

**DEVELOPING HEALTH AND
INDEPENDENCE**

(Company limited by guarantee no. 03830311
registered charity no. 01078154)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

Report and Accounts

DEVELOPING HEALTH AND INDEPENDENCE

(Company limited by guarantee no. 03830311, registered charity no. 01078154)

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2019

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DEVELOPING HEALTH AND INDEPENDENCE

TRUSTEES' REPORT

For the year ended 31 March 2019

The Trustees, who are also Directors of the Company for the purposes of the Companies Act, and Trustees for charity law purposes, submit their annual report and the financial statements of Developing Health and Independence (DHI) for the year ended 31 March 2019. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the Charity's governing document, the Charities Act 2011 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 published on 16 July 2014.

Chair's Report

2018/19 was a year in which good progress was made against key strategic objectives in response to a backdrop of deepening need for support for the most socially excluded.

Particular strides were made in terms of strengthening foundation needs support to our clients, including access to affordable housing and promoting financial stability. Homeless in Hospital and Housing First projects have been a huge success in breaking the cycle of homelessness and reducing the burden on costly statutory services. Meanwhile Home Turf Lettings (HTL), our not-for-profit lettings agency for those on low or no income, saw the size of its housing stock increase and forged some inspiring and exciting new partnerships with LandAid and the construction industry. Given the increasing vulnerability of young people to county lines operations we are very pleased to be involved in developing 11 units of affordable accommodation in Bristol for young homeless people as part of the East Street Mews development.

On the topic of young people, the year was rounded off in style with DHI's young people's debate held at the Egg Theatre in Bath, covering topics from knife crime to school exclusion, the event was invaluable and successful in its aim to give young people the chance to be heard.

Finally, we were also delighted to receive news at year end that we secured Public Health England funding to renovate a property in B&NES to become a treatment center as well as purchase a house in South Gloucestershire to support homeless people wishing to address an alcohol problem through abstinence. We look forward to opening both later this year. Having started the charity approximately 20 years ago with a supported dry house to bridge the gap between homeless services and drug and alcohol treatment, this seemed an appropriate end to the financial year.

As we move forward, we are pleased to report that we remain robust financially and organisationally, and look forward to continuing to support and work with those most excluded.

Our Purpose and Activities

- To relieve poverty, sickness and distress, in particular but without limitation amongst persons suffering as a result of drug and alcohol abuse and housing need, through the provision of practical assistance and advice of all kinds including, without limitation, rehabilitation and resettlement and accommodation to the homeless, and education, legal and medical advice, counselling and assistance.
- To educate the public in the effects of drug and alcohol abuse and housing need.
- To pursue any other charitable purpose which the Board of the Charity thinks fit to pursue in conjunction with any of the charitable purposes mentioned above.

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The Charity's vision

DHI helps disadvantaged people to turn their lives around, stand on their own two feet and reduce dependency. DHI is flexible, creative and person-centered in its approach, valuing each individual and their circumstances as unique.

The Charity's values

- Self-Direction; to encourage independent thought, action and self-respect.
- Stimulation; to offer a stimulating environment allowing innovation and creativity to flourish in individuals.
- Zest for Life; in so far as it is not damaging to self, others or the environment, to enable individuals to pursue goals that further their happiness and joy of life.
- Flexibility; underpinning all our efforts is the need to be open, flexible and responsive to change.

The Charity's activities

Few if any of our clients come with a single issue so we work with the person to find and resolve the root cause of their issues. We help people through highly practical, solution focused and innovative projects and services. These include: supported housing as well as general needs housing for those on no or a low income, resettlement and floating support services, drug and alcohol treatment, employment reintegration and social prescribing.

The Trustees have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning the Charity's future activities.

In particular, the Trustees have considered how planned activities will contribute to the aims and objectives they have set.

Achievements and performance

During the 2018/19 financial year DHI's services continued to thrive despite the continued challenges that face the social care sector with a net decrease in the Charity's incoming resources of 6% (2017/8: increase of 32% driven largely by £982,040 in grants from Public Health England to purchase Burlington Street and Oak House). The Charity's net movement in funds during the year contributed an additional £219,955 (2018: £1,331,238) to reserves. To ensure transparency, the Trustees have separately identified Designated Funds for owned property and infrastructure sustainability which has resulted in an increase in Designated Funds of £373,527 in the year.

DHI uses a Balanced Score Card to drive strategy and measure the achievement of the Charity's strategic objectives. This was the first year of a new three-year strategy from 2017 – 20. The criteria against which success were measured for 2018/9 was:

- Strengthening foundation needs offering to clients.
- Growth of sustainable and affordable drug/alcohol treatment model.

This translates into some of our key achievements over the year including:

- Exceeded our fundraising target for HTL, enabling us to employ 1.5 procurement officers as well as support for marketing, thus helping us to achieve one of our key strategic objectives: to strengthen foundation needs offering.

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For the year ended 31 March 2019

- Improved efficiency within Home Turf Lettings with the introduction of our procurement strategy and a specialist rent management package.
- A joint Wiltshire/B&NES Hospital Discharge Service began, and by year end had assisted 85 individuals into some form of accommodation, who would otherwise have left hospital as a rough sleeper. A further 83 people at risk of homelessness were supported.
- Housing First (Bath), a project that removes the barriers to permanent accommodation for entrenched rough sleepers began as a result of a partnership between DHI, Curo and Julian House, and the first five tenancies issued.
- Within drug and alcohol treatment services, our Bristol Community Recovery Service set up LGBT and Non-opiate and crack cocaine specific groups as it became more established, peer support has been developed and made more widely available.
- 98 people volunteered their time, doing everything from working directly with clients to providing administrative support. Between them, they donated 7,271 hours.

In terms of service delivery, this means that DHI supported well in excess of 5,000 clients and their families and carers to be more independent and lead happier, more fulfilling lives.

Financial Review

Income

DHI's total income decreased by £381,298 (6%) this year from £5,962,308 in 2017/18 to £5,581,010. A detailed analysis of income is shown in the Statement of Financial Activities (SOFA) and Notes 2 – 3 of the Financial Statements.

Expenditure

Total spending on charitable activities for the year of £5,371,803 represents a 16% increase in expenditure from 2017/18 (£4,626,492). In large part this increase in expenditure can be attributed to the Community Recovery Services contract in Bristol, a contract taken on in February 2018. The Charity's tangible fixed assets increased to £2,048,818 (2018 £1,544,135) in large part due to the purchase of Sedgemoor Road in Bath as well as capitalized renovation work undertaken at another Home Turf Lettings property Oak House in Frome.

Further analysis of charitable activity expenditure, showing the operational activities undertaken by DHI are given in the SOFA and in Note 5 of the Financial Statements.

Fund Analysis

The Board can confirm that the Charity's assets are available and adequate to fulfil the obligations of the Charity on a fund by fund basis. Incoming resources for the year of £5,581,010 included £201,499 of restricted funds. Of the £3,873,125 funds retained at year end, £2,130,125 were designated and £145,967 were restricted.

Further analysis of designated and restricted funds is shown in the SOFA and Notes 15-16 of the Financial Statements.

Reserves Policy

The Board has examined the Charity's requirements for reserves in the light of the main financial risks to the organisation.

Within DHI's Reserves & Investments Policy, to ensure the financial viability of the charity and its ability to meet its on-going commitments, the Board have determined that Reserves should be maintained at three to six months organisational Operational Costs. For 2019/20, budgeted monthly operating costs are

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TRUSTEES' REPORT

For the year ended 31 March 2019

£530,000. The organisation holds £1,597,033 (2018: £1,784,105) in General Funds, equating to 3.0 months.

In addition, the Trustees require that Free Reserves remain in surplus. This was the case at 31st March 2019.

Furthermore, the Trustees require that cash (or cash equivalents) should be maintained between three and six months' average expenditure to meet ongoing commitments throughout the year.

At 31st March 2019, the organisation held £1,563,185 net current assets (current assets after deduction of creditors due within a year) equating to 2.9 months cash or cash equivalents to meet average expenditure. As this is below the minimum level set by the Trustees we are undertaking budgetary discipline and infrastructure review initiatives to bring the reserves back within policy guidelines.

The Board do feel confident DHI is able to continue the core activities of the Charity in the event of a significant drop in funding, whilst considering how any such loss in funding could be replaced or activities changed.

The Board is committed to investing additional resources for the purposes of developing services to our client group. Several opportunities are being reviewed and weighed against the need to maintain our reserves in the volatile funding environment which we and other similar organisation's face.

Investment Policy

DHI is committed to maintaining funds in instant access accounts to meet all the day to day needs for working capital. Any funds beyond this, and not required for development of the business in the short term, will be invested in low to medium risk investment or deposit accounts, reviewed and recommended by the Audit Committee and approved by the Board.

The Trustees are satisfied with investment performance in the current year and will continue to review performance.

Principal Risks and Uncertainties

DHI has a Risk Register which is standing item for review by the Board. The procedure takes into account all major risks that the Charity may be exposed to in terms of likelihood and impact on the business if they happen. This review includes the operational, reputational, and financial impact combined with a 'likelihood' score.

The key risks identified by the Executive remain the same as in previous years with one addition:

- DHI relies on contract income for over 80% of its operational funds. The continued and deepening cuts in contractual funding are being mitigated by diversification of sources of income, as well as through remodelling how we deliver services to achieve our core purpose. The Income Generation Manager (Funds & Trusts) has the remit of sourcing funds from Trusts and other similar bodies. DHI's social enterprise, HTL, continues to provide an alternative way of making sure the charity continues to meet its core purpose. The Executive continues to monitor performance issues which may result in the non-achievement of contractual obligations (thus putting funding at risk) and takes immediate, corrective action where necessary.
- Failure of information governance causing loss or error in data resulting in breaches in DHI's regulatory requirements and/or causes inaccurate and/or loss or inappropriate access to data. Risks have been mitigated by the achievement of IG Toolkit accreditation and the completion of the Data Security and Protection Toolkit 18/19.

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For the year ended 31 March 2019

- With the reductions in funding at local authority level as well as changes at commissioner level, there is a growing risk that arises as a result of changing key relationships and knowledge. The Charity will need to work hard to keep abreast of changes and be quick to build rapport with new commissioning bodies and staff to ensure their awareness of the impact of our work. DHI will work to actively maintain the Engagement Strategy to support this.

Going Concern

On reviewing the organisation's budgets and business plan, taking account of the current economic climate and its reserves position, the Board has a reasonable expectation that the organisation has adequate resources to continue in operational existence for the foreseeable future and for this reason it continues to adopt the going concern basis in the financial statements.

Plans for the future

This is the last year of DHI's current strategic plan (2017–20), so we will be taking time during the year to evaluate our progress and to plan for the future, which will involve a comprehensive look at the main challenges, opportunities and trends facing the organisation. However, it is clear that with drug related deaths on the increase, rising homelessness and the challenges of county lines operations among other worrying trends, our role in tackling social exclusion remains as relevant as ever.

Thus we have chosen to celebrate 20 years of the charity, not by looking backward, but through a series of articles and events, including contributions from a range of experts, exploring how we prevent today's young from becoming tomorrow's socially excluded.

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

Structure, Governance and Management

The organisation is a charitable company limited by guarantee, incorporated on 23 August 1999 and registered as a charity on 10 November 1999. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association.

The Board is elected from its membership by its Members either at its AGM, or, where a vacancy exists, at any time between AGMs.

DHI's Board consists of up to 10 Members who meet at least four times a year and who are responsible for the strategic direction and governance of the charity, agreeing the business plan, monitoring progress toward achievement of organisational goals, reviewing operational performance and overseeing the management of organisational risk. Meetings must be quorate with the attendance of a minimum of three Trustees, and each meeting is formally minuted. A register of attendance at Board Meetings is maintained and attendance rates for the year by Board Members was 87%.

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission.

An Audit Committee consisting of two Trustees, the Finance and Operations Director and Chief Executive Officer (CEO) meet at least twice a year to review financial and other audits.

In addition, there is a Housing Committee formed by the Board to oversee investment and development of the organisation's property for the furtherance of DHI's charitable objectives. The Committee consists of three Trustees and the Housing Director and meets as required through the year.

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For the year ended 31 March 2019

The CEO is responsible for strategic and operational management and is authorised to deploy resource, through the Executive, toward the achievement of DHI's business objectives.

The Executive of the organisation comprises:

- CEO, through whom the Board exercises its Governance
- Finance and Operations Director
- Housing Director - Housing and Social Exclusion
- Treatment Services Director
- Associate Director
- Medical Director

Regular business meetings are held where performance is monitored, strategically, operationally and financially, and potential improvements discussed and actions agreed. A table of delegated responsibilities outlines the delegated authorities of senior staff, including delegated financial and health and safety responsibilities. Operations Managers and Team Leaders in turn discharge their responsibilities through the activities of teams of skilled and committed workers.

