



retail**TRUST** 

improving the lives of all involved  
...yesterday, today, tomorrow

(a company limited by guarantee)

## TRUSTEES' REPORT AND FINANCIAL STATEMENTS

Year Ended 30 April 2017

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## LEGAL AND ADMINISTRATIVE DETAILS

### INCORPORATED AND REGULATORY BODIES

Company limited by guarantee  
No. 4254201  
Registered Charity in England and Wales No. 1090136  
Registered Charity in Scotland No. SC0339684  
RSL No. L4362

### COMPANY SECRETARY

David Kaye

### BOARD OF TRUSTEES

Paul Clarke  
Ayo Daramola-Martin  
Avis Darzins  
Terry Duddy (Chairman)  
Nigel Duxbury  
Helena Feltham  
Guy Hipwell (Appointed 11/10/2016)  
Sally Hopson  
Richard Newman (Honorary Treasurer)  
Lindsay Page  
Katherine Payne

### PRINCIPAL ADDRESS AND REGISTERED OFFICE

Marshall Hall  
Marshall Estate  
Hammers Lane  
London  
NW7 4DQ

### WEBSITE

[www.retailtrust.org.uk](http://www.retailtrust.org.uk)

### TELEPHONE NUMBER

020 8201 0110

### CONFIDENTIAL HELPLINE

0808 801 0808

### EXECUTIVE TEAM

Richard Boland	Chief Executive
Clive Warner	Chief Finance Officer
Phillip Ascott	Director of Fundraising (Appointed 30/01/2017)
Jonathan Brown	Director of People and Wellbeing
Kathleen MacIntyre	Director of Supported Living Services

### AUDITOR

haysmacintyre  
26 Red Lion Square  
WC1R 4AG

### ACTUARY

Barnett Waddingham LLP  
Decimal Place  
Chiltern Avenue  
Amersham  
HP6 5FG

### INSURANCE BROKER

Griffiths & Armour  
Drury House  
19 Water Street  
Liverpool  
L2 0RL

### INVESTMENT MANAGER

Smith & Williamson  
Investment Service Limited  
25 Moorgate  
London  
EC2R 6AY

### BANKERS

National Westminster Bank Plc  
317 Hale Lane  
Edgware  
Middlesex  
HA8 7UG

### SOLICITOR

Harper Macleod LLP  
The Ca'd'oro  
45 Gordan Street  
Glasgow  
G1 3PE

## OUR VISION



To improve the lives of all in need involved with retailing ....  
related industries and support services.



## OUR MISSION

To help those in need, distress, disadvantaged or seeking opportunity through programmes for Wellbeing in the areas of social housing, financial support, mental and physical health and vocational development.

## OUR STRATEGIC GOALS

To deliver the Mission through the pursuit of three strategic aims:-

- Sustainability of the TRUST (relating to Retail Trust and stated as "TRUST" below), its Community and the Sector generally.
- Delivery of Wellbeing Services to the three beneficiary groups of the TRUST, those retired (**Yesterday**), those in work (**Today**) and those seeking to either progress in the Sector or to join or re-join the Sector (**Tomorrow**).
- Social Inclusion and Mobility by tackling inequality in all its recognised forms but especially with regard to career opportunity, financial wellbeing, physical and mental wellbeing.



## HOW

By focussing on the three beneficiary groups as follows:-

### Retirees (the **Yesterday** Constituency)

By developing the asset optimisation programmes for cottageHOMES and through the Crookfur redevelopment plan to create over the coming five years an additional 100+ residential units. Building on our successful Care at Home services in Crookfur by looking to develop outreach services into the retiree communities around our Estates.

### Those in Work (the **Today** Constituency)

Continuing to grow the highly regarded retailHUB Wellbeing Services both through organic means and by developing Digital Services for the mobile enabled generation of beneficiaries. Further supporting the growth of retailCURE the Credit Union exclusively for those working in retail and ensuring its sustainability through its early years.

### Those Seeking Work or advancement at work (the **Tomorrow** Constituency)

Creating, through retailRIGHT, activities and tools to help people achieve social inclusion and mobility by entering careers in retail and by advancing the careers of those already in retail.

Supporting the successful delivery of the retailRIGHT NEETs (Not in Education, Employment or Training) programmes which are now in their third year.

By sponsoring the "gRADuate" Retail Apprentice Degree programme which will allow retailers to access funding for their staff through the Apprentice Levy scheme.

By researching new ways of supporting the advancement of the vocational wellbeing of those employed in retail.

Supporting needy individuals in the sector by sponsoring a variety of educational programmes via the Oxford Summer School, The British School of Fashion (Glasgow Caledonian University Spitalfields Campus) and organisations like the Fashion Retail Academy.

## OUR VALUES

During the year we conducted our third climate survey which confirmed as the three key values of the TRUST, as being **CARING, INNOVATIVE and TRUSTED.**

## CHAIRMAN'S MESSAGE

Dear Supporters, Sponsors, Patrons, Volunteers and Colleagues,

In what has been a year of considerable uncertainty for the country and the industry I am pleased to report that 2016/17 has seen us continue to make good progress in delivering our core strategic objectives and growing the number of beneficiaries of our services by 17%. In all three of the service's delivery areas cottageHOMES, retailHUB and retailRIGHT substantive progress has been made.

cottageHOMES is now financially self-sustaining following the closure of the loss-making care home in Crookfur. Whilst the closure of the care home has meant a £1.4m reduction in income it has resulted in cottageHOMES producing a sustainable surplus which this year was £770k. This surplus will allow us to invest in the future quality of the estates through proactive maintenance and protect the future value of our property assets.

retailHUB, which delivers wellbeing services for all those who have worked, or are working in retail, also continued to grow with counselling and helpline services growing by 24%. We are seeing a trend for growth in our Critical Incident Support services which of course have also supported incidents such as the Manchester Arena bombing and the Grenfell Disaster. The exceptional work of our helpline staff and counsellors often goes unseen but is a most valuable part of our commitment to the hardworking colleagues in retail. Wellbeing services are recognised as paid for services rather than donations and therefore have to be accounted for over the period of cover. This is described more fully in the Trustee Report.

retailRIGHT continues to make good progress in supporting social inclusion and mobility for those involved with retailing. The NEETs programmes were delivered in over 14 locations throughout the year supporting in excess of 400 young people to find opportunity within our great industry.

The first ever Retail Apprentice Degree Trailblazer has now been in development since December 2016 and is eagerly awaited by a large number of engaged retailers. It will allow young people to consider an alternative to a traditional University education and also allow those working in retail who may decide to take up further education whilst in employment. It will also allow the employers to claim relief for the costs via the Apprenticeship Levy fund. We believe that over time it will have a significant impact both on future higher education emphasis and the vocational wellbeing of staff in the sector.

Last year I highlighted that we were restructuring our Fundraising function and we are now close to completing that task. Despite the disruption that change can cause, our net income from fundraising activities rose by over 50% on the previous year due to strong cost control and prudent management of resources even though gross income fell by some 18%. This coming year, with the new team in place, we are looking to see a recovery in gross income.

The total comprehensive income of £956k includes a pension gain of £1.0m on actuarial valuation. Excluding this, our position is broadly neutral.

Donations in kind for the year of £507k were well up on the previous year's £380k and we thank all of those who kindly supported us in this way. The provision of Volunteering, pro bono work and resources for nil cost makes a great contribution to our overall performance and we thank all of you from the industry and its supporting services who have generously helped.

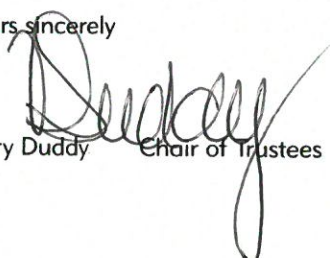
We would like to thank everyone associated with the sector who has contributed to our work in the last year be it as donors, both corporate and individual, as sponsors of events and challenges or supporters of services. Furthermore, we would thank all of those who have benefitted from our services for their appreciation of the support received.

On behalf of all the Trustees I would like to express our collective gratitude to the colleagues and volunteers of the TRUST for all their enduring efforts to provide the best of service and support at all times. The hard work and endeavour of the team is exceptional.

Finally I would like to thank my Trustees, the former Trustees and the Ambassadors for their advice and guidance which is much appreciated.

May I on behalf of the TRUST offer our best wishes and support for the future success of all involved with this great industry of ours.

Yours sincerely



Terry Duddy Chair of Trustees 12 October 2017



# OBJECTIVES AND ACTIVITIES

The Trustees present their report together with the audited financial statements of the TRUST for the year ended 30 April 2017. The Trustees are also directors under company law and this report represents the directors' annual report and the Strategic Report.

## 1. KEY OBJECTIVES

The Charity shall operate for the public benefit in pursuance of the following charitable objects to support individuals who are or have been in employment within the retail and associated sectors in need because of youth, age, ill-health, financial hardship or other disadvantage, in particular by:

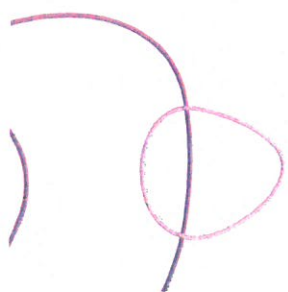
- the provision of wellbeing services, for example counselling, cognitive behavioural therapy and critical incident support.
- the provision of advice and assistance, particularly to individuals who would otherwise be unable to obtain such advice.
- the provision of specially designed or adapted housing and items, services and facilities calculated to relieve the needs of beneficiaries.
- the provision of grants, items and services to individuals in need and/or charities, or other organisations working to prevent or relieve financial hardship or distress.
- advancing awareness and understanding, social inclusion and mobility of individuals, in the retail and associated sectors by providing financial assistance through educational grants and bursaries, advice and assistance and organising educational programmes and other activities to develop their skills, capacities and capabilities to enable them to gain employment in the retail sector.
- furthering such other purposes which may be charitable according to the law of England and Wales and the law of Scotland in connection with the retail and associated sectors in the United Kingdom as the Trustees see fit from time to time by the provision of financial and other support.

