

Company number: 06893564

Charity number: 1139891

OSCR number: SC043881

# Affinity Trust

Report and financial statements

For the year ended 30 September 2021

# Affinity Trust

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### For the year ended 30 September 2021

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## Reference and administrative information

For the year ended 30 September 2021

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<b>Status</b>	The organisation is a company limited by guarantee, incorporated on 30 April 2009 in the name of Affinity Trust.
<b>Company number</b>	06893564
<b>Charity number</b>	1139891
<b>OSCR number</b>	SC043881
<b>Country of registration</b>	England & Wales and Scotland
<b>Country of incorporation</b>	United Kingdom
<b>Governing document</b>	The organisation is governed by its articles of association dated 30 April 2009 as amended by special resolution registered at Companies House on 11 January 2011.

**Registered office and operational address** 1 St Andrew's Court  
Wellington Street  
Thame  
Oxfordshire  
OX9 3WT

<b>Senior Management Team</b>	L Sowerby	Chief Executive and Company Secretary
	N Brittle	Development Director
	S Hubble	Finance Director
	D Leedham	Director of Operations and Quality
	A Beland	Director of Operations and Quality
	A Kippax	Human Resources Director

**Trustees** Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

T Barron	Chair of Trustees and Chair of the Nominations Committee
K Cameron	Retired 30 March 2021
J Edwards	
M Moody	Retired 30 September 2021
A Anketell	
Dr S Ross	Chair of the Quality Committee
T Tamblyn	Chair of the Finance and Audit Panel
D Walden	
S Rees	
H Burgess	
C Akpakwu	Appointed 16 July 2021
C King	Appointed 16 July 2021

## Affinity Trust

### Reference and administrative information

For the year ended 30 September 2021

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<b>Bankers</b>	Bank of Scotland Phase 2 Canons House Canons Way Bristol BS99 7LB
	NatWest Willow Court Minns Business Park 7 West Way Oxford OX2 0JB
<b>Investment Manager</b>	Coutts & Co 440 Strand London WC2R 0QS
<b>Solicitors</b>	Simons Muirhead & Burton LLP 8-9 Frith Street London W1D 3JB
<b>Auditor</b>	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108 – 114 Golden Lane London EC1Y 0TL

The Trustees present their report and the audited financial statements for the year ended 30 September 2021.

Reference and administrative information set out on pages 1 and 2 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

## Objectives and activities

### Purposes and aims

The Board has set the following as Affinity Trust's mission statement and values:

### Mission statement

To support people with learning disabilities, including those with intensive or specialist needs, to live fulfilled lives as active members of their communities.

### Values

In all our dealings with everyone we work with, we will be:

**Committed** to doing our very best for the people we support and never giving up on someone we support;

**Reliable** and always do what we say we will do;

**Honest** and open in all of our relationships and transactions;

**Respectful** of others, their views and their rights;

**Inclusive** in how we value diversity, support equality of access to opportunities and challenge discrimination;

**Creative and flexible** in our thinking, in our work and in how we use our resources.

Affinity Trust supports just over 900 people in communities across England and Scotland with support arrangements which range from a few hours per month to "24/7" intensive support. A key part of our ethos is to help support people to live in their own homes. The main activities of the organisation have been the provision of: -

**Supported living services** - providing personalised support for people living in their own home. The levels of support are substantial but flexible to meet the needs of the individual. Increasingly, the emphasis on support is more towards people who have more complex and specialist needs, for example people with a dual diagnosis of mental health and learning disability, learning disability with autism and/or people with behaviours which challenge.

**Outreach services** - providing smaller amounts of support on a flexible basis.

**Children and Young People** - including the Positive Behaviour Support service for children and young people in Bradford, Greater Manchester, Wakefield and Gloucestershire.

**Shared living services** - support to small numbers of people who live together.

**Day opportunities** - helping people with learning disabilities to access work, sporting, leisure, creative and other opportunities in the community.

**Housing** - Affinity Trust owns a number of properties, most of which provide accommodation for people in our supported living services. We also work with our commissioning partners to help find accommodation that

Affinity Trust does not own, typically via Housing Associations or occasionally through private landlord short term leasing arrangements.