In alignment with our values, staff, volunteers and clients are heavily involved in shaping and continuously improving services, through a wide variety of mechanisms.

Trustees are appointed following application and interview with the Chair and Chief Executive Officer. Following a satisfactory interview, candidate Trustees are invited to join at least one meeting as an observer. At the end of these meetings, the Board will review the candidate Trustees' contribution and then invite them, if appropriate, to be a full member. Newly appointed Trustees are mentored by the Chair or another senior Trustee. Annual appraisals of Trustees take place and an 'Away Day' provides an opportunity for training and development.

Key Management Personnel, excluding Trustees, are remunerated by annual salary and the DHI standard pension contribution. There are no additional payments or benefits in kind. Remuneration levels for all grades under CEO are set against a standard point scale (the 'National Joint Committee' scale) and are subject to performance based review which is the same as applied to all other members of staff. The CEO's salary is set by a Remuneration Committee, comprising three Board Members, including the Chair. Factors which the Remuneration Committee takes into account when setting pay includes: cost of living, performance and other key factors such as a significant increase in responsibility due to a new major contract.

Trustee roles, in line with all posts within DHI, are advertised widely to encourage broad participation and diversity. The Board and Executive work to ensure that diversity within the organisation is promoted.

The charity does not actively solicit donations from the public and does not need to develop formal policies on its fundraising approach. However, DHI is a member of the Fundraising Standards Board and by participating in the scheme is committing to best fundraising practices, honesty, transparency, clarity and accountability.

Related parties and relationships with other organisations

DHI holds an impressive track record of achievement against targets and strives continuously to improve its performance and service quality while achieving competitive service costs. However, in order to deliver excellent client centered services that have maximum impact for both individuals and communities, we rely on building and maintaining excellent partnerships with a wide range of statutory and non- statutory organisations. In addition to many informal partnerships, DHI has a number of formal contractual relationships including with Avon & Wiltshire Mental Health Partnership, Broadway Lodge, Curo, Southern Brooks and Hawkspring.

TRUSTEES' REPORT For the year ended 31 March 2019

Guarantee of Members

Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up. The total number of such guarantees at 31 March 2019 was seven (2018: seven).

The Trustees (who are also the Directors of DHI 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, which 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 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 2015 (FRS 102).
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 maintaining proper accounting records that disclose with reasonable accuracy at any time, the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees 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 financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to the auditor

So far as the Trustees are aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Preparation of the report

This report has been prepared taking advantage of the small companies exemption of section 415A of the Companies Act 2006.

DEVELOPING HEALTH AND INDEPENDENCE

TRUSTEES' REPORT

For the year ended 31 March 2019

Auditors

The auditors, MHA Monahans, have indicated their willingness to accept re-appointment under Section 485 of the Companies Act 2006.

This report was approved and authorised for issue by the Trustees on 10 SEPT 2019 and signed on its behalf by:



Sarah Davies
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEVELOPING HEALTH AND INDEPENDENCE

Opinion

We have audited the financial statements of Developing Health and Independence (the 'charitable company') for the year ended 31 March 2019 which comprise the Statement of Financial Activities (including Income and Expenditure Account), the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. 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 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019, and of the 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland": and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEVELOPING HEALTH AND INDEPENDENCE

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

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 trustees' report.

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEVELOPING HEALTH AND INDEPENDENCE


Our responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report

Use of our report

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



James Gale (Senior Statutory Auditor)
For and on behalf of MHA Monahans
Statutory Auditors
Chartered Accountants
Fortescue House
Court Street
Trowbridge
BA14 8FA

21.10.19

DEVELOPING HEALTH AND INDEPENDENCE (company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (including income & expenditure account)
For the year ended 31 March 2019

	Note	Unrestricted Funds 2019 £	Designated Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
INCOMING RESOURCES						
Donations	2	3,745	-	-	3,745	5,957
Charitable activities	3					
Treatment Services		4,241,792	-	94,937	4,336,729	3,406,358
Community Services		147,713	-	-	147,713	347,588
Housing Projects		800,878	-	24,645	825,523	1,893,628
Home Turf Lettings		178,435	-	62,100	240,535	254,184
Central Services		3,146	-	19,817	22,963	44,887
Investment income		3,802	-	-	3,802	9,706
TOTAL INCOMING RESOURCES		5,379,511	-	201,499	5,581,010	5,962,308
RESOURCES EXPENDED						
Charitable activities	5					
Treatment Services		3,934,826	-	73,937	4,008,763	3,047,317
Community Services		189,437	-	-	189,437	422,951
Housing Projects		771,305	-	24,645	795,950	731,550
Home Turf Lettings		181,968	-	49,600	231,568	263,891
Central Services		126,268	-	19,817	146,085	160,783
TOTAL RESOURCES EXPENDED		5,203,804	-	167,999	5,371,803	4,626,492
Net gains/(losses) on investments	10	10,748	-	-	10,748	(4,578)
NET INCOME / (EXPENDITURE)		186,455	-	33,500	219,955	1,331,238
Transfers between funds		(373,527)	373,527	-	-	-
NET MOVEMENT IN FUNDS		(187,072)	373,527	33,500	219,955	1,331,238
RECONCILIATION OF FUNDS:						
TOTAL FUNDS BROUGHT FORWARD	15	1,784,105	1,756,598	112,467	3,653,170	2,321,932
TOTAL FUNDS CARRIED FORWARD		£ 1,597,033	£ 2,130,125	£ 145,967	£ 3,873,125	£ 3,653,170

NOTE ON COMPARATIVES

An analysis of the comparatives between restricted and unrestricted funds are give on page 36.

The annexed notes form part of these financial statements

DEVELOPING HEALTH AND INDEPENDENCE

BALANCE SHEET As at 31 March 2019

	Notes	£	2019 £	£	2018 £
FIXED ASSETS					
Tangible assets	9		2,048,818		1,544,135
Investments	10		642,887		629,290
			<u>2,691,705</u>		<u>2,173,425</u>
CURRENT ASSETS					
Debtors	11	377,456		384,415	
Cash at bank and in hand		1,592,594		1,863,154	
			<u>1,970,050</u>	<u>2,247,569</u>	
CREDITORS: amounts falling due within one year	12	(406,865)		(465,600)	
NET CURRENT ASSETS			<u>1,563,185</u>	<u>1,781,969</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,254,890</u>	<u>3,955,394</u>	
CREDITORS: amounts falling due after one year	13		(229,085)		(174,845)
PROVISIONS FOR LIABILITIES AND CHARGES	14		(152,680)		(127,379)
NET ASSETS			<u>£ 3,873,125</u>	<u>£ 3,653,170</u>	
FUNDS					
Restricted funds	15		145,967		112,467
Unrestricted funds:					
Designated funds	15	2,130,125		1,756,598	
General fund	15	1,597,033		1,784,105	
			<u>3,727,158</u>	<u>3,540,703</u>	
			<u>£ 3,873,125</u>	<u>£ 3,653,170</u>	

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies. They were approved and authorised for issue by the Trustees on 10 SEP 2019

Sarah Davies

SARAH DAVIES, Chair

Tim Marvell

TIM MARVELL, Treasurer

The annexed notes form part of these financial statements

DEVELOPING HEALTH AND INDEPENDENCE

STATEMENT OF CASH FLOWS For the year ended 31 March 2019

	Note	2019 £	2018 £
Cash flow from operating activities (see below)		£ 243,689	£ 1,038,496
Cash flow from investing activities			
Purchase of fixed asset additions		(568,096)	(1,117,875)
Investment income received		3,802	9,706
Net cash used in investing activities		£ (564,294)	£ (1,108,169)
Cash flow from financing activities			
Cash inflow from new borrowing		61,829	-
Repayments of borrowing		(5,335)	(5,178)
Interest paid		(6,449)	(5,490)
Net cash provided by / (used in) financing activities		£ 50,045	£ (10,668)
Change in cash and cash equivalents in the year		(270,560)	(80,341)
Cash and cash equivalents bought forward		1,863,154	1,943,495
Cash and cash equivalents carried forward		£ 1,592,594	£ 1,863,154
 RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH		 2019 £	 2018 £
Surplus / (deficit) for the year		219,955	1,331,238
Depreciation charges		63,413	39,244
Net movement on investments		(13,597)	(203,159)
Interest payable		6,449	5,490
Interest receivable		(3,802)	(9,706)
Change in provision		25,301	17,622
Decrease / (increase) in debtors		6,959	(90,725)
Increase / (decrease) in creditors		(60,989)	(51,508)
		£ 243,689	£ 1,038,496

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and in the preceding year unless otherwise stated.

(a) General information and basis of preparation of financial statements

DHI is a charity limited by guarantee registered in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the reference and administrative information on page 1 of these financial statements. The nature of the charity's operations and principal activities are detailed within the Report of the Trustees.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their Financial Statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £1.

(b) Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Unrestricted designated funds have been set aside by the trustees out of unrestricted funds towards a specific purpose. Additional details can be found in note 15 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 charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in note 15 to the financial statements.

(c) Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Income from grants, contracts and service level agreements is recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met, then these amounts are deferred.

Rental income is shown net of any associated expenditure in order to show more accurately rental income actually due to the charity in the year and is recognised when receivable.

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

(d) Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Charitable expenditure comprises those 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.

Governance costs include those costs associated with meeting constitutional and statutory requirements of the charity and include the audit fees and costs linked with the strategic management of the charity.

Expenditure directly attributable to a specific activity category (e.g. charitable activities, governance costs) has been included in the relevant category. Where costs are attributable to more than one activity, they are apportioned across activities based on the time spent by staff on those activities and their use of shared resources.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

(e) Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

(f) Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, which is four years for all assets except for freehold property which is depreciated over 50 years. Assets costing over £1,000 are capitalised.

(g) Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains / (losses) on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

(h) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

(i) Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs.

(j) Provisions

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

(k) Financial Instruments

The charity has only 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 investments which are measured at fair value.

(l) Leases

Rentals payable and receivable under operating leases are charged to the SoFA on a straight line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2019*****(m) Pension schemes***

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

The charity also participated in a multi-employer defined benefit pension scheme with the Pensions Trust, operated and administered by the Pensions Trust. It is not possible to separately identify the assets and liabilities relating to DHI on a consistent and reasonable basis therefore this is accounted for as a defined contribution scheme. The scheme was available to all permanent staff however contributions to the plan ceased as at 30 September 2013.

Deficit funding contributions are payable by the charity in respect of this multi-employer defined benefit scheme. No liability has been included within the Financial Statements in respect of the deficit reduction contributions payable, in line with the requirements of the SORP (FRS 102) on the basis that this liability is not deemed to be material to the Financial Statements. See note 19 to the Financial Statements for more details.

The charity makes contributions to the National Health Service Pension Scheme for participating employees. The NHS Scheme is a defined benefit scheme. As the scheme is a multi-employer scheme and the charity is unable to identify its share of the underlying assets and liabilities, this scheme is accounted for by the Charity as a defined contribution scheme. Any resulting liabilities on this scheme would be met by the State. Therefore contributions payable for the year in relation to the scheme are charged in the Statement of Financial Activities.

(n) Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

(o) 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. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

2. INCOME FROM DONATIONS

	Unrestricted Funds	Designated Funds	Restricted Funds	Total Funds	<i>Total Funds</i>
	2019	2019	2019	2019	<i>2018</i>
	£	£	£	£	<i>£</i>
General donations	3,745	-	-	3,745	5,957

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

3. INCOME FROM CHARITABLE ACTIVITIES

a) Income for Treatment Services

	Unrestricted Funds 2019 £	Designated Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
Contracts / SLAs	4,550,246	-	-	4,550,246	3,790,431
Transfers to partners	(449,457)	-	-	(449,457)	(477,507)
Grants	-	-	94,937	94,937	72,272
Other Fees and Charges	124,239	-	-	124,239	16,840
Other income	16,764	-	-	16,764	4,322
	£ 4,241,792	£ Nil	£ 94,937	£ 4,336,729	£ 3,406,358

Restricted funds relate to income from the performance of grant obligations during the year from BBC Children in Need, St John's Hospital, John James Bristol Foundation and a number of Church and Community Groups. Any grant remaining at 31 March 2019 has been treated as deferred income pending release when grant conditions are met.

b) Income for Community Services

	Unrestricted Funds 2019 £	Designated Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
Contracts / SLAs	147,713	-	-	147,713	345,602
Other Fees and Charges	-	-	-	-	1,986
	£ 147,713	£ Nil	£ Nil	£ 147,713	£ 347,588

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

c) Income for Housing Projects

	Unrestricted Funds 2019 £	Designated Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
Capital grants	-	-	-	-	982,040
Burlington Street Appeal	-	-	-	-	129,514
Contracts / SLAs	579,227	-	-	579,227	581,461
Transfers to partner providers	(109,100)	-	-	(109,100)	(106,325)
Rental Income	372,343	-	-	372,343	350,556
Rental Voids	(79,732)	-	-	(79,732)	(58,868)
Transfer to landlord	(42,724)	-	-	(42,724)	(64,170)
Grants	-	-	24,645	24,645	7,329
Other Fees and Charges	80,864	-	-	80,864	72,091
	£ 800,878	£ Nil	£ 24,645	£ 825,523	£ 1,893,628

Restricted funds relate to income from the performance of grant obligations during the year from Bath Abbey and a number of Church and Community Groups. Any grant remaining at 31 March 2018 has been treated as deferred income pending release when grant conditions are met.

d) Income for Home Turf Lettings

	Unrestricted Funds 2019 £	Designated Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
Rental Income	577,292	-	-	577,292	561,962
Transfer to landlord	(437,562)	-	-	(437,562)	(424,244)
Rental Voids	(13,877)	-	-	(13,877)	(18,459)
Grants	-	-	62,100	62,100	65,781
Payments to partners	(5,118)	-	-	(5,118)	-
Other Fees and Charges	57,700	-	-	57,700	69,144
	£ 178,435	£ Nil	£ 62,100	£ 240,535	£ 254,184

Restricted funds relate to income from the performance of grant obligations during the year from Christchurch Hall, Big Venture Challenge, The Nisbet Trust and Crisis. Any grant remaining at 31 March 2019 has been treated as deferred income pending release when grant conditions are met.