## 2. KEY ACTIVITIES

The TRUST organises its operations around three trading brands which align themselves to the three discrete beneficiary groups:

- **cottageHOMES** for those who have retired from the sector.
- **retailHUB** for those still active in the sector.
- **retailRIGHT** for those seeking to enter or progress within the sector.

All of the trading brands have as their primary objectives the Wellbeing of their individual beneficiary group.



## 1. STRATEGIC OPERATIONAL REVIEW

The TRUST is the largest trade charity in the UK covering over 4.5 million working people in total. The scope of responsibility for the wellbeing of all involved in the sector makes us the most utilised employee centric charity in the UK.

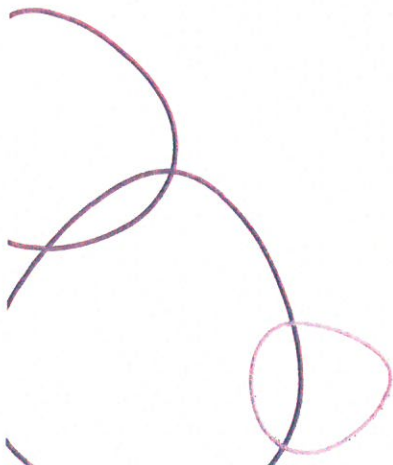
### cottageHOMES

The TRUST owns and operates retirement estates in London (Mill Hill), Derby (Leylands), Glasgow (Crookfur), Liverpool and Salford – known collectively as cottageHOMES. The provision of retirement estates has been a key part of our work since 1897. This includes the provision of supported living, extra care and care at home services.

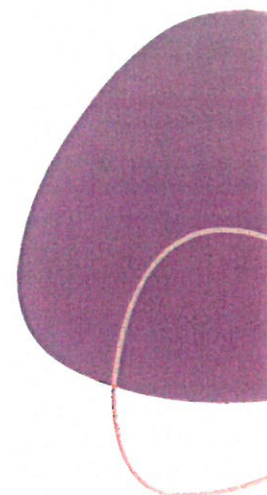
The national focus of care for the elderly is increasingly based upon supporting people to live in their own home and less upon residential care. We therefore decommissioned our residential care home at Crookfur Estate in June 2016 and we are embarking upon a major redevelopment of this estate which will see the development of 135 new accommodation units which can be adapted to meet the changing needs of an older client group.

We support circa 400 residents with a highly regarded standard of accommodation and support services.

We have commenced a programme of Asset Optimisation, utilising redundant space on our Estates to generate an additional 10 accommodation units in the last year and we have also identified further opportunities to create additional units across our 5 estates in the coming years.







## 1. STRATEGIC OPERATIONAL REVIEW continued

### retailHUB

Retail Hub continues to provide Wellbeing services for those past and currently in the retail industry. 2016/17 saw the continuing increase of our online services by simplifying access through our website, delivering 71,559 helpline service engagements through telephone, email and text communication.

The Provision of Wellbeing Services has over recent years grown to become a significant element of the TRUST's activities and one for which the TRUST is recognised as being an important service provider in the Retail sector. Following strategic reviews and dialogue with clients and stakeholders the TRUST has decided that with effect from May 2016 income generated from the provision of Wellbeing Services should be treated as trading income rather than donations as was previously the case. A 100% subsidiary company was established for this purpose and commenced trading early in the 2016/17 financial year. The consequent change in accounting treatment resulting from this change of policy is explained in the Financial Review.

Critical incidents continue to grow and require additional follow up support. All are responded to by a trauma specialist visiting the incident location. The high value clients put on this service provision is recognised in the feedback and acclaim this service attracts from both retailers and their staff.

Over 37,000 people visited the retailHUB online, the majority for emotional and financial wellbeing support and advice.

### retailRIGHT

As headlining sponsor of the Oxford Summer School over 300 students were supported in 2016/17, with 36 receiving bursaries. We are developing a Wellbeing module to raise awareness of vocational Wellbeing across the industry.

We are growing support for NEETs in delivering traineeships as the first step to a great future in retail. We are diversifying our programmes to support employment opportunities in distribution, logistics and contact centres. We have created employment opportunities for 400 individuals through the scheme whilst accessing over £800,000 of government funding for retailers.

We are helping employees achieve qualifications not previously available whilst supporting the industry to effectively utilise their Apprenticeship Levy through the creation of 'gRADuate', the first Retail Apprenticeship Degree. In its first year, this degree will allow retailers to access over £2m of their Apprenticeship Levy.

Through retailENTERPRISE we have awarded £30k of innovation funding to support the development of retail businesses. The scheme will also provide free pop up space within shopping centres to research and trial new business ventures.

## 2. FINANCIAL REVIEW

The accounts have been prepared in accordance with FRS102.

In 2016/17 Total Income amounted to £8.2m – a decrease of £1.4m compared to the previous year. This was due to closure of the Care Home and one-off income in the previous year relating to settlement of property related issues.

The headline reduction in Charitable Income relates to Wellbeing Services which has changed its delivery model to become Trading Income.

For the provision of Wellbeing the accounting standard dictates that the accounting treatment must change. Whereas historically income was taken fully in the year of invoice (or receipt, if no invoice) it is now spread over the contracted period which in the majority of cases straddles two financial years. This has meant that £469k of income which in previous years would have been taken in the reported year has been deferred to 2017/18. There is no impact on cash.

Total costs of £8.3m were £1.0m less than the previous year. This is mainly due to closure of the Care Home. Other factors included savings on event costs and salaries.

Pro-bono services contributed £507k (2015/16: £380k) to income with an equal contribution to expenditure. This included volunteer working, free marketing space and materials, special rates for I.T. services and general pro-bono work.

Listed investments of £1.2m as at 1 May 2016 performed well and generated gains during the year of £177k. Also the valuation of the pension fund in accordance with FRS102 resulted in an actuarial gain of £1.0m. This created Total Comprehensive Income for the year of £1.0m (2015/16: £0.3m). Net assets at the end of the year of £31.4m have grown by £1.0m mainly as a result of the surplus and pension fund revaluation.

At the year end, cash at bank and on hand was £2.5m.

# STRATEGIC REPORT

## 3. VALUE FOR MONEY (VFM)

### What does VFM mean to retailTRUST?

The retail sector continues to experience significant structural changes. The TRUST, as the leading Charity supporting the sector, recognises fully our responsibility to ensure VFM. VFM is about being efficient and effective in how we plan, manage and operate our day to day business.

### How do we approach VFM?

In order to ensure services are delivered in the most cost effective manner, VFM reviews take place through the regular Executive Committee meetings.

The policy established sets out how we will achieve VFM. We ensure that our VFM goals continually improve. Where appropriate, we consult with stakeholders in the development and execution of the VFM strategy.

### Delivery of VFM during 2016/17 Zero Based Budgeting

The 2016/17 budgets were approved on a zero cost basis methodology

### retailRIGHT

For every £1 invested in supporting young NEETs, we generate £10.32 worth of societal value by creating a brighter future for the young people involved.

The launch of the first Retail Apprenticeship Degree will allow retailers to utilize up to £27,000 of levy funds over a 3 year period per individual. In its first year, it is expected to deliver in excess of £2.0m to retailers in the development of their staff.

### cottageHOMES

We have generated 10 new accommodation units within cottageHOMES estates throughout the past year, by converting mainly redundant office accommodation into lettable units.

We have produced these new units at an average of £355 per square metre, where an average cost of new build accommodation would be in the region of £1,254 per square metre.

### retailHUB

Value for money has been created in retailHUB by the more efficient processing of grants online reducing processing time by 33%. This has enabled us to approve grant applications within 10 working days. This has also produced a 9% reduction in the helpline calls allowing us to expand our services at no extra cost.



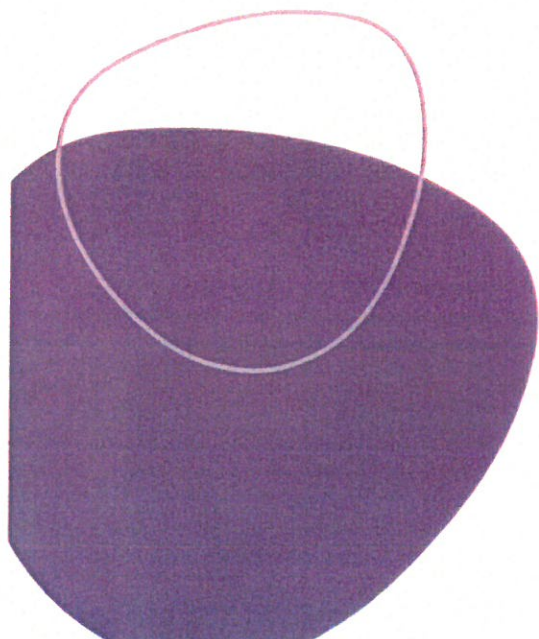
## 1. RESERVES

The Board has developed a reserves policy which is in line with the guidance given by the Charity Commission's booklet CC19 and subsequent documents. Following a review of the risk register, an appropriate level of reserves has been established so as to enable the TRUST to continue its charitable activities and related support for a period of one year if fundraising income is reduced by 50%.

Note 21 shows the level of undesignated reserves at £2.1m. Excluding fixed assets from the undesignated reserves gives 'free' reserves of £1.8m. This compares with the target according to the reserves policy of £1.2m.

The other reserves are restricted or designated in nature and are described in more detail in Notes 21 to 23.

Restricted reserves are used only for the purpose for which the donor has specified. Designated reserves are for reserves which have been set aside by the TRUST to be used for the named purpose. If that purpose subsequently is not relevant, then these reserves are transferred back to unrestricted. It is expected that restricted reserves will be spent over the next 2 years and that the designated reserves will be spent over the next 5 years.