**Social Enterprise** - Affinity Trust runs a social enterprise garden centre that provides employment and day opportunities for the people that we support.

The main source of funding for the organisation is Local Government contractual income, and to a much lesser extent income from the NHS, in addition to contributions from the people we support (as shown in Note 3).

## **Strategic Report**

The Trustees review the aims, objectives and activities of the charity each year. The review looks at the charity's achievements and the outcomes of its work in the reporting period. The Trustees review the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the Trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives that have been set.

## **Achievements and performance**

The charity's main activities and beneficiaries are described below. Its charitable activities focus on people with learning disabilities and are undertaken to further Affinity Trust's charitable purposes for the public benefit.

### **Beneficiaries of our services**

The beneficiaries of Affinity Trust are primarily the people to whom we provide direct support in our services across England and Scotland, whereby people are provided with the person centred support that they need to achieve their personal goals. As a result there is a direct and tangible benefit for each person in terms of being more independent and enabled to live a valued and fulfilled life in the particular community where they choose to live, with equality of access to services and the same opportunities and choices that all citizens have. There is also an indirect benefit for the families and friendship groups of the people we support and beyond this the obvious wider benefits as a result of integrating people into their local communities. This is particularly the case where Affinity Trust helps support people to move back to their local community e.g. where they may have been placed in a hospital setting, often remote from family and friends and at a greater financial cost.

In supporting people to live the lives they want, in the place they call home and with the people they want to be with we are conscious that people with learning disabilities have the same wish and need for relationships as we all do. This includes sexual relationships and during the year we began to review the work we do in this area of people's lives and to develop means by which we can support those who wish to have a sexual relationship to do so. For us this is an important part of enabling people with a learning disability to be recognised, accepted and respected and to experience companionship, love and fulfilment.

2020/21 marked the second year of the current three year Strategic Plan. The Strategic Plan identified four key objectives for the organisation:

## Trustees' annual report

## For the year ended 30 September 2021

1. To improve quality of support;
2. To provide skilled and engaged staff;
3. To support an increased number of people; and
4. To ensure the organisation is financially resilient.

## Main Achievements against strategic objectives

The COVID-19 pandemic had a significant impact on the social care sector and Affinity Trust in the year ended 30 September 2021 which affected our operational ways of working as well as our finances. The pandemic impacted the organisations ability to meet all of its strategic objectives such as where COVID restrictions limited certain activities and where the post lockdown economy materially affected recruitment and retention. Despite the challenges of COVID-19 our staff continued to do a great job such that though the organisation did not achieve all of its targets it continued to operate effectively and delivered a financial surplus in a very difficult environment.

STRATEGIC OBJECTIVES	INDICATORS	2020-21 TARGET	End of year performance
<b>IMPROVE QUALITY</b>			
	CQC ratings	90% Good plus one Outstanding	100% Good.
	Key Quality Audits	70% scoring 85% or higher	64% were 85% or higher
	Active Support Training	10 additional teams trained	Training was not possible due to Covid restrictions.
	Involvement of people we support	Develop means of collating local feedback and of people engaging with the Board	Feedback was obtained in respect of Key Quality Audits in the locations in which we support people. The collation and presentation of this is ongoing.
<b>SKILLED &amp; ENGAGED WORKFORCE</b>			
	Staff turnover	29%	39%
	Staff vacancies	10% fewer vacancies	54% increase
	Staff training	85%	85% achieved
	Health & wellbeing	Implementation of health and wellbeing training	Training programme was implemented
<b>STRATEGIC GROWTH</b>			
	Value of new contracts	£4.5m	£3.7m
	Number of new people supported	40	45 new people were supported from a combination of new contracts and referrals

Trustees' annual report

For the year ended 30 September 2021

	Access to housing	15 new people in sourced accommodation	7 people were homed in sourced accommodation
<b>FINANCIAL RESILIENCE</b>			
	Surplus	Achieve budget surplus	Achieved
	Agency cost on budget	Agency costs to be no more than 3.5% of payroll costs	3.8%
	Improved efficiency	Implementation of new software systems in time and on budget	New systems for HR/Payroll and Operations had been selected by the end of the financial year and the implementation phase is now underway.