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

e) Income for Central Services

	Unrestricted Funds 2019 £	Designated Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
Grants	-	-	19,817	19,817	39,606
Other income	3,146	-	-	3,146	5,281
	<u>£ 3,146</u>	<u>£ Nil</u>	<u>£ 19,817</u>	<u>£ 22,963</u>	<u>£ 44,887</u>

Restricted funds relate to income from the performance of grant obligations during the year from St John's Hospital. Any grant remaining at 31 March 2019 has been treated as deferred income pending release when grant conditions are met.

4. NET INCOME / EXPENDITURE FOR THE YEAR	2019 £	2018 £
Net income / expenditure for the period includes		
Depreciation	63,413	39,244
Fees payable to auditor		
Audit and accountancy fee	<u>15,678</u>	<u>15,650</u>

5. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Treatment Services 2019 £	Communities Services 2019 £	Housing 2019 £	Home Turf Lettings 2019 £
Provision of services	3,803,315	180,001	725,587	190,063
Advertising & publicity	2,170	137	165	60
Building refurbishment	-	-	16,854	13,470
Depreciation	61	-	31,152	7,386
Legal and financial	4,505	-	795	1,327
Bad debt write off	11,499	-	1,964	2,088
Support costs	187,213	9,299	19,433	17,174
Governance costs	-	-	-	-
	<u>4,008,763</u>	<u>189,437</u>	<u>795,950</u>	<u>231,568</u>
Total 2018	<u>3,047,317</u>	<u>422,951</u>	<u>731,550</u>	<u>263,891</u>

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

	Central 2019 £	Total 2019 £	Total 2018 £
Provision of Services	32,557	4,931,523	4,216,222
Advertising & publicity	3,026	5,558	10,800
Building refurbishment	-	30,324	-
Depreciation	24,813	63,412	39,244
Legal and Financial	92	6,719	15,200
Bad debt write off	-	15,551	42,711
Support costs	69,373	302,492	285,612
Governance Costs	16,224	16,224	16,703
	<u>£ 146,085</u>	<u>£ 5,371,803</u>	<u>£ 4,626,492</u>

Total 2018

160,783 4,626,492

6. GOVERNANCE COSTS

	2019 £	2018 £
Audit and accountancy	15,678	15,650
Other governance costs (Annual Event)	546	1,053
	<u>£ 16,224</u>	<u>£ 16,703</u>

7. STAFF NUMBERS AND COSTS

	2019 £	2018 £
Wages and salaries	3,426,807	2,927,413
Social security costs	286,530	234,846
Pension costs	193,933	162,495
Redundancy costs	9,374	25,137
	<u>£ 3,916,644</u>	<u>£ 3,349,891</u>

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2019

The average weekly number of employees (head count), during the period was:

	Number	<i>Number</i>
Chief Executive Officer	1	1
Directors	4	4
Associate Directors	1	1
Service Managers	9	10
Administration, HR, Finance & IT	9	7
Team Leaders	18	23
Support Workers	119	104
	161	150

Comparative staff numbers have been amended from the published figures in the 2018 statutory accounts

	Number	<i>Number</i>
Employees earning over £60,000		
£80,001 - £90,000	1	-
£70,001 - £80,000	-	1
£60,001 - £70,000	-	-

8. TRUSTEES AND KEY MANAGEMENT PERSONNEL

During the year, none of the Trustees, who comprise the charity's key management personnel, received any remuneration, or received reimbursed expenditure (2018: Nil).

The key management personnel of the charity comprise the Trustees, Chief Executive Officer, Finance and Operations Director, Strategic Development Director - Housing and Social Exclusion, Treatment Services Director and Medical Director. The total employee benefits of the key management personnel of the Charity were £314,998 (2018 : £238,642).

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

9. TANGIBLE FIXED ASSETS

	Buildings £	Vehicles £	Furniture £	IT, Comms & Technology £	Total
Cost					
At 1 April 2018	1,524,852	14,500	47,349	88,241	1,674,942
Additions	537,040	-	-	31,056	568,096
Disposals	-	(14,500)	-	-	(14,500)
At 31 March 2019	<u>2,061,892</u>	<u>-</u>	<u>47,349</u>	<u>119,297</u>	<u>2,228,538</u>
Depreciation					
At 1 April 2018	44,657	14,500	37,058	34,592	130,807
Charge for the year	35,598	-	2,941	24,874	63,413
On disposals	-	(14,500)	-	-	(14,500)
At 31 March 2019	<u>80,255</u>	<u>-</u>	<u>39,999</u>	<u>59,466</u>	<u>179,720</u>
Net book value					
At 31 March 2018	<u>£ 1,480,195</u>	<u>£ Nil</u>	<u>£ 10,291</u>	<u>£ 53,649</u>	<u>£ 1,544,135</u>
At 31 March 2019	<u>£ 1,981,637</u>	<u>£ Nil</u>	<u>£ 7,350</u>	<u>£ 59,831</u>	<u>£ 2,048,818</u>

Included within buildings are two properties with a combined net book value of £97,953 (2018 : £100,162) which are held under a 999-year lease. These buildings are depreciated over 50 years on the basis that this is considered to be a more realistic estimate of the useful life of the assets.

10. FIXED ASSETS INVESTMENTS

	2019 £	2018 £
Market value		
At 1 April 2018	629,290	426,131
Additions	181,413	1,919,270
Disposals	(178,564)	(1,711,533)
Gains / (losses) on investments	10,748	(4,578)
At 31 March 2019	<u>£ 642,887</u>	<u>£ 629,290</u>

Additions and disposals contain movements between funds within the portfolio.

11. DEBTORS

Due within one year

	2019 £	2018 £
Trade debtors	145,680	130,026
Rental debtors	58,455	27,410
Sundry debtors	20,392	40,971
Prepayments and accrued income	152,929	186,008
	<u>£ 377,456</u>	<u>£ 384,415</u>

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2019	2018
	£	£
Trade creditors	91,903	107,685
Credit cards	10,052	1,300
Bank loans due within 1 year	7,589	5,335
Social security and other taxes	69,262	67,669
Other creditors	98,529	54,687
Accruals	57,240	91,197
Deferred income	72,290	137,727
	£ 406,865	£ 465,600
<u>Deferred income (contracts and service level agreements)</u>		
Balance at 1 April 2018	137,727	207,416
Amount released to incoming resources	(137,727)	(207,416)
Amount deferred in the year	72,290	137,727
Balance at 31 March 2019	£ 72,290	£ 137,727

Deferred income included the following grants with performance obligations in future periods.

	2019	2018
	£	£
The Medlock Charitable Trust	10,000	4,667
St John's Hospital - RSVP Programme	24,115	26,449
Nisbet Trust for Home Turf Lettings	12,500	12,500
BBC Children In Need Grant	2,621	2,578
Building Better Opportunities Grant	17,303	21,092
Big Venture Challenge Programme	-	33,600
	£ 66,539	£ 100,886

The remaining deferred income balance relates to contract income received for services not yet delivered.

13. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	2019	2018
	£	£
Bank loans	£ 229,085	£ 174,845

The bank loan is repayable over 25 years and interest is charged at base rate plus 2.5% (with a minimum rate of 3%). The loan is secured on the freehold property at Poyntz Road in Bristol, Abbotswood in Yate and Sedgemoor Road in Bath.

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2019

	2019 £	2018 £
The loan is repayable as follows:		
Within one year or on demand	7,589	5,335
Between one and two years	8,093	5,498
Between two and five years	23,956	17,518
After five years	197,036	151,829
	<u>£ 236,674</u>	<u>£ 180,180</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES	2019 £	2018 £
Property dilapidations		
At 1 April 2018	127,379	109,757
Addition during the year	25,301	17,622
At 31 March 2019	<u>£ 152,680</u>	<u>£ 127,379</u>

15. STATEMENT OF FUNDS	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers and investment gains/(losses) £	Carried Forward £
DESIGNATED FUNDS					
Housing Sinking Fund	38,582	-	-	1,053	39,635
HTL Sinking Fund	10,646	-	-	8,187	18,833
2 Bridges Trust Fund	11,475	-	-	-	11,475
Strategic Development Burlington Street	66,000	-	-	(11,000)	55,000
contingency	88,000	-	-	-	88,000
HTL Property Fund	155,717	-	-	(155,717)	-
Infrastructure Sustainability	-	-	-	260,000	260,000
Designated Funds - Properties					
- Burlington Street	888,177	-	-	(18,003)	870,174
- Oak House	258,939	-	-	132,760	391,699
- Peter's House	157,485	-	-	(3,422)	154,063
- 19 Abbotswood	27,393	-	-	(480)	26,913
- Poyntz Road	54,184	-	-	381	54,565
- Sedgemoor	-	-	-	159,768	159,768
	<u>£ 1,756,598</u>	<u>£ Nil</u>	<u>£ Nil</u>	<u>£ 373,527</u>	<u>£ 2,130,125</u>

The Housing Sinking Fund represents funds retained for repairs and renewals at DHI's Supported Housing Hostels.

The HTL Sinking Fund represents retained funds for repairs and renewals at HTL properties.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

The 2 Bridges Trust Fund is to provide access to employment, education and training for DHI clients.

The Strategic Development Fund is to support the organisation in strategy implementation as set out in the Balanced Score Card.

The Burlington Street Contingency Fund was created to support the operation of DHI's work at the project recognising the possibilities of future funding restrictions.

The HTL property fund were funds set aside by the Board for the purchase of properties for Home Turf Lettings. This has been used to purchase a property at Sedgemoor Road in Bath.

The Infrastructure Sustainability fund is to safeguard the charity against zero-inflation contract income spent against cost of living rises in overheads.

Designated Funds - Properties are the asset value of properties owned by DHI, separately shown from General Funds. The amounts include the net book value of properties purchased by the charity, less any long term finance used to purchase them as well as unspent cash reserves allocated towards expected renovations or purchase costs.

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

RESTRICTED FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers and investment gains/(losses) £	Carried Forward £
Treatment Services					
BBC CiN grant	-	31,276	(31,276)	-	-
St John's Hospital grant	-	38,608	(38,608)	-	-
John James grant	-	20,000	-	-	20,000
South Gloucestershire MAF grant	-	1,000	-	-	1,000
Other incoming funds less than £1,000 each	-	4,053	(4,053)	-	-
Housing Projects					
Bath Abbey donation	-	6,000	(6,000)	-	-
Bath Boules donation	-	1,000	(1,000)	-	-
Supporter donation	-	1,020	(1,020)	-	-
Capital grants	58,101	-	-	-	58,101
Homeless prevention Senior School Presentation	-	15,000	(15,000)	-	-
Other incoming funds less than £1,000 each	-	1,625	(1,625)	-	-
Home Turf Lettings					
Christchurch Hall grant	-	1,000	(1,000)	-	-
BVC grant	-	33,600	(33,600)	-	-
The Nisbet Trust	-	12,500	-	-	12,500
Crisis grant	-	15,000	(15,000)	-	-
HTL Empty Homes Fund (Cash)	30,079	-	-	23,282	53,361
HTL Empty Homes Fund (Loans)	24,287	-	-	(23,282)	1,005
Central Services					
St John's Hospital grant	-	15,000	(15,000)	-	-
The Medlock Charitable Trust	-	4,667	(4,667)	-	-
Other incoming funds less than £1,000 each	-	150	(150)	-	-
	<u>£ 112,467</u>	<u>£ 201,499</u>	<u>£ (167,999)</u>	<u>£ Nil</u>	<u>£ 145,967</u>

Treatment Services

The BBC Children in Need fund provides the young persons' service with a specialist alcohol project worker.