## 2. KEY MANAGEMENT PERSONNEL REMUNERATION

All key management personnel receive a base salary which is based on factors such as qualification, length of service, experience and performance and their package may include superannuation and fringe benefits.

The Trustees review Executive Director packages annually through the TRUST's Remuneration Committee and by reference to its financial performance and individual Executive performance.

The remuneration policy is designed to attract the highest calibre of Executives and reward them for performance that results in the long-term growth and sustainability of the TRUST.

The TRUST's employment policy is to offer fair pay to attract and keep appropriately qualified Executives to lead, manage, support and deliver its aims.

The Trustees, through the Remuneration Committee, are ultimately responsible for setting remuneration levels for the Executive Directors. The Executive Directors, working within guidelines supported by the Trustees, are responsible for the setting of salaries for staff below Executive level.

In deciding the levels of pay and rewards for the Executives, Trustees consider:

- the purposes, aims and values of the TRUST, and its beneficiaries' needs.
- the competitive nature of the work and recognition that performance related pay and incentives may be appropriate at Executive level.
- how Executive pay is linked to the skills, experiences and competencies that the TRUST needs and the scope of their roles.
- the TRUST's ability to pay without impacting charitable services.

Trustees will also consider:

- the benefit to the TRUST that such positions will bring.
- the cost to the TRUST of increasing remuneration levels.
- affordability, including in the longer term (based on a risk assessment of future income and expenditure).
- an assessment of the TRUST's and executives performance against KPIs, budget, expectations, both short and long term.
- the wider 'employment offer' they can make to executive members, where basic pay is one part of a package that includes personal development, personal fulfilment and association with the TRUST's cause.
- the TRUST's track record in attracting and retaining committed and motivated Executives.

## 3. HEALTH AND SAFETY

The health and safety of residents, employees and volunteers is of paramount importance to the TRUST.

There is a robust health and safety structure at each location, coordinated by a Health & Safety Committee which devises and reviews policies as necessary in line with legislation and good practice. Regular Health & Safety audits take place with an action plan devised to ensure effective resolution of any issues arising. An annual report is presented to the Board.

## 4. INVESTMENT

The TRUST has adopted a capital and income growth policy which, over the long-term, will endeavour to maintain the value of the assets. As permitted by the TRUST's rules, the Board has instructed Smith & Williamson Investment Services Limited to operate on a discretionary basis. The investment performance is measured against agreed benchmarks. The TRUST meets with the investment managers regularly to review performance and are satisfied with the performance against benchmark. The portfolio is maintained to a risk profile as agreed with the Board.

## 5. GRANTS

Financial grants awarded are based on the TRUST's grants policy and guidelines which take into account the financial status and specific needs of each applicant. The Board receives regular updates on the level of financial grants awarded.

## 6. PENSION

The TRUST sponsors Group personal pension arrangements with Legal and General which has £390k funds under management in individual employee name policies. This arrangement commenced in 2014 and a small percentage of employees have opted out of this auto-enrolment scheme.

The TRUST previously operated a defined benefit final salary pension scheme (FS) which was closed to new entrants in 2008. From 2009 a career average scheme (CARE) for new entrance was operated. CARE was closed to new entrants in March 2013. Both schemes were closed to future accrual on 31 January 2014.

Under Financial Reporting Standard FRS102 there was a deficit at the year end of £1,415k for the FS/CARE schemes.



## 7. FUNDRAISING

We are registered with the Fundraising Regulator, demonstrating our commitment to good fundraising practice. We are committed to abide by the Code of Fundraising Practice and to the Fundraising Promise and are authorised to use the Fundraising Regulator badge on our fundraising materials.

To deliver our charitable purpose, we actively engage in maintaining and growing a wide range of funding sources.

We are committed to ensuring that fundraising is carried out in an ethical manner. All fundraising supports the TRUST's strategy and is in keeping with its values, ethics and reputation.

Fundraising activity adheres to the following standards:

- comply with all relevant laws.
- all communications to the public shall be truthful and open.
- all monies raised will be for the stated purpose and will comply with our stated mission and purpose.
- all personal information is confidential and is not for sale or given away or disclosed to any third party without the individuals consent.
- no person directly or indirectly employed or volunteering shall accept commissions, bonuses or payments for fundraising activities on behalf of the organisation;
- all fundraising activities must protect the reputation and integrity of the TRUST at all times.
- financial contributions will only be accepted if considered ethical.
- the privacy of donors is respected at all times. Donor records will be confidential and held in compliance with the Data Protection Act 1998. Donors have the right to see their own donor record and to challenge its accuracy. Donors and prospective donors will be treated with respect. We will honour any requests they make to.
  - limit the frequency of solicitations.
  - not be solicited by telephone or other technology.
  - limit the amount or frequency of printed or online material that they are sent.

We are always sensitive to signs that may indicate that any individual is in vulnerable circumstances and needs support to make an informed decision. If we reasonably believe the individual lacks capacity to make a decision then a donation will not be accepted or will be returned if already made.

## 8. COMPLAINTS

When we receive a complaint, we endeavour to resolve it quickly, fairly and effectively. We can continue to improve the services we provide by listening and responding to the views of our clients, partners and stakeholders and by responding positively to complaints. We aim to ensure that:

- making a complaint is as easy as possible.
- we treat a complaint as a clear expression of dissatisfaction with our service which calls for an immediate response.
- we deal with it promptly, politely and where appropriate confidentially.
- we will respond in the correct way – for example, with an explanation, or an apology or information on any action taken.
- we will learn from complaints and use them to improve the services that we offer.

# STRUCTURE, GOVERNANCE AND MANAGEMENT

## 1. INCORPORATION, LEGAL AND ORGANISATIONAL STRUCTURE

Retail Trust was incorporated on 17 July 2001 as a private company under the Companies Act and registered as a charity on 17 January 2002. Its memorandum sets out the objects and powers of the organisation and is governed in accordance with its articles of association. The TRUST complies with HCA Governance & Financial Viability Standard. The retirement estates are spread across five locations in the United Kingdom; London, Glasgow (Crookfur), Derby, Liverpool and Salford.

## 2. GOVERNANCE

The governing body of the TRUST is the Board of Directors, who are the TRUST's Trustees. The Board governs the organisation in line with its vision, aims and strategy. It is also responsible for compliance with the legal and statutory requirements of a UK charity and of a registered company.

The Board comprises at least 3 and not more than 14 members or such other number as the Trustees may decide. New members are selected using formal recruitment processes and elected to the Board by the existing membership.

Trustees who commenced prior to April 2014 were appointed for 5 years with an option to serve a further 5 years. Since 2 April 2014, they can if they wish, shorten the second term to 3 years. Trustees who commenced after 2 April 2014 serve for 3 years with a second term also of 3 years in line with Charity Commission best practice.

There is a formal induction programme for new Trustees and all Trustees are encouraged to undergo external training for continuing development.

The Board met six times in the year to oversee and steer the work of the organisation; management of the TRUST is delegated by the Trustees to the Chief Executive and the Executive team. It delegates appropriate functions to the Board sub-committees listed below and at least one member of every committee must be a Trustee.

### Chairs of Board sub-committees

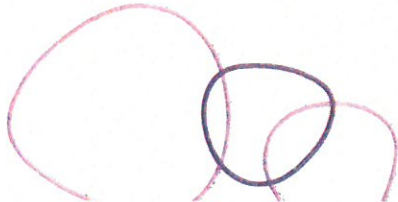
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Risk/Audit/Finance	Richard Newman
Fundraising & Marketing	Ayo Daramola-Martin
Remuneration & Nominations	Sally Hopson
Property & Cottage Homes	Nigel Duxbury

### Executive sub-committee

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Grants/Services	Richard Boland
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# STRUCTURE, GOVERNANCE AND MANAGEMENT

TRUSTEES' REPORT  
YEAR ENDED 30 APRIL 2017

## 3. PUBLIC BENEFIT STATEMENT

The TRUST develops its strategic plan to provide public benefit and achieve its objectives as set out in the objects of the TRUST.

The Trustees confirm that they have referred and had due regard to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the TRUST's aims and objectives and in planning future activities.

## 4. INTERNAL CONTROL

The Trustees have overall responsibility for establishing and maintaining the whole system of internal controls and for reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and provide assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the TRUST's assets and interests. In meeting its responsibilities, the Risk, Audit and Finance Committee (RAF) has adopted a risk based approach to internal controls. This includes a regular review of the risks to which the TRUST is exposed, evaluating their nature and impact.

The means by which the Board reviews the effectiveness of the systems of internal control, together with the robustness of the risk management framework, include standing orders and financial regulations which clearly set out the systems of delegation and authority which are in place. These are reviewed on a regular basis by the Board. There are also defined policies and procedures with which employees and Board members must comply to ensure the completeness and accuracy of transactions.

The internal audit approach is risk based focussing on the strength and effectiveness of controls which support the achievement of the strategic plan. The Internal Auditor reports through the Chief Finance Officer to the RAF Committee and provides information on the effective operation of strategies and controls. The RAF Committee meets four times per year. It considers the external auditor's management letter which outlines weaknesses in internal control. Action to rectify weaknesses identified is monitored by the committee.

# STRUCTURE, GOVERNANCE AND MANAGEMENT

## 5. RISK

### Financial

Trustees consider the key risks facing the TRUST are:

### Failure to support those in need

The risk is that the income generation from services, donations and other fundraising activity is insufficient to meet the needs of the beneficiaries.  
We manage this risk through implementation of diverse services and fundraising activity by developing new products and stronger relationships.

### cottageHOMES sustainability

Failure to create awareness of the TRUST in potential beneficiaries who are in need.  
We manage this through continuous marketing and networking. We monitor the reach of our services by use of KPI measures.