**Staff Turnover and Staff Vacancies**

Job vacancies in the economy towards the end of the financial year were at a record high of 1.1 million. As the level of employment improves, staff turnover in social care increases and recruitment becomes more difficult. Social care is a skilled job which requires training and personal qualities and can be very demanding but as this is not reflected in rates of pay people choose other jobs when they are readily available.

Over recent months these problems were exacerbated because the labour market with which social care competes for staff has been very competitive coming out of the COVID-19 restrictions. There has been strong economic performance and lower levels of redundancies than had been anticipated as the furlough scheme ended. This appears to have been contributed to by Brexit which has reduced the availability of labour from the EU. In addition the overall competition for resource includes organisations outside the sector offering much more favourable terms than are possible under the current hourly rates paid by Local Authorities.

As a result of the challenging labour market we saw increases in both our turnover and staff vacancies. In September 2021 the Government announced plans to increase the funding of health and social care through a new health and social care levy. This increase in national insurance will not benefit providers of social care or enable them to increase pay for support workers but will increase costs for the organisation.

Affinity Trust has decided to significantly invest in our staff and increase our operational rates of pay in line with local markets to make us one of the leaders in the sector with regard to pay. This investment is aimed at rewarding and retaining our staff who have done such brilliant work, in particular over the last 18 months, and also to attract new people to work for us.

We also recognise that people working in social care have not received the pay they deserve for the skilled and dedicated work they do to deliver the best lives possible for people we support. We have been and continue to negotiate with local authorities to obtain better funding so that we can address this, but funding continues to lag behind where it needs to be. As a result we have decided that we have to take pre-emptive action, whilst negotiations with local authorities continue.



**Trustees' annual report**

**For the year ended 30 September 2021**

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The organisation has previously handed back contracts which have been in deficit for a sustained period and may have to again reluctantly hand back contracts if it is not able to secure funding required to pay high enough hourly rates to be able to staff services.

## **Promoting the success of the Trust**

The Trustees confirm that throughout the year they have acted in a way most likely to promote the success of the Trust in achieving its charitable objectives, as set out in the Purposes and Aims section of this report. In doing so the Trustees have taken a long term view, have endeavoured to achieve the highest standards of business conduct and have taken into account the interests of beneficiaries, employees, suppliers, the community and other stakeholders as set out in this report.

## **Financial review**

For the year ended 30 September 2021 Affinity Trust achieved a positive net movement in funds of £1.7m being 2.9% on all its activities (prior year £0.2m being 0.3% on all activities). The improvement compared with the prior year is principally due to £1m of operating efficiencies delivered by the organisation as well as £0.5m of unrealised gains on the investment portfolio.

The COVID-19 pandemic continued to have a significant impact on the organisation with PPE costs of £0.5m in the year ended 30 September 2021 which was still much higher than the pre-pandemic annual costs of £0.1m. The organisation incurred additional costs on back-filling staff and maintaining COVID-19 infection control and in total recovered £0.8m of these costs from local authorities. Affinity Trust had a small number of staff on furlough during the year where staff were extremely vulnerable and had been advised to shield. The organisation recovered £0.2m from the Coronavirus Job Retention Scheme.

The organisation commenced a significant Transformation programme, 'Transform 21' during the year. This involved input from across the organisation on a bottom-up basis to identify solutions to challenges facing the organisation across a range of areas including recruitment, HR, payroll, finance and operations. This programme has resulted in changes in process and procedures and in the selection of new systems. The programme will enable the organisation to move from paper-based ways of working to electronic ways of working with systems which interface and provide real time data to management. This will be more efficient and effective, make for a better working experience for our staff and deliver efficiencies for the organisation.

Internal financial reviews of management performance are based on key performance indicators as follows:

- Income, costs and surplus comparisons to budget, prior year amounts and forecasts;
- Staff turnover and absence management;
- Payroll and agency staff costs, trend and comparison to targets;
- Aged debtor management;
- Cash balances

Overall income was £1.4m favourable to the prior year at £58.4m principally due to growth in services including our Specialist Support Division.