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

The RSVP programme, funded by St John's Hospital is towards projects working with perpetrators of domestic violence in B&NES.

The John James grant represents funds for the Charity to upgrade 1-1 and Group rooms in our Central Bristol location.

Grant awarded by South Gloucestershire Council Member Awarded Funding for DHI to carry out Connecting Kingswood Health and Wellbeing project.

Housing Projects

The Bath Abbey donation represents funds for the Charity's Housing First project aimed at providing Housing for all.

The Bath Boules donation represents funds for the Charity's Housing Discharge project aimed at ensuring patients have Housing once discharged from hospital.

Supporter raised funds represents money for the Charity's Housing First project aimed at providing Housing for all.

The Homelessness Prevention - Senior School Prevention programme was funding from Local Authorities towards homeless prevention training in schools.

Capital Grants from Public Health England (PHE) received for the purchase of Burlington Street and Oak House were largely spent in 2018 and a small residual balance will be spent in 2020 on properties.

Home Turf Lettings

The Christchurch Hall grant represents funds for the refurbishment of a Home Turf Lettings property in Sedgemoor Road.

The Medlock Trust funds represent a grant for the funding of a Home Turf Lettings Procurement officer.

The Big Venture Challenge grant represents funds for the operational support and development of Home Turf Lettings.

The Nisbet Trust funds represent a grant for the funding of a Home Turf Lettings Procurement officer.

The HTL Empty Homes Fund (Cash) is a cash reserve available to make loans to landlords to enable properties in disrepair to be refurbished and rented out through DHI's Social Enterprise: Home Turf Lettings.

HTL Empty Homes Fund (Loans) is the value of loans issued to landlords to enable properties in disrepair to be refurbished and rented out through DHI's Social Enterprise: Home Turf Lettings.

The Crisis grant represents funds for the operational support and development of Home Turf Lettings.

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

Central Services

The St John's Hospital grant represents funds for the uplift of DHI's website.

The Medlock Charitable Trust donated the final installments of a 3 year grant from to fund a DHI Income Generation Manager.

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers and investment gains/(losses) £	Carried Forward £
SUMMARY OF FUNDS					
Designated Funds	1,756,598	-	-	373,527	2,130,125
General Funds	1,784,105	5,379,511	(5,203,804)	(362,779)	1,597,033
	3,540,703	5,379,511	(5,203,804)	10,748	3,727,158
Restricted Funds	112,467	201,499	(167,999)	-	145,967
	£ 3,653,170	£ 5,581,010	£ (5,371,803)	£ 10,748	£ 3,873,125

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds		Restricted Funds	Total Funds
	Designated Funds £	General Funds £	£	£
Tangible fixed assets	1,981,637	67,181	-	2,048,818
Fixed asset investments	-	642,887	-	642,887
Net current assets	377,573	1,039,645	145,967	1,563,185
Creditors due in more than one year	(229,085)	-	-	(229,085)
Provision for liabilities and charges	-	(152,680)	-	(152,680)
	£ 2,130,125	£ 1,597,033	£ 145,967	£ 3,873,125

17. LEASE COMMITMENTS

The charity has financial commitments in respect of operating leases of land and buildings. The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019 £	2018 £
Land and Buildings		
Not later than one year	630,707	618,517
Later than one and not later than 5 years	1,250,586	1,180,681
Later than five years	2,487	271,798
	£ 1,883,780	£ 2,070,996

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2019

Included in the total lease commitments above is £1,536,640 relating to the maximum rents that the charity may have to pay on behalf of the tenants. Our experience is that voids are only 5% of total rental income and that the actual liability over the period may be closer to £76,827.

18. FUNDS RECEIVED AND HELD AS AGENT

The charity had two contracts for the provision of the Direct Payment Services against which it held funds received as an agent. These contracts came to end during the current and comparative financial periods.

Funds received by the charity as agent were not recognised as an asset in its Financial Statements because the funds were not within its control. Consequently, the receipt of funds as agent was not recognised as income nor is its distribution recognised as the agent's expenditure.

However, any fee receivable by a charity for acting as agent was recognised as its income. Similarly, any costs incurred by the charity in the administration of the agency arrangements were recognised as expenditure in its Financial Statements.

The final balance on close of service was transferred to the new providers on 4th April 2018 and 31st July 2018.

19. PENSION COMMITMENTS

SCHEME: The Pensions Trust – The Growth Plan Series 1 – 3

Developing Health & Independence participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the charity to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the charity is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit Contributions

From 1 April 2019 to 31 March 2025: £11.2m per annum (payable monthly and increasing by 3% each on 1st April)

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit Contributions

From 1 April 2016 to 30 September 2025: £12.9m per annum (payable monthly and increasing by 3% each on 1st April)

From 1 April 2016 to 30 September 2028: £54,560 per annum (payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the charity has agreed to a deficit funding arrangement the charity ordinarily would recognise a liability for this obligation. The amount recognised would be the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate would be recognised as a finance cost.

Present value of provision	2019	2018	2017
	£	£	£
	<u>£ 2,081</u>	<u>£ 2,308</u>	<u>£ 2,598</u>

On the basis that this provision is not material to the Financial Statements, the charity has taken the decision not to include such a provision.

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2019

If the provision had been included the accounting entries would have been as follows:

	2019 £	2018 £
Provision at start of the period	2,308	2,598
Unwinding of the discount factor	37	33
Deficit contribution paid	(297)	(289)
Remeasurements - impact on any changes in assumptions	19	(34)
Remeasurements - amendments to the contribution schedule	14	-
Provision at the end of period	<u>£ 2,081</u>	<u>£ 2,308</u>

Income and expenditure impact

Interest expense	37	33
Remeasurements - impact on any changes in assumptions	19	(34)
Remeasurements - amendments to the contribution schedule	14	-
Costs recognised in income and expenditure account	<u>£ 70</u>	<u>£ (1)</u>

Assumptions	2019 % per annum	2018 % per annum	2017 % per annum
	<u>1.39</u>	<u>1.71</u>	<u>1.32</u>

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

SCHEME: The Pensions Trust's Growth Plan Series 4.

From 1 October 2013 all contributions made into the Plan were into Series 4, which is a defined contribution pension plan.

SCHEME: NHS Pension Schemes

Two employees are covered by the provisions of NHS Pension Schemes. Details of the benefits payable and rules of the NHS Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in these schemes is taken as equal to the contributions payable to that scheme for the accounting period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

20. RELATED PARTIES

£54,117 before deferral (2018 - £39,673) was received in grants from St John's Hospital in this financial year, a charity in which the trustee (Chair) Ms Sarah Davies is a Trustee.

£1,106 (2018 - £367) in respect of recruitment advertisements was paid to CVS South Gloucestershire in this financial year, a charity in which the Chief Executive Officer, Ms Rosemary Phillips is a Director.

The transactions with the above organisations were all on an arms-length basis and no amounts were due to these organisations at the year-end date (2018 - £Nil).

21. CONTROLLING PARTY

The Trustees consider that the charity is jointly controlled by the Trustees and that there is no ultimate controlling party.

DEVELOPING HEALTH AND INDEPENDENCE (company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2018

	Note	<i>Unrestricted Funds 2018 £</i>	<i>Designated Funds 2018 £</i>	<i>Restricted Funds 2018 £</i>	<i>Total Funds 2018 £</i>
INCOMING RESOURCES					
Donations	2	5,957	-	-	5,957
Income from charitable					
Treatment Services		3,334,086	-	72,272	3,406,358
Community Services		347,588	-	-	347,588
Housing Projects		774,745	-	1,118,883	1,893,628
Home Turf Lettings		188,403	-	65,781	254,184
Central Services		5,581	-	39,306	44,887
Investment income		9,706	-	-	9,706
TOTAL INCOMING RESOURCES		4,666,066	-	1,296,242	5,962,308
RESOURCES EXPENDED					
Charitable activities					
Treatment Services		2,975,045	-	72,272	3,047,317
Community Services		422,951	-	-	422,951
Housing Projects		724,221	-	7,329	731,550
Home Turf Lettings		198,110	-	65,781	263,891
Central Services		87,377	34,100	39,306	160,783
TOTAL RESOURCES EXPENDED		4,407,704	34,100	184,688	4,626,492
Net gains/(losses) on investments		(4,578)	-	-	(4,578)
NET INCOME / (EXPENDITURE)		253,784	(34,100)	1,111,554	1,331,238
Transfers between funds		(322,523)	1,405,917	(1,083,394)	-
NET MOVEMENT IN FUNDS		(68,739)	1,371,817	28,160	1,331,238
RECONCILIATION OF FUNDS:					
TOTAL FUNDS BROUGHT FORWARD		1,852,844	384,781	84,307	2,321,932
TOTAL FUNDS CARRIED FORWARD		£ 1,784,105	£ 1,756,598	£ 112,467	£ 3,653,170

**DEVELOPING HEALTH AND
INDEPENDENCE**

(Company limited by guarantee no. 03830311
registered charity no. 01078154)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

Report and Accounts

DEVELOPING HEALTH AND INDEPENDENCE

(Company limited by guarantee no. 03830311, registered charity no. 01078154)

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2019

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DEVELOPING HEALTH AND INDEPENDENCE

TRUSTEES' REPORT

For the year ended 31 March 2019

The Trustees, who are also Directors of the Company for the purposes of the Companies Act, and Trustees for charity law purposes, submit their annual report and the financial statements of Developing Health and Independence (DHI) for the year ended 31 March 2019. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the Charity's governing document, the Charities Act 2011 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 published on 16 July 2014.

Chair's Report

2018/19 was a year in which good progress was made against key strategic objectives in response to a backdrop of deepening need for support for the most socially excluded.

Particular strides were made in terms of strengthening foundation needs support to our clients, including access to affordable housing and promoting financial stability. Homeless in Hospital and Housing First projects have been a huge success in breaking the cycle of homelessness and reducing the burden on costly statutory services. Meanwhile Home Turf Lettings (HTL), our not-for-profit lettings agency for those on low or no income, saw the size of its housing stock increase and forged some inspiring and exciting new partnerships with LandAid and the construction industry. Given the increasing vulnerability of young people to county lines operations we are very pleased to be involved in developing 11 units of affordable accommodation in Bristol for young homeless people as part of the East Street Mews development.

On the topic of young people, the year was rounded off in style with DHI's young people's debate held at the Egg Theatre in Bath, covering topics from knife crime to school exclusion, the event was invaluable and successful in its aim to give young people the chance to be heard.

Finally, we were also delighted to receive news at year end that we secured Public Health England funding to renovate a property in B&NES to become a treatment center as well as purchase a house in South Gloucestershire to support homeless people wishing to address an alcohol problem through abstinence. We look forward to opening both later this year. Having started the charity approximately 20 years ago with a supported dry house to bridge the gap between homeless services and drug and alcohol treatment, this seemed an appropriate end to the financial year.

As we move forward, we are pleased to report that we remain robust financially and organisationally, and look forward to continuing to support and work with those most excluded.

Our Purpose and Activities

- To relieve poverty, sickness and distress, in particular but without limitation amongst persons suffering as a result of drug and alcohol abuse and housing need, through the provision of practical assistance and advice of all kinds including, without limitation, rehabilitation and resettlement and accommodation to the homeless, and education, legal and medical advice, counselling and assistance.
- To educate the public in the effects of drug and alcohol abuse and housing need.
- To pursue any other charitable purpose which the Board of the Charity thinks fit to pursue in conjunction with any of the charitable purposes mentioned above.

DEVELOPING HEALTH AND INDEPENDENCE

TRUSTEES' REPORT

For the year ended 31 March 2019

The Charity's vision

DHI helps disadvantaged people to turn their lives around, stand on their own two feet and reduce dependency. DHI is flexible, creative and person-centered in its approach, valuing each individual and their circumstances as unique.

The Charity's values

- Self-Direction; to encourage independent thought, action and self-respect.
- Stimulation; to offer a stimulating environment allowing innovation and creativity to flourish in individuals.
- Zest for Life; in so far as it is not damaging to self, others or the environment, to enable individuals to pursue goals that further their happiness and joy of life.
- Flexibility; underpinning all our efforts is the need to be open, flexible and responsive to change.

The Charity's activities

Few if any of our clients come with a single issue so we work with the person to find and resolve the root cause of their issues. We help people through highly practical, solution focused and innovative projects and services. These include: supported housing as well as general needs housing for those on no or a low income, resettlement and floating support services, drug and alcohol treatment, employment reintegration and social prescribing.