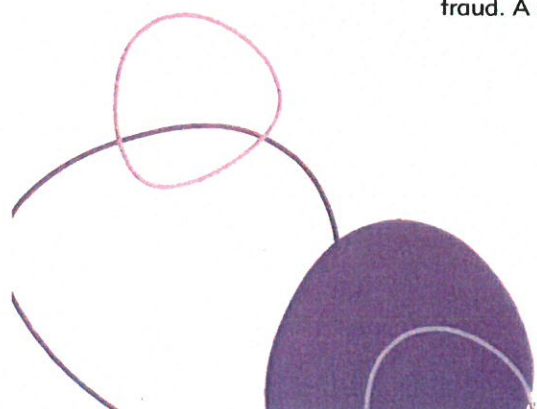
### Safety

cottageHOMES does not create sufficient surplus to provide for future maintenance and growth.  
We manage this risk by strong management of operating costs and by investing in an asset optimisation programme to develop dormant assets.

The risk is an incident which would impact residents, visitors or employees.  
We manage this through a rigorous process of health and safety procedures and independent and internal audits.

## 6. FRAUD

The TRUST manages fraud risks through the system of internal controls and procedures. There is also an anti-fraud policy in place which sets out clear procedures for the reporting and investigation of suspected irregularities of any sort. All cases of fraud or attempted fraud are reported to the RAF so they may consider whether appropriate action has been taken and whether internal controls require further review. All matters of financial loss are reported to the Police and all cases above the limit set by the Homes and Communities Agency are reported to them. The anti-fraud policy contains the clear message about the sanctions that will be employed for members of staff who are found to have perpetrated a fraud. A register of all incidents is open to inspection by members of the Board.





## STRUCTURE, GOVERNANCE AND MANAGEMENT

### 7. STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company, housing and trust 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 group and the parent and of the income and expenditure of the group and the parent for that period. In preparing those financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the parent's transactions and disclose with reasonable accuracy at any time the financial position of the group and the parent and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2015, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the group and the parent 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 corporate and financial information included on the TRUST's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### 8. STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Trustees have confirmed that they 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 it has been communicated to the auditor.

# STRUCTURE, GOVERNANCE AND MANAGEMENT

## 9. SUBSIDIARY UNDERTAKINGS

At 30 April 2017 the TRUST had three subsidiaries, Retail Trust Events Limited, Cottage Homes Contracts Limited and RT Wellbeing Services Limited which are incorporated as private companies under the Companies Act 2006.

Retail Trust Events Limited is a trading subsidiary and conducts celebration events and other trading activities.

Cottage Homes Contracts Limited is a subsidiary which manages building and maintenance contracts on behalf of the TRUST.

RT Wellbeing Services Limited is a trading subsidiary which manages income and costs of Wellbeing Services.

Retail Trust is the ultimate controlling party of all subsidiaries.

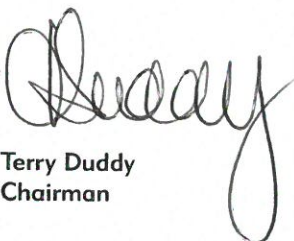
## 10. DIVERSITY AND EQUALITY

Diversity and equality is monitored at all levels of the TRUST and an annual report is presented to the Board. The Diversity & Equality policy is regularly reviewed and updated in line with legislation and good practice as it applies.


## 11. AUDITORS

haysmacintyre have been appointed as the auditor at the Annual General Meeting.

This Trustees' Report, including the Strategic Report, was approved by the Board on 12 October 2017.



Terry Duddy  
Chairman



Nigel Duxbury  
Trustee



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF RETAIL TRUST

We have audited the financial statements of the Retail Trust for the year ended 30 April 2017 which comprise Consolidated Statement of Comprehensive Income, the Consolidated and Parent Balance Sheets, Group and Parent Statements of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 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.

## Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 17, 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.

We have been appointed auditor under the Companies Act 2006 and section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

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

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 April 2017 and of the group's surplus for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2015, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

## Opinions on other matters prescribed by the Companies Act 2006

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

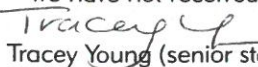
- The information given in the Trustees' Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' Report (which incorporates the strategic report and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

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 (which incorporates the strategic report and the directors' report).

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

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company and group have not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the consolidated 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.

  
Tracey Young (senior statutory auditor)  
for and on behalf of haysmacintyre, Statutory Auditor

12/10/17

26 Red Lion Square  
London  
WC1R 4AG  
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**RETAIL TRUST**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 30 April 2017

	Notes	2017 £	2016 £
<b>INCOME AND ENDOWMENTS from:</b>			
Charitable income	1	1,398,707	2,277,705
Cottage Homes	2	5,463,498	5,995,795
Trading income	3	1,316,488	679,375
Other income	4	3,912	689,515
		<hr/>	<hr/>
<b>TOTAL INCOME</b>		<b>8,182,605</b>	<b>9,642,390</b>
		<hr/>	<hr/>
<b>EXPENDITURE on:</b>			
Raising funds	5	(1,737,354)	(2,126,010)
Cottage Homes	2	(4,722,193)	(5,430,392)
Helpline, grants and other services	6	(1,832,810)	(1,739,383)
		<hr/>	<hr/>
<b>TOTAL EXPENDITURE</b>		<b>(8,292,357)</b>	<b>(9,295,785)</b>
		<hr/>	<hr/>
<b>OPERATING (DEFICIT) / SURPLUS</b>	7	<b>(109,752)</b>	<b>346,605</b>
Investment income	8	49,521	30,014
Pension costs	20	(164,000)	(209,000)
		<hr/>	<hr/>
<b>NET (DEFICIT) / SURPLUS</b>		<b>(224,231)</b>	<b>167,619</b>
		<hr/>	<hr/>
<b>OTHER COMPREHENSIVE INCOME</b>			
Gains / (losses) on investments	15	176,540	(21,729)
Actuarial surplus in pension scheme	20	1,004,000	139,000
		<hr/>	<hr/>
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>1,180,540</b>	<b>117,271</b>
		<hr/>	<hr/>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>956,309</b>	<b>284,890</b>
		<hr/>	<hr/>

All the above results are derived from continuing activities. There were no recognised gains or losses other than those stated above. The notes on the accompanying pages form part of these financial statements.

The notes set out on pages 30 to 46 form an integral part of these financial statements.



**RETAIL TRUST**  
**CONSOLIDATED BALANCE SHEET**  
as at 30 April 2017

Company Registration No. 04254201

	Notes	2017 £	2016 £
<b>FIXED ASSETS</b>			
Housing properties	13	29,779,225	29,665,848
Other tangible fixed assets	14	1,323,942	1,416,040
Investments at market value	15	1,637,435	1,448,424
<b>TOTAL FIXED ASSETS</b>		<b>32,740,602</b>	<b>32,530,312</b>
<b>CURRENT ASSETS</b>			
Debtors	17	1,240,149	715,989
Cash and cash equivalents	18	2,510,555	2,978,561
<b>TOTAL CURRENT ASSETS</b>		<b>3,750,704</b>	<b>3,694,550</b>
CREDITORS: amounts falling due within one year	19	(1,291,524)	(1,115,789)
<b>NET CURRENT ASSETS</b>		<b>2,459,180</b>	<b>2,578,761</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>35,199,782</b>	<b>35,109,073</b>
CREDITORS: amounts falling due after more than one year	19	(2,430,776)	(2,456,376)
Pension liability	20	(1,415,000)	(2,255,000)
<b>NET ASSETS</b>		<b>31,354,006</b>	<b>30,397,697</b>
<b>RESERVES</b>			
Unrestricted reserves	21	30,902,683	29,932,527
Restricted reserves	22	123,388	178,303
Endowment funds	23	327,935	286,867
<b>TOTAL RESERVES</b>		<b>31,354,006</b>	<b>30,397,697</b>

The financial statements on pages 20 to 46 were approved by the Trustees and authorised for issue on 12 October 2017 and are signed on its behalf by:

Terry Duddy



Chairman

Nigel Duxbury



Trustee



**RETAIL TRUST**  
PARENT BALANCE SHEET  
as at 30 April 2017

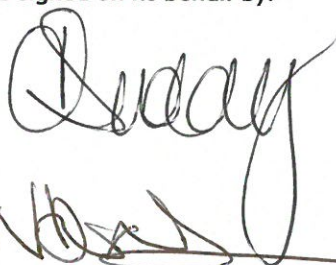
Company Registration No. 04254201

	Notes	2017 £	2016 £
<b>FIXED ASSETS</b>			
Housing properties	13	29,779,225	29,665,848
Other tangible fixed assets	14	1,323,942	1,416,040
Investments at market value	15	1,637,435	1,448,424
Investments in subsidiaries	16	156	156
<b>TOTAL FIXED ASSETS</b>		<b>32,740,758</b>	<b>32,530,468</b>
<b>CURRENT ASSETS</b>			
Debtors	17	1,359,240	1,141,310
Cash and cash equivalents	18	1,797,706	2,796,060
<b>TOTAL CURRENT ASSETS</b>		<b>3,156,946</b>	<b>3,937,370</b>
<b>CREDITORS: amounts falling due within one year</b>	19	<b>(691,238)</b>	<b>(1,188,368)</b>
<b>NET CURRENT ASSETS</b>		<b>2,465,708</b>	<b>2,749,002</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>35,206,466</b>	<b>35,279,470</b>
<b>CREDITORS: amounts falling due after more than one year</b>	19	<b>(2,430,776)</b>	<b>(2,456,376)</b>
Pension liability	20	(1,415,000)	(2,255,000)
<b>NET ASSETS</b>		<b>31,360,690</b>	<b>30,568,094</b>
<b>RESERVES</b>			
Unrestricted reserves	21	30,909,367	30,102,924
Restricted reserves	22	123,388	178,303
Endowment funds	23	327,935	286,867
<b>TOTAL RESERVES</b>		<b>31,360,690</b>	<b>30,568,094</b>

The total comprehensive income for the year of the Parent Company is £792,596 (2015/16: £455,231).

