605,658
		<u>1,529,970</u>	<u>1,171,143</u>

### 18 Deferred Income

	2017 £	2016 £
Balance as at 1st April 2016	-	-
Income received in the year	808,217	-
Released to income	(598,272)	-
	<u>209,945</u>	<u>-</u>
Balance as at 31st March 2017		

Deferred income relates to performance related grant funding received in advance and which relates to future financial periods.

### 19 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans	20	<u>232,858</u>	<u>284,855</u>

### 20 Loans and overdrafts

	2017 £	2016 £
Bank loans	<u>289,094</u>	<u>341,091</u>
Payable within one year	56,236	56,236
Payable after one year	<u>232,858</u>	<u>284,855</u>

Amounts included above which fall due after five years:

Payable by instalments	<u>-</u>	<u>59,911</u>
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## DRIVE

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

#### 20 Loans and overdrafts (Continued)

The loan relates to a mortgage covering the offices at Parc Nantgarw, the term of which totals 25 years. The loan is secured on the property to which it relates.

Mortgage interest is charged at 1% above the prevailing bank's base rate and is due to be repaid in full in 2022.

#### 21 Retirement benefit schemes

The charity's staff are members of defined contribution pension schemes, with the exception of 14 staff which have TUPE rights to a defined benefit pension scheme. The assets of both the schemes are held separately from those of the charity in independently administered funds. The pension cost charge represents contributions payable by the charity and amounted to £382,321 (2016: £349,039). At the year-end £78,755 (2016: £49,421) is held in creditors pending debit by the pension companies.

The Chief Executive is a member of Drive's defined contribution pension scheme. The charity makes contributions of 6% of salary, in accordance with the charity's Terms and Conditions of Employment. No enhanced or special terms apply. The amount contributed by the charity for 2017 was £3,875 (2016: £4,052).

#### 22 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2016 £	Movement in funds		Balance at 31 March 2017 £
		Incoming resources £	Resources expended £	
Building Fund	45,076	-	(3,415)	41,661
Thomas Bailey Trust Fund	11,697	-	(732)	10,965
The Horticultural Fund	15,000	-	-	15,000
The Progress Housing Trust Fund	23,989	-	-	23,989
Local Authority Funding	-	9,932,922	(9,932,922)	-
	95,762	9,932,922	(9,937,069)	91,615

**Building Fund** has been set up to meet the costs of maintenance and dilapidations of Drive central offices.

**Thomas Bailey Trust Fund** was received as a contribution towards a new building at the horticultural project. The building has been capitalised and the fund will be charged with the depreciation.

**The Horticultural Fund** is in respect to a donation from a charitable entity, which has been used to purchase land for the horticultural project. The land has been capitalised.

**The Progress Housing Trust Fund** was received to fund welfare or other services.

**Local Authority Funding** - monies received to fund the cost of care of residents in each Local Authority area. The restriction arises because of the geographical boundaries.

# DRIVE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

#### 23 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds				
	Balance at 1 April 2016	Incoming resources	Resources expended	Transfers	Balance at 31 March 2017
	£	£	£	£	£
Tenant Welfare and Move On	58,002	-	(197)	-	57,805
Cyclical Maintenance	29,666	-	-	-	29,666
Internal Replacement Reserve	166,786	10,152	(6,812)	(3,969)	166,157
Furniture Replacement Reserve	146,476	13,291	(40,622)	3,969	123,114
Laundry Reserve	20,923	4,897	(208)	-	25,612
Planned Maintenance	19,764	-	-	-	19,764
Garden Maintenance	(1,709)	267	(2,638)	-	(4,080)
Garden Maintenance STC	1,000	-	-	-	1,000
Household Reserve	(7,598)	5,890	(17,863)	-	(19,571)
Management Information Strategy	111,830	-	-	(90,524)	21,306
Redundancy Reserve	100,000	-	-	-	100,000
	<u>645,140</u>	<u>34,497</u>	<u>(158,864)</u>	<u>(90,524)</u>	<u>520,773</u>

**Tenant Welfare Reserve and Move On** has been set up to assist service users to move on to more suitable/independent accommodation, and to enable the trustees to respond to a tenant's needs outside the constraints of the budget.

**Cyclical Maintenance Reserve** has been established to meet the cost of future cyclical maintenance, being the charity's liability to maintain its property in accordance with a planned programme of works.

**Internal Replacement Reserve** has been set up to meet the cost of future internal decorations, being the charity's liability to maintain the decor of its internal communal areas in accordance with a planned programme of works.

**Furniture Replacement Reserve** has been established to meet the cost of furniture replacement in accordance with a planned programme for future replacement in addition to those items which need to be replaced each year.

**Laundry Reserve** has been set up to meet the cost of future laundry expenditure, being the charity's liability to maintain and replace laundry equipment.

**Planned Maintenance Reserve** has been established to meet the cost of future planned large scale maintenance, above and beyond that carried out as part of the annual programme, being the charity's liability to maintain its property in accordance with planned programme of works.

**Garden Maintenance Reserve** has been established to meet future garden maintenance, being the charity's liability in accordance with programme of works.

# DRIVE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

#### 23 Designated funds (Continued)

**Household Reserve** has been established to meet the cost of small household items that need to be replaced on a cyclical basis.

**Management Information Strategy Reserve** has been established to invest in Drive's management information systems.

**Redundancy Reserve** has been established to meet any liability that may arise from restructuring central services.

#### 24 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2017 are represented by:			
Tangible assets	1,114,278	67,626	1,181,904
Investments	1	-	1
Current assets/(liabilities)	2,830,278	23,989	2,854,267
Long term liabilities	(232,858)	-	(232,858)
	<u>3,711,699</u>	<u>91,615</u>	<u>3,803,314</u>

#### 25 Members liability

The charity is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £nil towards the assets of the charity in the event of liquidation.

#### 26 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	9,286	6,892
Between two and five years	5,350	2,866
	<u>14,636</u>	<u>9,758</u>



## DRIVE

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

#### 27 Related party transactions

Barry Gallagher, who is the Chief Executive Officer and Company Secretary of the charity, is also a director of Cefn Coed Management Ltd. The sole purpose of this company is to facilitate the management of Cefn Coed, the business park where Unit 5 (Drive's head office) is based. During the year Drive paid the company management fees totalling £3,080 (2016: £1,494). At the year end the charity owed the company £nil (2016: £646).

Jennifer Jones, who is a trustee of the charity, is also a director of Morgan Denton Jones Limited and Business in Focus Limited. During the year, Drive paid the companies professional fees totalling £5,451 (2016: £3,240). At the year end the charity owed the company £nil (2016: £2,100).

Drive Enterprises (Mentrau Drive) Ltd is a trading subsidiary of Drive - See Note 14. As at the year end Drive Enterprises Ltd owed the charity £nil (2016:£nil). As at 31 March 2016 the charity owed Drive Enterprises Ltd £1 (2016: £1).

28 Cash generated from operations	2017 £	2016 £
Surplus/(deficit) for the year	134,781	(169,106)
Adjustments for:		
Investment income recognised in statement of financial activities	(6,515)	(10,536)
Depreciation and impairment of tangible fixed assets	47,334	54,161
Movements in working capital:		
(Increase) in debtors	(505,036)	(323,954)
Increase in creditors	358,827	524,165
<b>Cash generated from operations</b>	<b>29,391</b>	<b>74,730</b>