The Trustees have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning the Charity's future activities.

In particular, the Trustees have considered how planned activities will contribute to the aims and objectives they have set.

Achievements and performance

During the 2018/19 financial year DHI's services continued to thrive despite the continued challenges that face the social care sector with a net decrease in the Charity's incoming resources of 6% (2017/8: increase of 32% driven largely by £982,040 in grants from Public Health England to purchase Burlington Street and Oak House). The Charity's net movement in funds during the year contributed an additional £219,955 (2018: £1,331,238) to reserves. To ensure transparency, the Trustees have separately identified Designated Funds for owned property and infrastructure sustainability which has resulted in an increase in Designated Funds of £373,527 in the year.

DHI uses a Balanced Score Card to drive strategy and measure the achievement of the Charity's strategic objectives. This was the first year of a new three-year strategy from 2017 – 20. The criteria against which success were measured for 2018/9 was:

- Strengthening foundation needs offering to clients.
- Growth of sustainable and affordable drug/alcohol treatment model.

This translates into some of our key achievements over the year including:

- Exceeded our fundraising target for HTL, enabling us to employ 1.5 procurement officers as well as support for marketing, thus helping us to achieve one of our key strategic objectives: to strengthen foundation needs offering.

DEVELOPING HEALTH AND INDEPENDENCE

TRUSTEES' REPORT

For the year ended 31 March 2019

- Improved efficiency within Home Turf Lettings with the introduction of our procurement strategy and a specialist rent management package.
- A joint Wiltshire/B&NES Hospital Discharge Service began, and by year end had assisted 85 individuals into some form of accommodation, who would otherwise have left hospital as a rough sleeper. A further 83 people at risk of homelessness were supported.
- Housing First (Bath), a project that removes the barriers to permanent accommodation for entrenched rough sleepers began as a result of a partnership between DHI, Curo and Julian House, and the first five tenancies issued.
- Within drug and alcohol treatment services, our Bristol Community Recovery Service set up LGBT and Non-opiate and crack cocaine specific groups as it became more established, peer support has been developed and made more widely available.
- 98 people volunteered their time, doing everything from working directly with clients to providing administrative support. Between them, they donated 7,271 hours.

In terms of service delivery, this means that DHI supported well in excess of 5,000 clients and their families and carers to be more independent and lead happier, more fulfilling lives.

Financial Review

Income

DHI's total income decreased by £381,298 (6%) this year from £5,962,308 in 2017/18 to £5,581,010. A detailed analysis of income is shown in the Statement of Financial Activities (SOFA) and Notes 2 – 3 of the Financial Statements.

Expenditure

Total spending on charitable activities for the year of £5,371,803 represents a 16% increase in expenditure from 2017/18 (£4,626,492). In large part this increase in expenditure can be attributed to the Community Recovery Services contract in Bristol, a contract taken on in February 2018. The Charity's tangible fixed assets increased to £2,048,818 (2018 £1,544,135) in large part due to the purchase of Sedgemoor Road in Bath as well as capitalized renovation work undertaken at another Home Turf Lettings property Oak House in Frome.

Further analysis of charitable activity expenditure, showing the operational activities undertaken by DHI are given in the SOFA and in Note 5 of the Financial Statements.

Fund Analysis

The Board can confirm that the Charity's assets are available and adequate to fulfil the obligations of the Charity on a fund by fund basis. Incoming resources for the year of £5,581,010 included £201,499 of restricted funds. Of the £3,873,125 funds retained at year end, £2,130,125 were designated and £145,967 were restricted.

Further analysis of designated and restricted funds is shown in the SOFA and Notes 15-16 of the Financial Statements.

Reserves Policy

The Board has examined the Charity's requirements for reserves in the light of the main financial risks to the organisation.

Within DHI's Reserves & Investments Policy, to ensure the financial viability of the charity and its ability to meet its on-going commitments, the Board have determined that Reserves should be maintained at three to six months organisational Operational Costs. For 2019/20, budgeted monthly operating costs are

DEVELOPING HEALTH AND INDEPENDENCE

TRUSTEES' REPORT

For the year ended 31 March 2019

£530,000. The organisation holds £1,597,033 (2018: £1,784,105) in General Funds, equating to 3.0 months.

In addition, the Trustees require that Free Reserves remain in surplus. This was the case at 31st March 2019.

Furthermore, the Trustees require that cash (or cash equivalents) should be maintained between three and six months' average expenditure to meet ongoing commitments throughout the year.

At 31st March 2019, the organisation held £1,563,185 net current assets (current assets after deduction of creditors due within a year) equating to 2.9 months cash or cash equivalents to meet average expenditure. As this is below the minimum level set by the Trustees we are undertaking budgetary discipline and infrastructure review initiatives to bring the reserves back within policy guidelines.

The Board do feel confident DHI is able to continue the core activities of the Charity in the event of a significant drop in funding, whilst considering how any such loss in funding could be replaced or activities changed.

The Board is committed to investing additional resources for the purposes of developing services to our client group. Several opportunities are being reviewed and weighed against the need to maintain our reserves in the volatile funding environment which we and other similar organisation's face.

Investment Policy

DHI is committed to maintaining funds in instant access accounts to meet all the day to day needs for working capital. Any funds beyond this, and not required for development of the business in the short term, will be invested in low to medium risk investment or deposit accounts, reviewed and recommended by the Audit Committee and approved by the Board.

The Trustees are satisfied with investment performance in the current year and will continue to review performance.

Principal Risks and Uncertainties

DHI has a Risk Register which is standing item for review by the Board. The procedure takes into account all major risks that the Charity may be exposed to in terms of likelihood and impact on the business if they happen. This review includes the operational, reputational, and financial impact combined with a 'likelihood' score.

The key risks identified by the Executive remain the same as in previous years with one addition:

- DHI relies on contract income for over 80% of its operational funds. The continued and deepening cuts in contractual funding are being mitigated by diversification of sources of income, as well as through remodelling how we deliver services to achieve our core purpose. The Income Generation Manager (Funds & Trusts) has the remit of sourcing funds from Trusts and other similar bodies. DHI's social enterprise, HTL, continues to provide an alternative way of making sure the charity continues to meet its core purpose. The Executive continues to monitor performance issues which may result in the non-achievement of contractual obligations (thus putting funding at risk) and takes immediate, corrective action where necessary.
- Failure of information governance causing loss or error in data resulting in breaches in DHI's regulatory requirements and/or causes inaccurate and/or loss or inappropriate access to data. Risks have been mitigated by the achievement of IG Toolkit accreditation and the completion of the Data Security and Protection Toolkit 18/19.

DEVELOPING HEALTH AND INDEPENDENCE

TRUSTEES' REPORT

For the year ended 31 March 2019

- With the reductions in funding at local authority level as well as changes at commissioner level, there is a growing risk that arises as a result of changing key relationships and knowledge. The Charity will need to work hard to keep abreast of changes and be quick to build rapport with new commissioning bodies and staff to ensure their awareness of the impact of our work. DHI will work to actively maintain the Engagement Strategy to support this.

Going Concern

On reviewing the organisation's budgets and business plan, taking account of the current economic climate and its reserves position, the Board has a reasonable expectation that the organisation has adequate resources to continue in operational existence for the foreseeable future and for this reason it continues to adopt the going concern basis in the financial statements.

Plans for the future

This is the last year of DHI's current strategic plan (2017–20), so we will be taking time during the year to evaluate our progress and to plan for the future, which will involve a comprehensive look at the main challenges, opportunities and trends facing the organisation. However, it is clear that with drug related deaths on the increase, rising homelessness and the challenges of county lines operations among other worrying trends, our role in tackling social exclusion remains as relevant as ever.

Thus we have chosen to celebrate 20 years of the charity, not by looking backward, but through a series of articles and events, including contributions from a range of experts, exploring how we prevent today's young from becoming tomorrow's socially excluded.

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

Structure, Governance and Management

The organisation is a charitable company limited by guarantee, incorporated on 23 August 1999 and registered as a charity on 10 November 1999. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association.

The Board is elected from its membership by its Members either at its AGM, or, where a vacancy exists, at any time between AGMs.

DHI's Board consists of up to 10 Members who meet at least four times a year and who are responsible for the strategic direction and governance of the charity, agreeing the business plan, monitoring progress toward achievement of organisational goals, reviewing operational performance and overseeing the management of organisational risk. Meetings must be quorate with the attendance of a minimum of three Trustees, and each meeting is formally minuted. A register of attendance at Board Meetings is maintained and attendance rates for the year by Board Members was 87%.

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission.

An Audit Committee consisting of two Trustees, the Finance and Operations Director and Chief Executive Officer (CEO) meet at least twice a year to review financial and other audits.

In addition, there is a Housing Committee formed by the Board to oversee investment and development of the organisation's property for the furtherance of DHI's charitable objectives. The Committee consists of three Trustees and the Housing Director and meets as required through the year.

DEVELOPING HEALTH AND INDEPENDENCE

TRUSTEES' REPORT

For the year ended 31 March 2019

The CEO is responsible for strategic and operational management and is authorised to deploy resource, through the Executive, toward the achievement of DHI's business objectives.

The Executive of the organisation comprises:

- CEO, through whom the Board exercises its Governance
- Finance and Operations Director
- Housing Director - Housing and Social Exclusion
- Treatment Services Director
- Associate Director
- Medical Director

Regular business meetings are held where performance is monitored, strategically, operationally and financially, and potential improvements discussed and actions agreed. A table of delegated responsibilities outlines the delegated authorities of senior staff, including delegated financial and health and safety responsibilities. Operations Managers and Team Leaders in turn discharge their responsibilities through the activities of teams of skilled and committed workers.

In alignment with our values, staff, volunteers and clients are heavily involved in shaping and continuously improving services, through a wide variety of mechanisms.

Trustees are appointed following application and interview with the Chair and Chief Executive Officer. Following a satisfactory interview, candidate Trustees are invited to join at least one meeting as an observer. At the end of these meetings, the Board will review the candidate Trustees' contribution and then invite them, if appropriate, to be a full member. Newly appointed Trustees are mentored by the Chair or another senior Trustee. Annual appraisals of Trustees take place and an 'Away Day' provides an opportunity for training and development.

Key Management Personnel, excluding Trustees, are remunerated by annual salary and the DHI standard pension contribution. There are no additional payments or benefits in kind. Remuneration levels for all grades under CEO are set against a standard point scale (the 'National Joint Committee' scale) and are subject to performance based review which is the same as applied to all other members of staff. The CEO's salary is set by a Remuneration Committee, comprising three Board Members, including the Chair. Factors which the Remuneration Committee takes into account when setting pay includes: cost of living, performance and other key factors such as a significant increase in responsibility due to a new major contract.

Trustee roles, in line with all posts within DHI, are advertised widely to encourage broad participation and diversity. The Board and Executive work to ensure that diversity within the organisation is promoted.

The charity does not actively solicit donations from the public and does not need to develop formal policies on its fundraising approach. However, DHI is a member of the Fundraising Standards Board and by participating in the scheme is committing to best fundraising practices, honesty, transparency, clarity and accountability.

Related parties and relationships with other organisations

DHI holds an impressive track record of achievement against targets and strives continuously to improve its performance and service quality while achieving competitive service costs. However, in order to deliver excellent client centered services that have maximum impact for both individuals and communities, we rely on building and maintaining excellent partnerships with a wide range of statutory and non- statutory organisations. In addition to many informal partnerships, DHI has a number of formal contractual relationships including with Avon & Wiltshire Mental Health Partnership, Broadway Lodge, Curo, Southern Brooks and Hawkspring.

TRUSTEES' REPORT For the year ended 31 March 2019

Guarantee of Members

Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up. The total number of such guarantees at 31 March 2019 was seven (2018: seven).

The Trustees (who are also the Directors of DHI 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, which 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 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 2015 (FRS 102).
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 maintaining proper accounting records that disclose with reasonable accuracy at any time, the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees 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 financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to the auditor

So far as the Trustees are aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Preparation of the report

This report has been prepared taking advantage of the small companies exemption of section 415A of the Companies Act 2006.

DEVELOPING HEALTH AND INDEPENDENCE

TRUSTEES' REPORT

For the year ended 31 March 2019

Auditors

The auditors, MHA Monahans, have indicated their willingness to accept re-appointment under Section 485 of the Companies Act 2006.

This report was approved and authorised for issue by the Trustees on 10 SEPT 2019 and signed on its behalf by:



Sarah Davies
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEVELOPING HEALTH AND INDEPENDENCE

Opinion

We have audited the financial statements of Developing Health and Independence (the 'charitable company') for the year ended 31 March 2019 which comprise the Statement of Financial Activities (including Income and Expenditure Account), the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. 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 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019, and of the 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland": and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEVELOPING HEALTH AND INDEPENDENCE

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

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 trustees' report.