The financial statements on pages 20 to 46 were approved by the Trustees and authorised for issue on 12 October 2017 and are signed on its behalf by:

Terry Duddy



Chairman

Nigel Duxbury



Trustee

**RETAIL TRUST**
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the year ended 30 April 2017

<b>GROUP</b>	<b>Unrestricted Reserves £</b>	<b>Restricted Reserves £</b>	<b>Endowment Funds £</b>	<b>Total £</b>
As at 1 May 2015	29,628,441	179,803	304,563	30,112,807
Surplus/(deficit) for the year	186,815	(1,500)	(17,696)	167,619
Other comprehensive income	117,271	-	-	117,271
Total comprehensive income for the year	304,086	(1,500)	(17,696)	284,890
As at 30 April 2016	<u>29,932,527</u>	<u>178,303</u>	<u>286,867</u>	<u>30,397,697</u>
As at 1 May 2016	29,932,527	178,303	286,867	30,397,697
Surplus/(deficit) for the year	(169,316)	(54,915)	-	(224,231)
Other comprehensive income	1,139,472	-	41,068	1,180,540
Total comprehensive income for the year	970,156	(54,915)	41,068	956,309
As at 30 April 2017	<u>30,902,683</u>	<u>123,388</u>	<u>327,935</u>	<u>31,354,006</u>

<b>PARENT</b>	<b>Unrestricted Reserves £</b>	<b>Restricted Reserves £</b>	<b>Endowment Funds £</b>	<b>Total £</b>
As at 1 May 2015	29,628,497	179,803	304,563	30,112,863
Surplus/(deficit) for the year	357,156	(1,500)	(17,696)	337,960
Other comprehensive income	117,271	-	-	117,271
Total comprehensive income for the year	474,427	(1,500)	(17,696)	455,231
As at 30 April 2016	<u>30,102,924</u>	<u>178,303</u>	<u>286,867</u>	<u>30,568,094</u>
As at 1 May 2016	30,102,924	178,303	286,867	30,568,094
Surplus/(deficit) for the year	(333,029)	(54,915)	-	(387,944)
Other comprehensive income	1,139,472	-	41,068	1,180,540
Total comprehensive income for the year	806,443	(54,915)	41,068	792,596
As at 30 April 2017	<u>30,909,367</u>	<u>123,388</u>	<u>327,935</u>	<u>31,360,690</u>

**RETAIL TRUST**

**CONSOLIDATED STATEMENT OF CASH FLOW**  
for the year ended 30 April 2017

	Notes	2017 £	2016 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (deficit)/surplus		(224,231)	167,619
<b>Adjustments for:</b>			
Depreciation		516,364	495,927
Pension Costs		164,000	209,000
Amortisation of Social housing grant		(25,600)	(25,600)
(Increase)/decrease in debtors		(524,160)	120,932
Increase/(decrease) in creditors		175,735	(500,643)
<b>NET CASH INFLOWS FROM OPERATING ACTIVITIES</b>		<b>82,108</b>	<b>467,235</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(537,643)	(342,303)
Additions to investments		(289,163)	(1,052,105)
Proceeds from sale of investments		265,408	386,283
<b>NET CASH (OUTFLOWS) FROM INVESTING ACTIVITIES</b>		<b>(561,398)</b>	<b>(1,008,125)</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(479,290)</b>	<b>(540,890)</b>
Cash and cash equivalents at the beginning of the year		3,070,849	3,611,739
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>2,591,559</b>	<b>3,070,849</b>
<b>Cash and cash equivalents</b>			
Cash and cash equivalents	18	2,510,555	2,978,561
Cash held by investment managers	15	81,004	92,288
		<b>2,591,559</b>	<b>3,070,849</b>



# ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 APRIL 2017

## GENERAL DETAILS

The TRUST is a company limited by guarantee, incorporated in England and Wales (company number: 04254201), a charity registered in England and Wales (charity number: 1090136) and in Scotland (Scottish charity number: SC 039684) and Registered Social Landlord (number: L4362). The TRUST's registered office address is: Marshall Hall, Marshall Estate, Hammers Lane, London NW7 4DQ.

## ACCOUNTING BASIS

The format of the financial statements has been presented to comply with the Companies Act 2006, FRS102 The Financial Reporting Standard applicable in the UK and Ireland, the Statement of Recommended Practice for social housing providers (Housing SORP 2014) and the Accounting Direction of Private Registered Providers of Social Housing 2015. The TRUST is a Public Benefit Entity as defined by FRS102.

## BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of the TRUST and its subsidiary undertakings, Retail Trust Events Limited, Cottage Homes Contracts Limited and RT Wellbeing Services Limited drawn up to 30 April 2017 on a line by line basis.

## GOING CONCERN

The financial statements have been prepared on the going concern basis as the trustees consider there are no material uncertainties about the ability of the group or the company to continue on a going concern basis. The trustees have prepared budgets and cash flow forecasts to support their consideration of this matter and these are reviewed regularly at the Board meetings and sub-committee meetings.

## INCOME

All income is included in the consolidated income and expenditure account when the group is legally entitled to the income, receipt is probable and the amount can be quantified with reasonable accuracy. Such amounts are stated net of VAT.

Income comprises rent and service charge contributions from tenants, Supporting People contractual income, income from fundraising events, voluntary income and pecuniary legacies.

Income is recognised on the following bases:

- rental and service charge income is recognised on a time apportioned basis and is stated net of losses from void properties.
- income from the provision of supporting people contractual services is recognised as the services are provided.
- fundraising event income is recognised when invoiced or received, whichever is earlier.
- voluntary income is recognised where there is entitlement, probability of receipt and the amounts can be measured with sufficient reliability.
- income tax refunds on donations are recognised on an accruals basis for all payment covered under a deed of covenant or gift aid certificate.
- other gifts in kind to assist with fundraising events are recognised at a reasonable estimate of their value to the trust and recognised in the financial statements as income to and resources expended against the respective activities.
- investment interest income and dividend income are recognised when receivable.

## EXPENDITURE

All expenditure is recognised when the related liability is incurred, and is classified in the Statement of Comprehensive Income according to the activity to which it relates.

Expenditure is recognised on the following bases:

- fundraising costs include the direct costs of events held and related staff and depreciation costs.
- fundraising costs are accrued to match the related income.
- charitable activities costs are the direct costs of financial assistance grants, costs of the employee assistance programme and related staff and depreciation costs.
- supported living and care home costs are the direct costs of management services, maintenance costs, repairs related staff and depreciation costs.
- service costs are the direct costs for the management and strategic planning processes of the trust and related staff and depreciation costs.
- where direct costs relate to a number of different activities they are apportioned to the different activities on a fair basis.
- overhead and support costs which include the support functions of information technology, finance, governance and human resources are allocated to activities on a consistent and reasonable basis during the financial year. the allocation is based on the number of personal computer units used, transactional activity or a number of staff employed during the period.
- irrecoverable vat is charged to the income and expenditure account and is allocated to the different activities on the same basis as the corresponding costs are allocated.

## ANALYSIS OF TRANSACTIONS BETWEEN REGULATED AND NON-REGULATED ACTIVITIES

Transactions between regulated and non-regulated activities have been presented with a fair allocation of overheads. Direct costs are allocated between regulated and non-regulated activities based on time and usage of the underlying activity and reviewed each year during the annual planning cycle. Support costs which include the central functions have been allocated as described in the above paragraph.

## FIXED ASSETS

### – FREEHOLD HOUSING PROPERTIES

Freehold housing properties are stated at cost.

#### Cost of housing properties

Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements. Items costing less than £500 are not capitalised unless part of larger projects.

Improvements are works which result in an enhancement of economic benefits such as increase in the net rental income, a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business.



# ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 APRIL 2017

## Depreciation of housing properties and component accounting

Freehold land and assets under construction are not depreciated. The Group operates full component accounting.

Depreciation is provided at rates calculated to write off the cost, less any estimated residual value, of each component evenly over its expected useful life, as follows:

Wall structure	125 years
Roof structure	75 years
Doors and windows	75 years
Boilers, electrics and plumbing	30 years
Kitchen and bathrooms	15 years
Lifts and stairs	30 years
External infrastructure and utilities	50 years
Fittings > £500	20 years

The estimated useful economic life for each component has been arrived at based on the Group's current experience of component replacements. The useful economic lives of all components are monitored and revisions made where sustained material changes arise.

## Sites intended for sale

Sites intended for sale are included at net realisable value as current assets on the balance sheet.

## OTHER TANGIBLE FIXED ASSETS

All other tangible fixed assets are stated at cost less accumulated depreciation. Items costing less than £500 are not capitalised. The carrying values of other tangible fixed assets are reviewed for impairment if events or change in circumstances indicate the carrying value may not be recoverable.

Depreciation is provided at rates calculated to write off the cost, less any estimated residual value, of each asset evenly over its expected useful life, as follows:

Fixtures and fittings	5 years
Office equipment	5 years
Plant and machinery	10 years
Motor vehicles	5 years
Computer equipment and software	4 years
Office buildings	75 years
Land is not depreciated.	

## Impairment of assets

Housing properties and office buildings are subject to impairment reviews annually in accordance with FRS102. Where there is evidence of impairment, housing properties are written down to the recoverable amount. Any such write down is charged to the operating result.



# ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 APRIL 2017

## INVESTMENTS

Investments are valued at market price, as represented by the mid-market quotation on the relevant stock exchange at the year-end.

Realised gains and losses on investments are calculated as the difference between sales proceeds and the carrying amount.

Unrealised gains and losses are taken to the Statement of Comprehensive Income.

The TRUST owns deferred shares in Retail Credit Union Limited. These shares are held at the value of consideration.

## BASIC FINANCIAL INSTRUMENTS – ASSETS AND LIABILITIES

Basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable are accounted for on the following basis:

### Cash and cash equivalents

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

### Debtors and creditors

Debtors and creditors are recorded at the transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income. A provision for rent arrears and doubtful debts is made in the financial statements if rent arrears or debtors remain unpaid after 6 months or as soon as there is reason to believe there is non-payment of the outstanding amount.