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEVELOPING HEALTH AND INDEPENDENCE


Our responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report

Use of our report

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



James Gale (Senior Statutory Auditor)
For and on behalf of MHA Monahans
Statutory Auditors
Chartered Accountants
Fortescue House
Court Street
Trowbridge
BA14 8FA

21.10.19

DEVELOPING HEALTH AND INDEPENDENCE (company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (including income & expenditure account)
For the year ended 31 March 2019

	Note	Unrestricted Funds 2019 £	Designated Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
INCOMING RESOURCES						
Donations	2	3,745	-	-	3,745	5,957
Charitable activities	3					
Treatment Services		4,241,792	-	94,937	4,336,729	3,406,358
Community Services		147,713	-	-	147,713	347,588
Housing Projects		800,878	-	24,645	825,523	1,893,628
Home Turf Lettings		178,435	-	62,100	240,535	254,184
Central Services		3,146	-	19,817	22,963	44,887
Investment income		3,802	-	-	3,802	9,706
TOTAL INCOMING RESOURCES		5,379,511	-	201,499	5,581,010	5,962,308
RESOURCES EXPENDED						
Charitable activities	5					
Treatment Services		3,934,826	-	73,937	4,008,763	3,047,317
Community Services		189,437	-	-	189,437	422,951
Housing Projects		771,305	-	24,645	795,950	731,550
Home Turf Lettings		181,968	-	49,600	231,568	263,891
Central Services		126,268	-	19,817	146,085	160,783
TOTAL RESOURCES EXPENDED		5,203,804	-	167,999	5,371,803	4,626,492
Net gains/(losses) on investments	10	10,748	-	-	10,748	(4,578)
NET INCOME / (EXPENDITURE)		186,455	-	33,500	219,955	1,331,238
Transfers between funds		(373,527)	373,527	-	-	-
NET MOVEMENT IN FUNDS		(187,072)	373,527	33,500	219,955	1,331,238
RECONCILIATION OF FUNDS:						
TOTAL FUNDS BROUGHT FORWARD	15	1,784,105	1,756,598	112,467	3,653,170	2,321,932
TOTAL FUNDS CARRIED FORWARD		£ 1,597,033	£ 2,130,125	£ 145,967	£ 3,873,125	£ 3,653,170

NOTE ON COMPARATIVES

An analysis of the comparatives between restricted and unrestricted funds are give on page 36.

The annexed notes form part of these financial statements

DEVELOPING HEALTH AND INDEPENDENCE

BALANCE SHEET As at 31 March 2019

	Notes	£	2019 £	£	2018 £
FIXED ASSETS					
Tangible assets	9		2,048,818		1,544,135
Investments	10		642,887		629,290
			<u>2,691,705</u>		<u>2,173,425</u>
CURRENT ASSETS					
Debtors	11	377,456		384,415	
Cash at bank and in hand		1,592,594		1,863,154	
			<u>1,970,050</u>	<u>2,247,569</u>	
CREDITORS: amounts falling due within one year	12	(406,865)		(465,600)	
NET CURRENT ASSETS			<u>1,563,185</u>	<u>1,781,969</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,254,890</u>	<u>3,955,394</u>	
CREDITORS: amounts falling due after one year	13		(229,085)		(174,845)
PROVISIONS FOR LIABILITIES AND CHARGES	14		(152,680)		(127,379)
NET ASSETS			<u>£ 3,873,125</u>	<u>£ 3,653,170</u>	
FUNDS					
Restricted funds	15		145,967		112,467
Unrestricted funds:					
Designated funds	15	2,130,125		1,756,598	
General fund	15	1,597,033		1,784,105	
			<u>3,727,158</u>	<u>3,540,703</u>	
			<u>£ 3,873,125</u>	<u>£ 3,653,170</u>	

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies. They were approved and authorised for issue by the Trustees on 10 SEP 2019



SARAH DAVIES, Chair



TIM MARVELL, Treasurer

The annexed notes form part of these financial statements

DEVELOPING HEALTH AND INDEPENDENCE

STATEMENT OF CASH FLOWS For the year ended 31 March 2019

	Note	2019 £	2018 £
Cash flow from operating activities (see below)		£ 243,689	£ 1,038,496
Cash flow from investing activities			
Purchase of fixed asset additions		(568,096)	(1,117,875)
Investment income received		3,802	9,706
Net cash used in investing activities		£ (564,294)	£ (1,108,169)
Cash flow from financing activities			
Cash inflow from new borrowing		61,829	-
Repayments of borrowing		(5,335)	(5,178)
Interest paid		(6,449)	(5,490)
Net cash provided by / (used in) financing activities		£ 50,045	£ (10,668)
Change in cash and cash equivalents in the year		(270,560)	(80,341)
Cash and cash equivalents bought forward		1,863,154	1,943,495
Cash and cash equivalents carried forward		£ 1,592,594	£ 1,863,154
RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH		2019 £	2018 £
Surplus / (deficit) for the year		219,955	1,331,238
Depreciation charges		63,413	39,244
Net movement on investments		(13,597)	(203,159)
Interest payable		6,449	5,490
Interest receivable		(3,802)	(9,706)
Change in provision		25,301	17,622
Decrease / (increase) in debtors		6,959	(90,725)
Increase / (decrease) in creditors		(60,989)	(51,508)
		£ 243,689	£ 1,038,496

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and in the preceding year unless otherwise stated.

(a) General information and basis of preparation of financial statements

DHI is a charity limited by guarantee registered in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the reference and administrative information on page 1 of these financial statements. The nature of the charity's operations and principal activities are detailed within the Report of the Trustees.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their Financial Statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £1.

(b) Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Unrestricted designated funds have been set aside by the trustees out of unrestricted funds towards a specific purpose. Additional details can be found in note 15 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 charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in note 15 to the financial statements.

(c) Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Income from grants, contracts and service level agreements is recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met, then these amounts are deferred.

Rental income is shown net of any associated expenditure in order to show more accurately rental income actually due to the charity in the year and is recognised when receivable.

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

(d) Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Charitable expenditure comprises those 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.

Governance costs include those costs associated with meeting constitutional and statutory requirements of the charity and include the audit fees and costs linked with the strategic management of the charity.

Expenditure directly attributable to a specific activity category (e.g. charitable activities, governance costs) has been included in the relevant category. Where costs are attributable to more than one activity, they are apportioned across activities based on the time spent by staff on those activities and their use of shared resources.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

(e) Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

(f) Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, which is four years for all assets except for freehold property which is depreciated over 50 years. Assets costing over £1,000 are capitalised.

(g) Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains / (losses) on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

(h) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

(i) Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs.

(j) Provisions

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

(k) Financial Instruments

The charity has only 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 investments which are measured at fair value.

(l) Leases

Rentals payable and receivable under operating leases are charged to the SoFA on a straight line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

(m) Pension schemes

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

The charity also participated in a multi-employer defined benefit pension scheme with the Pensions Trust, operated and administered by the Pensions Trust. It is not possible to separately identify the assets and liabilities relating to DHI on a consistent and reasonable basis therefore this is accounted for as a defined contribution scheme. The scheme was available to all permanent staff however contributions to the plan ceased as at 30 September 2013.

Deficit funding contributions are payable by the charity in respect of this multi-employer defined benefit scheme. No liability has been included within the Financial Statements in respect of the deficit reduction contributions payable, in line with the requirements of the SORP (FRS 102) on the basis that this liability is not deemed to be material to the Financial Statements. See note 19 to the Financial Statements for more details.

The charity makes contributions to the National Health Service Pension Scheme for participating employees. The NHS Scheme is a defined benefit scheme. As the scheme is a multi-employer scheme and the charity is unable to identify its share of the underlying assets and liabilities, this scheme is accounted for by the Charity as a defined contribution scheme. Any resulting liabilities on this scheme would be met by the State. Therefore contributions payable for the year in relation to the scheme are charged in the Statement of Financial Activities.

(n) Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

(o) 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. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

2. INCOME FROM DONATIONS

	Unrestricted Funds 2019 £	Designated Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
General donations	<u>3,745</u>	<u>-</u>	<u>-</u>	<u>3,745</u>	<u>5,957</u>

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

3. INCOME FROM CHARITABLE ACTIVITIES

a) Income for Treatment Services

	Unrestricted Funds 2019 £	Designated Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
Contracts / SLAs	4,550,246	-	-	4,550,246	3,790,431
Transfers to partners	(449,457)	-	-	(449,457)	(477,507)
Grants	-	-	94,937	94,937	72,272
Other Fees and Charges	124,239	-	-	124,239	16,840
Other income	16,764	-	-	16,764	4,322
	£ 4,241,792	£ Nil	£ 94,937	£ 4,336,729	£ 3,406,358

Restricted funds relate to income from the performance of grant obligations during the year from BBC Children in Need, St John's Hospital, John James Bristol Foundation and a number of Church and Community Groups. Any grant remaining at 31 March 2019 has been treated as deferred income pending release when grant conditions are met.

b) Income for Community Services

	Unrestricted Funds 2019 £	Designated Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
Contracts / SLAs	147,713	-	-	147,713	345,602
Other Fees and Charges	-	-	-	-	1,986
	£ 147,713	£ Nil	£ Nil	£ 147,713	£ 347,588

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

c) Income for Housing Projects

	Unrestricted Funds 2019 £	Designated Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
Capital grants	-	-	-	-	982,040
Burlington Street Appeal	-	-	-	-	129,514
Contracts / SLAs	579,227	-	-	579,227	581,461
Transfers to partner providers	(109,100)	-	-	(109,100)	(106,325)
Rental Income	372,343	-	-	372,343	350,556
Rental Voids	(79,732)	-	-	(79,732)	(58,868)
Transfer to landlord	(42,724)	-	-	(42,724)	(64,170)
Grants	-	-	24,645	24,645	7,329
Other Fees and Charges	80,864	-	-	80,864	72,091
	£ 800,878	£ Nil	£ 24,645	£ 825,523	£ 1,893,628

Restricted funds relate to income from the performance of grant obligations during the year from Bath Abbey and a number of Church and Community Groups. Any grant remaining at 31 March 2018 has been treated as deferred income pending release when grant conditions are met.

d) Income for Home Turf Lettings

	Unrestricted Funds 2019 £	Designated Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
Rental Income	577,292	-	-	577,292	561,962
Transfer to landlord	(437,562)	-	-	(437,562)	(424,244)
Rental Voids	(13,877)	-	-	(13,877)	(18,459)
Grants	-	-	62,100	62,100	65,781
Payments to partners	(5,118)	-	-	(5,118)	-
Other Fees and Charges	57,700	-	-	57,700	69,144
	£ 178,435	£ Nil	£ 62,100	£ 240,535	£ 254,184

Restricted funds relate to income from the performance of grant obligations during the year from Christchurch Hall, Big Venture Challenge, The Nisbet Trust and Crisis. Any grant remaining at 31 March 2019 has been treated as deferred income pending release when grant conditions are met.

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

e) Income for Central Services

	Unrestricted Funds 2019 £	Designated Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
Grants	-	-	19,817	19,817	39,606
Other income	3,146	-	-	3,146	5,281
	<u>£ 3,146</u>	<u>£ Nil</u>	<u>£ 19,817</u>	<u>£ 22,963</u>	<u>£ 44,887</u>

Restricted funds relate to income from the performance of grant obligations during the year from St John's Hospital. Any grant remaining at 31 March 2019 has been treated as deferred income pending release when grant conditions are met.

4. NET INCOME / EXPENDITURE FOR THE YEAR	2019 £	2018 £
Net income / expenditure for the period includes		
Depreciation	63,413	39,244
Fees payable to auditor		
Audit and accountancy fee	<u>15,678</u>	<u>15,650</u>

5. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Treatment Services 2019 £	Communities Services 2019 £	Housing 2019 £	Home Turf Lettings 2019 £
Provision of services	3,803,315	180,001	725,587	190,063
Advertising & publicity	2,170	137	165	60
Building refurbishment	-	-	16,854	13,470
Depreciation	61	-	31,152	7,386
Legal and financial	4,505	-	795	1,327
Bad debt write off	11,499	-	1,964	2,088
Support costs	187,213	9,299	19,433	17,174
Governance costs	-	-	-	-
	<u>4,008,763</u>	<u>189,437</u>	<u>795,950</u>	<u>231,568</u>
Total 2018	<u>3,047,317</u>	<u>422,951</u>	<u>731,550</u>	<u>263,891</u>

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

	Central 2019 £	Total 2019 £	Total 2018 £
Provision of Services	32,557	4,931,523	4,216,222
Advertising & publicity	3,026	5,558	10,800
Building refurbishment	-	30,324	-
Depreciation	24,813	63,412	39,244
Legal and Financial	92	6,719	15,200
Bad debt write off	-	15,551	42,711
Support costs	69,373	302,492	285,612
Governance Costs	16,224	16,224	16,703
	<u>£ 146,085</u>	<u>£ 5,371,803</u>	<u>£ 4,626,492</u>

Total 2018

160,783 4,626,492

6. GOVERNANCE COSTS

	2019 £	2018 £
Audit and accountancy	15,678	15,650
Other governance costs (Annual Event)	546	1,053
	<u>£ 16,224</u>	<u>£ 16,703</u>

7. STAFF NUMBERS AND COSTS

	2019 £	2018 £
Wages and salaries	3,426,807	2,927,413
Social security costs	286,530	234,846
Pension costs	193,933	162,495
Redundancy costs	9,374	25,137
	<u>£ 3,916,644</u>	<u>£ 3,349,891</u>

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2019

The average weekly number of employees (head count), during the period was:

	Number	<i>Number</i>
Chief Executive Officer	1	1
Directors	4	4
Associate Directors	1	1
Service Managers	9	10
Administration, HR, Finance & IT	9	7
Team Leaders	18	23
Support Workers	119	104
	161	150

Comparative staff numbers have been amended from the published figures in the 2018 statutory accounts

	Number	<i>Number</i>
Employees earning over £60,000		
£80,001 - £90,000	1	-
£70,001 - £80,000	-	1
£60,001 - £70,000	-	-

8. TRUSTEES AND KEY MANAGEMENT PERSONNEL

During the year, none of the Trustees, who comprise the charity's key management personnel, received any remuneration, or received reimbursed expenditure (2018: Nil).

The key management personnel of the charity comprise the Trustees, Chief Executive Officer, Finance and Operations Director, Strategic Development Director - Housing and Social Exclusion, Treatment Services Director and Medical Director. The total employee benefits of the key management personnel of the Charity were £314,998 (2018 : £238,642).

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

9. TANGIBLE FIXED ASSETS

	Buildings £	Vehicles £	Furniture £	IT, Comms & Technology £	Total
Cost					
At 1 April 2018	1,524,852	14,500	47,349	88,241	1,674,942
Additions	537,040	-	-	31,056	568,096
Disposals	-	(14,500)	-	-	(14,500)
At 31 March 2019	<u>2,061,892</u>	<u>-</u>	<u>47,349</u>	<u>119,297</u>	<u>2,228,538</u>
Depreciation					
At 1 April 2018	44,657	14,500	37,058	34,592	130,807
Charge for the year	35,598	-	2,941	24,874	63,413
On disposals	-	(14,500)	-	-	(14,500)
At 31 March 2019	<u>80,255</u>	<u>-</u>	<u>39,999</u>	<u>59,466</u>	<u>179,720</u>
Net book value					
At 31 March 2018	<u>£ 1,480,195</u>	<u>£ Nil</u>	<u>£ 10,291</u>	<u>£ 53,649</u>	<u>£ 1,544,135</u>
At 31 March 2019	<u>£ 1,981,637</u>	<u>£ Nil</u>	<u>£ 7,350</u>	<u>£ 59,831</u>	<u>£ 2,048,818</u>

Included within buildings are two properties with a combined net book value of £97,953 (2018 : £100,162) which are held under a 999-year lease. These buildings are depreciated over 50 years on the basis that this is considered to be a more realistic estimate of the useful life of the assets.

10. FIXED ASSETS INVESTMENTS

	2019 £	2018 £
Market value		
At 1 April 2018	629,290	426,131
Additions	181,413	1,919,270
Disposals	(178,564)	(1,711,533)
Gains / (losses) on investments	10,748	(4,578)
At 31 March 2019	<u>£ 642,887</u>	<u>£ 629,290</u>

Additions and disposals contain movements between funds within the portfolio.

11. DEBTORS

Due within one year

	2019 £	2018 £
Trade debtors	145,680	130,026
Rental debtors	58,455	27,410
Sundry debtors	20,392	40,971
Prepayments and accrued income	152,929	186,008
	<u>£ 377,456</u>	<u>£ 384,415</u>

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2019 £	2018 £
Trade creditors	91,903	107,685
Credit cards	10,052	1,300
Bank loans due within 1 year	7,589	5,335
Social security and other taxes	69,262	67,669
Other creditors	98,529	54,687
Accruals	57,240	91,197
Deferred income	72,290	137,727
	<u>£ 406,865</u>	<u>£ 465,600</u>
<u>Deferred income (contracts and service level agreements)</u>		
Balance at 1 April 2018	137,727	207,416
Amount released to incoming resources	(137,727)	(207,416)
Amount deferred in the year	72,290	137,727
Balance at 31 March 2019	<u>£ 72,290</u>	<u>£ 137,727</u>

Deferred income included the following grants with performance obligations in future periods.

	2019 £	2018 £
The Medlock Charitable Trust	10,000	4,667
St John's Hospital - RSVP Programme	24,115	26,449
Nisbet Trust for Home Turf Lettings	12,500	12,500
BBC Children In Need Grant	2,621	2,578
Building Better Opportunities Grant	17,303	21,092
Big Venture Challenge Programme	-	33,600
	<u>£ 66,539</u>	<u>£ 100,886</u>

The remaining deferred income balance relates to contract income received for services not yet delivered.

13. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	2019 £	2018 £
Bank loans	<u>£ 229,085</u>	<u>£ 174,845</u>

The bank loan is repayable over 25 years and interest is charged at base rate plus 2.5% (with a minimum rate of 3%). The loan is secured on the freehold property at Poyntz Road in Bristol, Abbotswood in Yate and Sedgemoor Road in Bath.

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2019

	2019 £	2018 £
The loan is repayable as follows:		
Within one year or on demand	7,589	5,335
Between one and two years	8,093	5,498
Between two and five years	23,956	17,518
After five years	197,036	151,829
	<u>£ 236,674</u>	<u>£ 180,180</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

	2019 £	2018 £
Property dilapidations		
At 1 April 2018	127,379	109,757
Addition during the year	25,301	17,622
At 31 March 2019	<u>£ 152,680</u>	<u>£ 127,379</u>

15. STATEMENT OF FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers and investment gains/(losses) £	Carried Forward £
DESIGNATED FUNDS					
Housing Sinking Fund	38,582	-	-	1,053	39,635
HTL Sinking Fund	10,646	-	-	8,187	18,833
2 Bridges Trust Fund	11,475	-	-	-	11,475
Strategic Development Burlington Street contingency	66,000 88,000	- -	- -	(11,000) -	55,000 88,000
HTL Property Fund Infrastructure Sustainability	155,717 - -	- - -	- - -	(155,717) 260,000	- 260,000
Designated Funds - Properties					
- Burlington Street	888,177	-	-	(18,003)	870,174
- Oak House	258,939	-	-	132,760	391,699
- Peter's House	157,485	-	-	(3,422)	154,063
- 19 Abbotswood	27,393	-	-	(480)	26,913
- Poyntz Road	54,184	-	-	381	54,565
- Sedgemoor	-	-	-	159,768	159,768
	<u>£ 1,756,598</u>	<u>£ Nil</u>	<u>£ Nil</u>	<u>£ 373,527</u>	<u>£ 2,130,125</u>

The Housing Sinking Fund represents funds retained for repairs and renewals at DHI's Supported Housing Hostels.

The HTL Sinking Fund represents retained funds for repairs and renewals at HTL properties.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

The 2 Bridges Trust Fund is to provide access to employment, education and training for DHI clients.

The Strategic Development Fund is to support the organisation in strategy implementation as set out in the Balanced Score Card.

The Burlington Street Contingency Fund was created to support the operation of DHI's work at the project recognising the possibilities of future funding restrictions.

The HTL property fund were funds set aside by the Board for the purchase of properties for Home Turf Lettings. This has been used to purchase a property at Sedgemoor Road in Bath.

The Infrastructure Sustainability fund is to safeguard the charity against zero-inflation contract income spent against cost of living rises in overheads.

Designated Funds - Properties are the asset value of properties owned by DHI, separately shown from General Funds. The amounts include the net book value of properties purchased by the charity, less any long term finance used to purchase them as well as unspent cash reserves allocated towards expected renovations or purchase costs.

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

RESTRICTED FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers and investment gains/(losses) £	Carried Forward £
Treatment Services					
BBC CiN grant	-	31,276	(31,276)	-	-
St John's Hospital grant	-	38,608	(38,608)	-	-
John James grant	-	20,000	-	-	20,000
South Gloucestershire MAF grant	-	1,000	-	-	1,000
Other incoming funds less than £1,000 each	-	4,053	(4,053)	-	-
Housing Projects					
Bath Abbey donation	-	6,000	(6,000)	-	-
Bath Boules donation	-	1,000	(1,000)	-	-
Supporter donation	-	1,020	(1,020)	-	-
Capital grants	58,101	-	-	-	58,101
Homeless prevention Senior School Presentation	-	15,000	(15,000)	-	-
Other incoming funds less than £1,000 each	-	1,625	(1,625)	-	-
Home Turf Lettings					
Christchurch Hall grant	-	1,000	(1,000)	-	-
BVC grant	-	33,600	(33,600)	-	-
The Nisbet Trust	-	12,500	-	-	12,500
Crisis grant	-	15,000	(15,000)	-	-
HTL Empty Homes Fund (Cash)	30,079	-	-	23,282	53,361
HTL Empty Homes Fund (Loans)	24,287	-	-	(23,282)	1,005
Central Services					
St John's Hospital grant	-	15,000	(15,000)	-	-
The Medlock Charitable Trust	-	4,667	(4,667)	-	-
Other incoming funds less than £1,000 each	-	150	(150)	-	-
	<u>£ 112,467</u>	<u>£ 201,499</u>	<u>£ (167,999)</u>	<u>£ Nil</u>	<u>£ 145,967</u>

Treatment Services

The BBC Children in Need fund provides the young persons' service with a specialist alcohol project worker.

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

The RSVP programme, funded by St John's Hospital is towards projects working with perpetrators of domestic violence in B&NES.

The John James grant represents funds for the Charity to upgrade 1-1 and Group rooms in our Central Bristol location.

Grant awarded by South Gloucestershire Council Member Awarded Funding for DHI to carry out Connecting Kingswood Health and Wellbeing project.

Housing Projects

The Bath Abbey donation represents funds for the Charity's Housing First project aimed at providing Housing for all.

The Bath Boules donation represents funds for the Charity's Housing Discharge project aimed at ensuring patients have Housing once discharged from hospital.

Supporter raised funds represents money for the Charity's Housing First project aimed at providing Housing for all.

The Homelessness Prevention - Senior School Prevention programme was funding from Local Authorities towards homeless prevention training in schools.

Capital Grants from Public Health England (PHE) received for the purchase of Burlington Street and Oak House were largely spent in 2018 and a small residual balance will be spent in 2020 on properties.

Home Turf Lettings

The Christchurch Hall grant represents funds for the refurbishment of a Home Turf Lettings property in Sedgemoor Road.

The Medlock Trust funds represent a grant for the funding of a Home Turf Lettings Procurement officer.

The Big Venture Challenge grant represents funds for the operational support and development of Home Turf Lettings.

The Nisbet Trust funds represent a grant for the funding of a Home Turf Lettings Procurement officer.

The HTL Empty Homes Fund (Cash) is a cash reserve available to make loans to landlords to enable properties in disrepair to be refurbished and rented out through DHI's Social Enterprise: Home Turf Lettings.

HTL Empty Homes Fund (Loans) is the value of loans issued to landlords to enable properties in disrepair to be refurbished and rented out through DHI's Social Enterprise: Home Turf Lettings.

The Crisis grant represents funds for the operational support and development of Home Turf Lettings.

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

Central Services

The St John's Hospital grant represents funds for the uplift of DHI's website.

The Medlock Charitable Trust donated the final installments of a 3 year grant from to fund a DHI Income Generation Manager.