## LIABILITIES

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the TRUST to the expenditure.

### Financial assistance grants

Financial assistance grants are payment made to third parties in the furtherance of the charitable objectives of the TRUST. The grants are accounted for where either the Trustees have agreed to pay the grant without condition and recipient has a reasonable expectation that they will receive the grant, or any condition attaching to the grant is outside the control of the TRUST.

### Grant commitments

Grant commitments are recognised in the accounting period when the relevant conditions underlying the grant have been met by the recipient or receiving entity of the grant. Grants authorised but unpaid at the balance sheet date are recognised as expenditure in the Consolidated Statement of Comprehensive Income where the conditions underlying the grants have been met.

### Social Housing Grant

Social housing grant (SHG) is receivable from the Homes and Communities Agency and is utilised to fund the capital costs of housing properties, including land costs. The balance of the grant received is recognised as a liability on the balance sheet and amortised on the same basis as the wall structures of the housing assets.

The amount of SHG receivable is calculated on a fixed basis depending on the size, location and type of housing property. SHG due from the Homes and Communities Agency or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is recognised in the same period as the expenditure to which it relates. SHG is subordinated to the repayment of loans by agreement with the Homes and Communities Agency. SHG released on sale of a property is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the Balance Sheet in creditors. The SHG is repayable if properties funded by it are sold to any institution other than a housing association.

# ACCOUNTING POLICIES

## INTEREST PAYABLE

Interest is capitalised on borrowings to finance developments/redevelopments to the extent that it accrues in respect of the period of developments if it represent either:

- interest on borrowings specifically financing the development programme after deduction of interest on social housing grant (SHG) in advance; or
- interest on borrowings of the group as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

Interest is capitalised from the date of the site acquisition/commencement of redevelopment to the date of practical completion. Other interest payable is charged in the Consolidated Statement of Comprehensive Income.

## PENSION SCHEME

The TRUST operates a funded defined benefits related pension scheme. The assets of the scheme are held separately from those of the TRUST. Pension scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at the current rate of return on a high quality corporate bond of the equivalent term and currency to the liability.

Pension scheme assets are measured at fair market value at the balance sheet date. The pension scheme deficit is recognised in full on the Balance Sheet. Increases in the present value of the scheme liabilities expected to arise from employee service in the period are charged to operating surplus. The net interest income or expenditure calculated on the scheme assets and liabilities by reference to the discounted rate is credited or charged to the surplus for the year. Actuarial gains and losses are recognised in other comprehensive income.

The TRUST also operates a defined contribution scheme. The amount charged to the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits for the defined benefit scheme is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet.

## ENDOWMENT FUNDS

Endowment funds represent donations and legacies received where donors require that the capital must be preserved and the income must be spent on a particular purpose. Trustees may apply the income from endowment funds in line with such restricted purposes but the capital is permanent and must be held indefinitely.

## RESTRICTED RESERVES

Restricted reserves represent donations and legacies received where donors require that they must be spent on a particular purpose or where funds have been raised for a specific purpose.

## DESIGNATED RESERVES

Any sums which the Board members have designated for specific purposes in the future are treated as designated reserves. Transfers are made from the undesignated reserves account to the designated reserves account.



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2017

<b>NOTE 1 – CHARITABLE INCOME</b>	<b>2017</b>	<b>2016</b>
<b>GROUP</b>	<b>£</b>	<b>£</b>
<b>Restricted</b>		
Gross income from events	24,609	86,300
Income from fundraising activities	80,500	-
<b>Unrestricted</b>		
Gross income from events	383,325	271,668
Income from fundraising activities	403,111	1,534,448
Gifts in kind	507,162	380,289
Legacies	-	5,000
<b>TOTAL CHARITABLE INCOME</b>	<b>1,398,707</b>	<b>2,277,705</b>

**NOTE 2 – COTTAGE HOMES – GROUP**

**a) Turnover, operating costs and operating surplus**

	<b>TURNOVER</b>		<b>OPERATING COSTS</b>		<b>OPERATING SURPLUS</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Social housing lettings (2b)	4,946,999	5,544,532	4,487,901	5,162,221	459,098	382,311
Other social housing activities:						
- Supporting people	234,292	268,171	234,292	268,171	-	-
Non-social housing activities:						
- Lettings	21,608	40,055	-	-	21,608	40,055
- Other	234,999	117,437	-	-	234,999	117,437
- Amortisation of SHG	25,600	25,600	-	-	25,600	25,600
	<b>5,463,498</b>	<b>5,995,795</b>	<b>4,722,193</b>	<b>5,430,392</b>	<b>741,305</b>	<b>565,403</b>

Analysis of social housing lettings:

Rent receivable	1,888,655	1,866,727
Service Charges	2,784,047	2,623,019
Care Home fees	274,297	1,054,786
<b>Social housing lettings</b>	<b>4,946,999</b>	<b>5,544,532</b>



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2017

**NOTE 2 – COTTAGE HOMES – GROUP (continued)**

**b) Income and Expenditure from social housing lettings**

	SUPPORTED HOUSING		CARE HOME		TOTAL	
	2017 £	2016 £	2017 £	2016 £	2017 £	2016 £
<b>NET RENTAL INCOME</b>	<b>4,672,702</b>	<b>4,489,746</b>	<b>274,297</b>	<b>1,054,786</b>	<b>4,946,999</b>	<b>5,544,532</b>
Management	1,058,191	992,125	113,266	307,048	1,171,457	1,299,173
Services	2,348,057	1,896,462	181,977	896,250	2,530,034	2,792,712
Routine maintenance	145,901	126,006	676	7,518	146,577	133,524
Planned maintenance	136,673	97,989	34	136	136,707	98,125
Major repairs	1,110	311,074	-	-	1,110	311,074
Depreciation	373,306	371,556	11,674	11,774	384,980	383,330
Other costs	109,749	120,721	7,287	23,562	117,036	144,283
<b>TOTAL EXPENSES</b>	<b>4,172,987</b>	<b>3,915,933</b>	<b>314,914</b>	<b>1,246,288</b>	<b>4,487,901</b>	<b>5,162,221</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>499,715</b>	<b>573,813</b>	<b>(40,617)</b>	<b>(191,502)</b>	<b>459,098</b>	<b>382,311</b>

**Rental income is stated net of voids as follows:**

	2017 £	2016 £	2017 £	2016 £
Voids	112,872	77,264	-	18,819

The total losses for the year ended 30 April 2017 arising from irrecoverable debts were £nil (2016: £nil).

<b>The accommodation provided is as follows:</b>	<b>2017</b>	<b>2016</b>
Total number of units:		
Owned	371	361
Under management	5	6
Care Home places	-	20
	<b>376</b>	<b>387</b>

**NOTE 3 – TRADING INCOME**

<b>GROUP</b>	<b>2017 £</b>	<b>2016 £</b>
<b>Unrestricted</b>		
Income from events	516,285	679,375
Income from Wellbeing Services	800,203	-
<b>TOTAL TRADING INCOME</b>	<b>1,316,488</b>	<b>679,375</b>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2017

<b>NOTE 4 – OTHER INCOME</b>	<b>2017</b>	<b>2016</b>
<b>GROUP</b>	<b>£</b>	<b>£</b>
Consultancy	3,912	14,515
Settlement of property related issues	-	675,000
<b>TOTAL OTHER INCOME</b>	<b>3,912</b>	<b>689,515</b>

<b>NOTE 5 – EXPENDITURE ON RAISING FUNDS</b>	<b>2017</b>	<b>2016</b>
<b>GROUP</b>	<b>£</b>	<b>£</b>
Direct costs of events	476,371	569,869
Other fundraising costs	640	9,814
Employee costs	394,878	653,966
Gifts in kind	507,162	380,289
Marketing support costs	60,653	81,524
Other	297,650	430,548
<b>TOTAL EXPENDITURE ON RAISING FUNDS</b>	<b>1,737,354</b>	<b>2,126,010</b>

<b>NOTE 6 – HELPLINE, GRANTS AND OTHER SERVICES</b>	<b>2017</b>	<b>2016</b>
<b>GROUP</b>	<b>£</b>	<b>£</b>
Counselling services	168,616	160,581
Financial assistance grants	586,954	687,133
Charitable services	43,964	157,843
Employee costs	563,778	357,109
Support costs	469,498	376,717
<b>TOTAL HELPLINE, GRANTS AND OTHER SERVICES</b>	<b>1,832,810</b>	<b>1,739,383</b>

<b>NOTE 7 – OPERATING (DEFICIT)/SURPLUS</b>	<b>2017</b>	<b>2016</b>
<b>GROUP</b>	<b>£</b>	<b>£</b>
<b>Operating (deficit)/surplus is stated after charging:</b>		
Auditor's remuneration – audit services	20,965	18,500
Previous auditor's remuneration – non audit services	-	13,028
Trustees' expenses	15,887	3,600
Depreciation of owned assets	516,364	495,928
Amortisation of housing grant	(25,600)	(25,600)
Redundancy costs	-	281,540

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2017

<b>NOTE 8 – INTEREST INCOME</b>	<b>2017</b>	<b>2016</b>
<b>GROUP</b>	<b>£</b>	<b>£</b>
Interest on bank accounts	4,059	10,073
Interest on loan	4,688	1,481
Interest and dividends on investments	40,774	18,460
<b>TOTAL INTEREST INCOME</b>	<b>49,521</b>	<b>30,014</b>

<b>NOTE 9 – EMPLOYEES AND EMPLOYEE COSTS</b>	<b>2017</b>	<b>2016</b>
<b>GROUP</b>		
<b>Average number of employees:</b>		
Sheltered housing and care	64	79
Charitable services	23	17
Central support and fundraising	22	30
<b>TOTAL EMPLOYEES</b>	<b>109</b>	<b>126</b>

The total number of staff includes part time employees. The full time equivalent average number of employees was 80 (2016/17: 107).