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers and investment gains/(losses) £	Carried Forward £
SUMMARY OF FUNDS					
Designated Funds	1,756,598	-	-	373,527	2,130,125
General Funds	1,784,105	5,379,511	(5,203,804)	(362,779)	1,597,033
	<u>3,540,703</u>	<u>5,379,511</u>	<u>(5,203,804)</u>	<u>10,748</u>	<u>3,727,158</u>
Restricted Funds	112,467	201,499	(167,999)	-	145,967
	<u>£ 3,653,170</u>	<u>£ 5,581,010</u>	<u>£ (5,371,803)</u>	<u>£ 10,748</u>	<u>£ 3,873,125</u>

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds		Restricted Funds	Total Funds
	Designated Funds £	General Funds £	£	£
Tangible fixed assets	1,981,637	67,181	-	2,048,818
Fixed asset investments	-	642,887	-	642,887
Net current assets	377,573	1,039,645	145,967	1,563,185
Creditors due in more than one year	(229,085)	-	-	(229,085)
Provision for liabilities and charges	-	(152,680)	-	(152,680)
	<u>£ 2,130,125</u>	<u>£ 1,597,033</u>	<u>£ 145,967</u>	<u>£ 3,873,125</u>

17. LEASE COMMITMENTS

The charity has financial commitments in respect of operating leases of land and buildings. The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019 £	2018 £
Land and Buildings		
Not later than one year	630,707	618,517
Later than one and not later than 5 years	1,250,586	1,180,681
Later than five years	2,487	271,798
	<u>£ 1,883,780</u>	<u>£ 2,070,996</u>

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2019

Included in the total lease commitments above is £1,536,640 relating to the maximum rents that the charity may have to pay on behalf of the tenants. Our experience is that voids are only 5% of total rental income and that the actual liability over the period may be closer to £76,827.

18. FUNDS RECEIVED AND HELD AS AGENT

The charity had two contracts for the provision of the Direct Payment Services against which it held funds received as an agent. These contracts came to end during the current and comparative financial periods.

Funds received by the charity as agent were not recognised as an asset in its Financial Statements because the funds were not within its control. Consequently, the receipt of funds as agent was not recognised as income nor is its distribution recognised as the agent's expenditure.

However, any fee receivable by a charity for acting as agent was recognised as its income. Similarly, any costs incurred by the charity in the administration of the agency arrangements were recognised as expenditure in its Financial Statements.

The final balance on close of service was transferred to the new providers on 4th April 2018 and 31st July 2018.

19. PENSION COMMITMENTS

SCHEME: The Pensions Trust – The Growth Plan Series 1 – 3

Developing Health & Independence participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the charity to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the charity is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit Contributions

From 1 April 2019 to 31 March 2025: £11.2m per annum (payable monthly and increasing by 3% each on 1st April)

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit Contributions

From 1 April 2016 to 30 September 2025: £12.9m per annum (payable monthly and increasing by 3% each on 1st April)

From 1 April 2016 to 30 September 2028: £54,560 per annum (payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the charity has agreed to a deficit funding arrangement the charity ordinarily would recognise a liability for this obligation. The amount recognised would be the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate would be recognised as a finance cost.

Present value of provision	2019	2018	2017
	£	£	£
	<u>£ 2,081</u>	<u>£ 2,308</u>	<u>£ 2,598</u>

On the basis that this provision is not material to the Financial Statements, the charity has taken the decision not to include such a provision.

DEVELOPING HEALTH AND INDEPENDENCE

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2019

If the provision had been included the accounting entries would have been as follows:

	2019 £	2018 £
Provision at start of the period	2,308	2,598
Unwinding of the discount factor	37	33
Deficit contribution paid	(297)	(289)
Remeasurements - impact on any changes in assumptions	19	(34)
Remeasurements - amendments to the contribution schedule	14	-
Provision at the end of period	<u>£ 2,081</u>	<u>£ 2,308</u>

Income and expenditure impact

Interest expense	37	33
Remeasurements - impact on any changes in assumptions	19	(34)
Remeasurements - amendments to the contribution schedule	14	-
Costs recognised in income and expenditure account	<u>£ 70</u>	<u>£ (1)</u>

Assumptions	2019 % per annum	2018 % per annum	2017 % per annum
	<u>1.39</u>	<u>1.71</u>	<u>1.32</u>

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

SCHEME: The Pensions Trust's Growth Plan Series 4.

From 1 October 2013 all contributions made into the Plan were into Series 4, which is a defined contribution pension plan.

SCHEME: NHS Pension Schemes

Two employees are covered by the provisions of NHS Pension Schemes. Details of the benefits payable and rules of the NHS Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in these schemes is taken as equal to the contributions payable to that scheme for the accounting period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

20. RELATED PARTIES

£54,117 before deferral (2018 - £39,673) was received in grants from St John's Hospital in this financial year, a charity in which the trustee (Chair) Ms Sarah Davies is a Trustee.

£1,106 (2018 - £367) in respect of recruitment advertisements was paid to CVS South Gloucestershire in this financial year, a charity in which the Chief Executive Officer, Ms Rosemary Phillips is a Director.

The transactions with the above organisations were all on an arms-length basis and no amounts were due to these organisations at the year-end date (2018 - £Nil).

21. CONTROLLING PARTY

The Trustees consider that the charity is jointly controlled by the Trustees and that there is no ultimate controlling party.

DEVELOPING HEALTH AND INDEPENDENCE (company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2018

	Note	<i>Unrestricted Funds 2018 £</i>	<i>Designated Funds 2018 £</i>	<i>Restricted Funds 2018 £</i>	<i>Total Funds 2018 £</i>
INCOMING RESOURCES					
Donations	2	5,957	-	-	5,957
Income from charitable					
Treatment Services		3,334,086	-	72,272	3,406,358
Community Services		347,588	-	-	347,588
Housing Projects		774,745	-	1,118,883	1,893,628
Home Turf Lettings		188,403	-	65,781	254,184
Central Services		5,581	-	39,306	44,887
Investment income		9,706	-	-	9,706
TOTAL INCOMING RESOURCES		4,666,066	-	1,296,242	5,962,308
RESOURCES EXPENDED					
Charitable activities					
Treatment Services		2,975,045	-	72,272	3,047,317
Community Services		422,951	-	-	422,951
Housing Projects		724,221	-	7,329	731,550
Home Turf Lettings		198,110	-	65,781	263,891
Central Services		87,377	34,100	39,306	160,783
TOTAL RESOURCES EXPENDED		4,407,704	34,100	184,688	4,626,492
Net gains/(losses) on investments		(4,578)	-	-	(4,578)
NET INCOME / (EXPENDITURE)		253,784	(34,100)	1,111,554	1,331,238
Transfers between funds		(322,523)	1,405,917	(1,083,394)	-
NET MOVEMENT IN FUNDS		(68,739)	1,371,817	28,160	1,331,238
RECONCILIATION OF FUNDS:					
TOTAL FUNDS BROUGHT FORWARD		1,852,844	384,781	84,307	2,321,932
TOTAL FUNDS CARRIED FORWARD		£ 1,784,105	£ 1,756,598	£ 112,467	£ 3,653,170

The Trustees
Developing Health and Independence
15/16 Milsom Street
Bath
BA1 1DE

12/08/2019

Our ref:

Your ref:

Dear Sirs

AUDIT YEAR ENDED 31 MARCH 2019

We have pleasure in setting out in this letter our comments and recommendations on various matters which came to our attention during the audit of the financial statements of Developing Health and Independence (DHI) for the year ended 31 March 2019.

To comply with the provisions of International Standards on Auditing we are required to report to you our audit findings and:

- The nature and scope of the work we have undertaken
- Views about the qualitative aspects of your accounting practices and financial reporting
- Our view on any accounting estimates in the financial statements
- Matters specifically required by Auditing Standards to be communicated to those charged with governance (such as fraud and error)
- Expected modifications to our auditors' report
- Material weaknesses in the accounting and internal control systems
- Unadjusted and adjusted misstatements
- The responsibilities of the Directors and the limitations of the representations provided by management
- Our independence as auditors
- Any other relevant and material matters relating to the audit

This report has been prepared for the sole use of the Trustees, and must not be shown to third parties without our prior consent. No responsibilities are accepted by MHA Monahans towards any party acting or refraining from action as a result of this report.

We should be grateful if you will in due course advise us what action you propose to take on the recommendations in the report and if you would like our further assistance on these or any other matters.

The nature and scope of our work

The key areas of audit focus which we had identified as part of our overall audit strategy and how they have been resolved are as follows:

Audit area and key risk	Our approach	Resolution
<i>Revenue recognition</i>	<ul style="list-style-type: none">• Review of reconciliation of contract income and agree a sample of contracts to supporting documentation• Review a sample of grant documentation and recalculate a sample amounts received• Detailed cut-off testing of contracts and grants at year end.	No material revenue recognition errors noted. Where you have exercised judgement on the nature of a funding agreement being either a restricted grant or an unrestricted service contract, we have considered your position to be tenable.
<i>Management override</i>	<ul style="list-style-type: none">• Perform systems and controls review• Review minutes of trustee meetings	No issues noted
<i>Funding clawbacks</i>	<ul style="list-style-type: none">• Reviewed grant agreements, and correspondence with funders	No issues identified

The following issues were not identified at the planning stage but arose during the audit and have been resolved as follows:

Audit area and key risk	Our approach	Resolution
No further issues were identified during the audit		

Qualitative aspects of the company's accounting practices and financial reporting

We have no comments to make concerning the qualitative aspects of the company's accounting practices and financial reporting.

Accounting estimates

As auditors, we are aware that the selected basis of an accounting estimate may have a significant impact on the financial statements so in our work we need to identify all accounting estimates and the basis of the estimate. Where we consider there to be a high estimation uncertainty, we must ensure that the audit work challenges the basis of the estimate.

We are also required to consider the outcome of accounting estimates in prior periods as a basis for our risk assessment in the current year. In the charity's case the most significant estimates were depreciation and the calculation of the dilapidations provision.

We reviewed the accounting estimates for the charity and conclude that they have been calculated on a basis which is consistent with our knowledge of the charity and our expectations. We have raised a point that the depreciation policy for land and buildings may need to be reviewed with the introduction of significant new property acquisitions and that it might be helpful to seek professional advice to support the dilapidations provision. However at this stage we have assessed that the existing estimation techniques are unlikely to be resulting in a material error.

Risk of fraud and error in the financial statements

We are required under International Auditing Standards to consider fraud risk throughout the audit. In particular, we must consider management arrangements for preventing and detecting fraud and error.

Fraud risks may include asset sales at under value, suppliers over billing for goods and services, misappropriation of assets and cheque frauds, as well as manipulation of financial results.

Our work has not identified any matters that we wish to draw to your attention.

Expected modifications to the auditors' report

There are no expected modifications to the audit report.

Material weaknesses in the accounting and internal control systems

As you are aware from our letter of engagement, our audit procedures were directed towards testing the accounting systems in operation upon which we have based our assessment of the financial statements. We attach as an Appendix to this letter actual and potential weaknesses identified during our audit and our recommendations for improvement.

These matters may not represent a complete reflection of all weaknesses which may be present in your systems and procedures. Our audit procedures are designed primarily to enable us to express an opinion on the financial statements; they should not therefore be relied upon to reveal all weaknesses which a more extensive examination might develop.

In making our assessment we have had regards to the size of your company and the number of staff employed.

Letter of representation and errors identified

We enclose our letter of representation which we should be grateful if you could please sign and return to us. We draw your attention to the paragraphs concerning; the dilapidations provision, payments to partners and the Britol City Council contract. In other respects, the letter is routine.

Attached to the letter is a schedule of unadjusted errors and misstatements which came to our attention as part of our audit procedures, other than those which we considered to be trivial. Please confirm that you do not propose adjusting the financial statements for these and outline your reasons for not adjusting.

For your information, we shall also provide a schedule of adjustments that you agreed should be processed when finalising the accounts.

Limitations and responsibilities

Some of the content of this report comprises general information that has been provided by, or is based on discussions with management and staff. Except to the extent necessary for the purpose of the audit this information has not been independently verified.

The Trustees are responsible for preparing the Trustees' Report and Financial Statements. MHA Monahans as auditors of DHI are responsible for forming an opinion of those Financial Statements as detailed in our engagement letter.

Independence

Auditing Standards require us to communicate at least once a year regarding all relationships between MHA Monahans and DHI that may reasonably be thought to have a bearing on our independence and objectivity.

We have reviewed our independence, including consideration of whether:

- The firm is dependent on the Charity as a client due to the significance of the audit fee to the firm
- The firm is owed significant overdue fees
- There is any actual or threatened litigation between the firm and the *Charity*
- Any benefits have been received by the audit team which are not modest
- Any members of the audit team have any personal or family connections with the Charity or its officers; or
- Independence is impaired through the provision of services other than the statutory audit.

Potential threats to our independence and objectivity, along with the safeguards applied, were as follows -

- As you are aware, we provide accounting and taxation services to the company in addition to acting as auditors. We wish to confirm to you that, in our opinion, the provision of such services does not affect our independence as the additional services provided are of a routine compliance nature and the Board takes any decisions where judgement is required.

We can therefore confirm that MHA Monahans is independent within the meaning of the regulatory and professional requirements.

Other matters required by Auditing Standards to be communicated

There are no other matters required by Auditing Standards which we consider should be communicated to you.

Finally, we wish to place on record our appreciation of the assistance provided to us by your staff and yourselves during our audit.

Yours faithfully

MHA Monahans