<b>Employee costs during the year:</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,581,725	3,353,201
National Insurance contributions	221,784	254,827
Pension costs	122,087	188,462
<b>TOTAL EMPLOYEE COSTS</b>	<b>2,925,596</b>	<b>3,796,490</b>

**NOTE 10 – KEY MANAGEMENT PERSONNEL AND THEIR EMOLUMENTS**

**GROUP**

The key management personnel are defined as the members of the Board, the Chief Executive and the Executive team. The aggregate amount of emoluments paid to the Executive team was £417,433 (2016/17: £403,462). This figure includes aggregate pension contributions of £41,212 (2016/17: £56,052) and compensation for loss of office of £nil (2016/17: £27,658). The aggregate amount of emoluments paid to the executive team related to an average of 4.3 people in the year (2016/17: 4). Members of the Board received no emoluments during the year (2016/17: £nil).

During the year the Chief Executive received £130,000 (2016/17: £120,000) including benefits and pension contributions of £26,666 (2016/17: £40,000).

The employer contributes to the Chief Executive, the Director of People and Wellbeing and the Director of Fundraising's individual pension arrangements. The aggregate amount of contribution made by the employer to the personal pension schemes was £39,042 (2016/17: £49,000).



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2017

**NOTE 10 – KEY MANAGEMENT PERSONNEL AND THEIR EMOLUMENTS (continued)**

Remuneration banding, excluding pension contributions, for all employees earning above £60,000:

	2017 No.	2016 No.
£60,000 to £70,000	1	2
£80,001 to £90,000	1	-
£90,001 to £100,000	-	2
£100,000 to £110,000	1	-
£110,001 to £120,000	1	-
	<u>4</u>	<u>4</u>

**NOTE 11 - TAXATION**

**GROUP**

The Company meets the definition of a charitable company for UK corporation tax purposes. Accordingly, it is potentially exempt from taxation in respect of income or capital gains received to the extent that such income or gains are applied exclusively to charitable purposes.

The subsidiary companies are subject to corporation tax in the same way as any commercial organisation.

**NOTE 12 – RELATED PARTY TRANSACTIONS**

Richard Boland (Chief Executive) and Paul Clarke (Trustee) are also Directors of Retail Credit Union Limited (retailCURE). During the year, the Trust provided a subordinated loan to retailCURE of £50,000. The balance on the start-up loan at 30 April 2017 was £148,040 (2016/17: £148,040).

During the year £300 (2016/17: £350) was donated to the TRUST by the Trustees.

The company has taken advantage of the exemption in FRS102 from disclosing transactions with other members of the Retail Trust group.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2017

<b>NOTE 13 – FIXED ASSETS – HOUSING PROPERTIES</b>	<b>2017</b>	<b>2016</b>
<b>GROUP AND PARENT</b>	<b>£</b>	<b>£</b>
<b>COST</b>		
Opening as at 1 May 2016	32,863,541	32,657,328
Additions	444,649	206,213
<b>Closing as at 30 April 2017</b>	<b>33,308,190</b>	<b>32,863,541</b>
<b>DEPRECIATION</b>		
Opening as at 1 May 2016	(3,197,693)	(2,870,394)
Provided in the year	(331,272)	(327,299)
<b>Closing as at 30 April 2017</b>	<b>(3,528,965)</b>	<b>(3,197,693)</b>
<b>NET BOOK VALUE</b>		
<b>Closing as at 30 April 2017</b>	<b>29,779,225</b>	<b>29,665,848</b>
Opening as at 1 May 2016	29,665,848	29,786,934

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2017

**NOTE 14 – OTHER TANGIBLE FIXED ASSETS**

<b>GROUP AND PARENT</b>	<b>Fixtures and Fittings</b>	<b>Office Equipment</b>	<b>Plant and Machinery</b>	<b>Motor Vehicles</b>	<b>Computer Equipment and Software</b>	<b>Freehold Office Buildings</b>	<b>Total</b>
	£	£	£	£	£	£	£
<b>COST</b>							
Opening at 1 May 2016	882,044	131,599	995,526	215,107	1,189,516	1,145,933	4,559,725
Additions	18,783	-	6,583	-	67,628	-	92,994
Closing 30 April 2017	900,827	131,599	1,002,109	215,107	1,257,144	1,145,933	4,652,719
<b>DEPRECIATION</b>							
Opening at 1 May 2016	(840,890)	(131,233)	(887,595)	(201,565)	(992,161)	(90,241)	(3,143,685)
Provided during the year	(16,416)	(129)	(35,581)	(3,663)	(113,789)	(15,514)	(185,092)
Closing 30 April 2017	(857,306)	(131,362)	(923,176)	(205,228)	(1,105,950)	(105,755)	(3,328,777)
<b>NET BOOK VALUE</b>							
Closing 30 April 2017	43,521	237	78,933	9,879	151,194	1,040,178	1,323,942
Closing 30 April 2016	41,154	366	107,931	13,542	197,355	1,055,692	1,416,040



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2017

**NOTE 15 - INVESTMENTS**

GROUP AND PARENT	Market value		Cost	
	2017	2016	2017	2016
	£	£	£	£
<b>Restricted</b>				
Listed investments	278,340	237,272	243,164	236,869
<b>Unrestricted</b>				
Listed investments	1,078,091	918,864	941,846	917,303
Unlisted investments and cash	281,004	292,288	281,004	292,288
	<u>1,359,095</u>	<u>1,211,152</u>	<u>1,222,850</u>	<u>1,209,591</u>
<b>TOTAL INVESTMENTS</b>	<u><b>1,637,435</b></u>	<u><b>1,448,424</b></u>	<u><b>1,466,014</b></u>	<u><b>1,446,460</b></u>

**Reconciliation of Market Value  
Movement:**

	Unlisted £	Listed £	Cash £	Total £
At 1 May 2016	200,000	1,156,136	92,288	1,448,424
Additions	-	289,163	(289,163)	-
Disposals	-	(265,408)	265,408	-
Unrealised gain/(loss)	-	176,540	-	176,540
Investment income received	-	-	30,776	30,776
Investment income withdrawal	-	-	(6,318)	(6,318)
Investment fee	-	-	(11,987)	(11,987)
<b>At 30 April 2017</b>	<u><b>200,000</b></u>	<u><b>1,356,431</b></u>	<u><b>81,004</b></u>	<u><b>1,637,435</b></u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2017

**NOTE 16 – INVESTMENTS IN SUBSIDIARIES**

At 30 April 2017, the Group and Parent had interests in the following subsidiaries:

Subsidiaries	Nature of business	Type of share held	Proportion held (%)	Country of incorporation
Retail Trust Events Limited (RTE)	Conducts celebration events and other trading activities.	Ordinary	100%	England and Wales
Cottage Homes Contracts Limited (CHC)	Cottage Homes Contracts Limited offers design and build contracting services to Retail Trust for its buildings.	Ordinary	100%	England and Wales
RT Wellbeing Services Limited (RTWS)	RT Wellbeing Services Ltd was incorporated on 19th January 2016 and provides wellbeing services to employees in the retail sector.	Ordinary	100%	England and Wales

<b>PARENT</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>COST</b>		
At 1 May 2016	156	56
Additions in the year	-	100
	<hr/>	<hr/>
At 30 April 2017	156	156
	<hr/>	<hr/>
<b>Closing net book amount at 30 April 2017</b>	<b>156</b>	<b>156</b>
	<hr/>	<hr/>
	<hr/>	<hr/>
Opening net book amount at 30 April 2016	156	56
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2017

**NOTE 16 – INVESTMENTS IN SUBSIDIARIES (continued)**

PARENT	CHC		RTE		RTWS
	2017	2016	2017	2016	2017
	£	£	£	£	£
<b>SUMMARY PROFIT &amp; LOSS ACCOUNT</b>					
Turnover	183,441	-	536,464	679,649	800,203
Cost of sales	(13,199)	(170,242)	(418,317)	(538,801)	(508,664)
Expenditure – shared costs	-	-	(112,177)	(112,476)	(262,970)
Net profit	<u>170,242</u>	<u>(170,242)</u>	<u>5,970</u>	<u>28,372</u>	<u>28,569</u>
<b>SUMMARY BALANCE SHEET</b>					
Debtors	2,624	37,205	114,634	67,669	473,212
Cash at bank	173,097	175,000	407,086	7,501	132,768
Creditors	(175,720)	(382,446)	(521,665)	(75,115)	(605,880)
Net assets	<u>1</u>	<u>(170,241)</u>	<u>55</u>	<u>55</u>	<u>100</u>
Retained earnings	-	(170,242)			
Called up share capital	<u>1</u>	<u>1</u>	<u>55</u>	<u>55</u>	<u>100</u>
Shareholder funds	<u>1</u>	<u>(170,241)</u>	<u>55</u>	<u>55</u>	<u>100</u>

The net profits above will be distributed by means of gift aid to the parent charity, Retail Trust.



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2017

**NOTE 17 – DEBTORS**

<b>GROUP</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Rents receivable	135,947	218,074
Trade debtors	479,292	228,801
Other debtors	10,914	5,078
Accrued income	190,139	10,153
Prepayments	225,817	105,843
retailCURE loan - Bridging	148,040	148,040
retailCURE loan - Subordinated	50,000	-
<b>TOTAL DEBTORS</b>	<b>1,240,149</b>	<b>715,989</b>

<b>PARENT</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Rents receivable	135,947	218,074
Trade debtors	86,194	215,841
Other debtors	14,105	4,417
Accrued income	190,139	10,153
Prepayments	170,035	105,843
Amounts receivable from subsidiary undertakings	564,780	438,942
retailCURE loan - Bridging	148,040	148,040
retailCURE loan - Subordinated	50,000	-
<b>TOTAL DEBTORS</b>	<b>1,359,240</b>	<b>1,141,310</b>

Bad debt provision of £15,928 (2015/16 : £55,810) relating to rental and trading income is netted above within rent receivable and trade debtors.

**NOTE 18 – CASH AND CASH EQUIVALENTS**

<b>GROUP</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	1,492,159	1,961,691
Short term deposits	1,018,396	1,016,870
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>2,510,555</b>	<b>2,978,561</b>

<b>PARENT</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	779,310	1,779,190
Short term deposits	1,018,396	1,016,870
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>1,797,706</b>	<b>2,796,060</b>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2017

**NOTE 19 – CREDITORS**

<b>GROUP</b>	<b>2017 £</b>	<b>2016 £</b>
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
<b>Unrestricted</b>		
Tax and social security	56,092	68,162
Other creditors	260,827	229,032
Accruals	344,875	698,488
Deferred income	604,130	94,507
<b>Restricted</b>		
Social housing grant	25,600	25,600
<b>TOTAL AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b><u>1,291,524</u></b>	<b><u>1,115,789</u></b>
<b>AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>		
<b>Restricted</b>		
Social housing grant	<u>2,430,776</u>	<u>2,456,376</u>
<b>PARENT</b>	<b>2017 £</b>	<b>2016 £</b>
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
<b>Unrestricted</b>		
Tax and social security	56,092	68,162
Other creditors	264,671	313,667
Accruals	344,875	698,488
Deferred income	-	82,451
<b>Restricted</b>		
Social housing grant	25,600	25,600
<b>TOTAL AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b><u>691,238</u></b>	<b><u>1,188,368</u></b>
<b>AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>		
<b>Restricted</b>		
Social housing grant	<u>2,430,776</u>	<u>2,456,376</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2017

**NOTE 20 – PENSION PROVISIONS AND ARRANGEMENTS**

**GROUP AND PARENT**

The TRUST operated a retirement and death benefits scheme with two categories of historic membership. The first category, the final salary pension scheme, was closed to new entrants in 2008. The second category, the career average scheme (CARE), was closed to new entrants in March 2013. The scheme closed to future accrual on 31 January 2014 and replaced by a defined contribution (DC) scheme to which 96% of staff have become members. The scheme is periodically valued by qualified actuaries. The scheme's assets are held separately from those of the group in an independently administered fund. The pension cost for the DC Scheme amounted to £122,087 (2015/16: £188,462).

The main assumptions used by the actuary are:	2017 %	2016 %
Rate of increase in pensions in payment – main	3.3	2.9
Rate of increase in pensions in payment – CARE	2.3	2.3
Rate of increase in pensions in deferment – main	3.4	3.0
Rate of increase in pensions in deferment – CARE	2.5	2.5
Discount rate	2.7	3.6
Inflation	3.4	3.0
<b>Life expectancies:</b>	<b>2017 Years</b>	<b>2016 Years</b>
65 at balance sheet date – Male	21.5	21.7
65 at balance sheet date – Female	23.4	23.7
65 in 20 years – Male	23.2	23.8
65 in 20 years – Female	25.2	26.0

The Fair value of the assets and liabilities of the scheme were:	Value of Assets	
	2017 £	2016 £
Equities	5,927,000	5,035,000
Bonds and gilts	3,937,000	3,612,000
Diversified growth fund	4,247,000	3,697,000
Cash	53,000	79,000
Annuities	-	147,000
Fair value of assets of the scheme	14,164,000	12,570,000
Present value of scheme liabilities	(15,579,000)	(14,825,000)
<b>Pension liability recognised at 30 April</b>	<b>(1,415,000)</b>	<b>(2,255,000)</b>

At 30 April 2017, the scheme owed the Charity £4,417 (2015/16: £4,417) in respect of overpaid contributions and tax free cash payments made by the TRUST on behalf of the scheme. The amount is included within net current liabilities above and Note 17 Debtors.



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2017

**NOTE 20 – PENSION PROVISIONS AND ARRANGEMENTS (continued)**

<b>Change in scheme liabilities:</b>	<b>2017 £</b>	<b>2016 £</b>
Scheme liabilities at prior year end	(14,825,000)	(15,550,000)
Adjustment to exclude start year annuitant value	147,000	-
Interest cost	(518,000)	(549,000)
Actuarial gain/(loss)	(989,000)	690,000
Benefits paid directly by the employer	606,000	584,000
<b>Scheme liabilities at 30 April</b>	<b>(15,579,000)</b>	<b>(14,825,000)</b>
<b>Change in scheme assets:</b>		
Fair value of assets at prior year end	12,570,000	13,365,000
Adjustment to exclude start year annuitant value	(147,000)	-
Actuarial (loss)/gain on assets	1,993,000	(551,000)
Benefits paid	(606,000)	(584,000)
Interest income	435,000	468,000
Administration expenses	(81,000)	(128,000)
<b>Fair value of assets at 30 April</b>	<b>14,164,000</b>	<b>12,570,000</b>
<b>Pension liability recognised at 30 April</b>	<b>(1,415,000)</b>	<b>(2,255,000)</b>
<b>Analysis of the amounts recognised in net (deficit)/surplus:</b>		
Administration expenses	81,000	128,000
Net interest	83,000	81,000
<b>Amount charged to net (deficit)/surplus</b>	<b>164,000</b>	<b>209,000</b>
<b>Analysis of the amounts recognised in other comprehensive income:</b>		
Actuarial gains/(losses) on liabilities	(989,000)	690,000
Return on assets excluding amount included in net interest	1,993,000	(551,000)
<b>Amount recognised in other comprehensive</b>	<b>1,004,000</b>	<b>139,000</b>

The last actuarial valuation of the Scheme was performed by the actuary for the Trustees as at 30 June 2016, which reported a surplus of £686,000. As there was a surplus in the Scheme the Employer has not needed to pay any contributions into the scheme over the year to 30 April 2017 (2015/16: contributions were also £nil). In the financial year ending 30 April 2018, employer's contributions are expected to be £nil.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2017

NOTE 21 – UNRESTRICTED RESERVES

GROUP

	Notes	Retained Earnings	Pension Reserve	Property reserve	CURe	Crookfur Redevelopment	Total
		£	£	£	£	£	£
As at 1 May 2016		2,067,332	(2,255,000)	28,222,582	200,000	1,697,613	29,932,527
Surplus/(deficit) for the year		(169,316)	-	-	-	-	(169,316)
Revaluation surplus on investments		135,472	-	-	-	-	135,472
Actuarial surplus/(deficit) in pension plan	20	-	1,004,000	-	-	-	1,004,000
Transfer: (income)/expenditure on pension	20	164,000	(164,000)	-	-	-	-
Fixed assets transfer	13,14	(46,878)	-	46,878	-	-	-
As at 30 April 2017		2,150,610	(1,415,000)	28,269,460	200,000	1,697,613	30,902,683

PARENT

	Notes	Retained Earnings	Pension Reserve	Property reserve	CURe	Crookfur Redevelopment	Total
		£	£	£	£	£	£
As at 1 May 2016		2,237,729	(2,255,000)	28,222,582	200,000	1,697,613	30,102,924
Surplus/(deficit) for the year		(333,029)	-	-	-	-	(333,029)
Revaluation surplus on investments		135,472	-	-	-	-	135,472
Actuarial surplus/(deficit) in pension plan	20	-	1,004,000	-	-	-	1,004,000
Transfer: (income)/expenditure on pension	20	164,000	(164,000)	-	-	-	-
Fixed assets transfer	13,14	(46,878)	-	46,878	-	-	-
As at 30 April 2017		2,157,294	(1,415,000)	28,269,460	200,000	1,697,613	30,909,367

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2017

**NOTE 21 – UNRESTRICTED RESERVES (continued)**

**Property reserve**

The property reserve represents depreciated historical cost of freehold housing and office properties and is an amount that is not distributable.

**Pension reserve**

The pension reserve represents the balance in the defined benefit pension scheme.

**Designated reserves**

The designated reserves reflect the balances designated for the Crookfur development project and Retail CURE.

**NOTE 22 – RESTRICTED RESERVES**

GROUP AND PARENT	Multi-sensory Stimulation £	Other Trust Funds £	Retail Right £	Total £
As at 1 May 2016	10,247	100,406	67,650	178,303
Incoming resources	-	-	105,109	105,109
Outgoing resources	-	(37,843)	(122,181)	(160,024)
<b>As at 30 April 2017</b>	<b>10,247</b>	<b>62,563</b>	<b>50,578</b>	<b>123,388</b>

The "Multi-sensory Stimulation" reserve is to provide specialist rooms of relaxation for dementia residents on the Cottage Homes estates.

The "Other Trust Funds" have been provided to fund specific equipment, including IT equipment, mobility vehicles and outdoor furniture.

The restricted reserves for "Retail Right" provides a range of educational and development support services.

**NOTE 23 – ENDOWMENT FUNDS**

GROUP AND PARENT	John Goodenday Cottage Homes Trust £	John Goodenday Endowment Fund £	John Walsh Pension Fund £	Total £
As at 1 May 2016	93,395	152,564	40,908	286,867
Increase in the market value of investments	13,370	21,842	5,856	41,068
<b>As at 30 April 2017</b>	<b>106,765</b>	<b>174,406</b>	<b>46,764</b>	<b>327,935</b>

The restricted reserves include three endowment funds. The investment income derived from the funds is for the use of Retail Trust in its ongoing operations; however, capital is not usable.



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2017

**NOTE 24 – OPERATING LEASE COMMITMENTS**

At 30 April 2017 the TRUST had annual commitments under non-cancellable operating leases relating to photocopiers and telecoms.

The Group's future minimum operating lease payments are as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Within one year	37,896	37,896
Within two years	104,214	142,110
	<u><b>142,110</b></u>	<u><b>180,006</b></u>

**NOTE 25 – CAPITAL COMMITMENTS**

Amounts contracted for in the group but not provided in the financial statements to £nil (2016: £7,967).