**Trustees' annual report**

**For the year ended 30 September 2021**

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Total expenditure was slightly higher than the prior year at £57.2m (2020: £56.8m) principally due to inflationary cost pressures.

The challenging recruitment market resulted in an increase in the number of vacancies. Whole Time Equivalent vacancies increased from 170 in October 2020 to 312 in September 2021.

Due to the ongoing focus on reducing agency usage total agency spend reduced by £0.5m from £2.7m in 2020 to £2.2m in 2021. However, towards the end of the year the high levels of staff turnover and staff vacancies were resulting in increasing levels of agency spend and putting significant pressure on the gains made.

Debtors days reduced to 21 days from 24 days in the prior year due to active management of receivables. Towards the end of the year we saw increasing signs of later payment by some Local Authorities which could place pressure on our working capital going forwards. Cash balances decreased during the year by £3.0m as the result of the investment of £3.0m cash in the managed investment portfolio. The portfolio generated an unrealised gain of £0.5m in the year principally as a result of the increase in global equity prices. This represented a 17.7% return, well above the 5.5% - 7.5% targeted long-term return for the portfolio.

The social care sector received the outcome of the appeal hearing in February 2020 in the Royal Mencap Society vs Tomlinson-Blake case which confirmed that historical sleep-in shifts did not need to be paid at National Minimum Wage (NMW) rates. This removed a material risk from the organisation.

## **Reserves policy**

The Board has reviewed the reserves policy and confirmed the need to hold reserves to meet all potential creditor obligations as they fall due. A minimum level of general reserves equivalent to one month's expenditure (c. £5.0m) is required to ensure staff payroll commitments are always met, as staff are typically paid in advance of Local Authorities paying for the support provided. General reserves of £10.2m were held at year-end and were therefore above the minimum amount. The Trustees have subsequently taken the decision to invest part of the reserves in above inflation pay increases in order to address the current recruitment and retention challenges and ensure services remain appropriately staffed. Total funds at 30 September 2021 were £15.1m.

Total designated funds are £4.6m which relate to the Net Book Value of Tangible Fixed Assets. The majority are properties that are people's homes that could not easily be realised in the short or medium term.

Restricted funds consist of a capital grant of £0.3m and a small number of voluntary donations from friends and family of people we support and members of the public (see fundraising policy below).

## **Going Concern**

The accounts have been prepared on a going concern basis. The Trustees have reviewed budgets and cash-flow forecasts for a 2 year period which support the preparation of the financial statements on this basis. The organisation has significant cash and investment balances and many costs are linked to services. If the organisation was to no longer provide a service for any reason then these costs would no longer be incurred. Further details on the going concern accounting policy are included in Note 1d.

## **Investment policy**

Affinity Trust's investment policy is documented within the Treasury Management and Investment Policy, which is reviewed annually by the Finance and Audit Panel. To summarise the policy, a widely diversified investment portfolio is established within which a range of investments across the whole risk spectrum from high to low may be held with the expectation that there will be no concentration of assets at the high or low end of the risk spectrum at any point in time. The policy requires environmental, social and Governance (ESG) factors to be taken into consideration. The Finance and Audit Panel is responsible for determining a suitable investment strategy using this approach. The objective is to invest the portfolio to provide a return that exceeds the real (inflation adjusted) value of capital over the longer term. The portfolio is well diversified and avoids over dependence on individual companies, industry sectors, geographic markets or asset classes. In managing the investments, Affinity Trust expects its fund manager to actively manage currency risk, credit risk and counter-party risk. In order to manage inflation risk, Affinity Trust follows an investment strategy that contains a reasonable proportion of equities and real assets.

Affinity Trust reserves the right to ask its fund manager to dispose of any collective investment where it is felt that the funds represent a conflict with Affinity Trust's values.

## **Fundraising**

Donors to Affinity Trust can be assured that we comply with the regulatory standards for fundraising. We are registered with the Fundraising Regulator and are committed to the Fundraising Promise and adherence to the Code of Fundraising Practice. We also hold organisational membership of the Chartered Institute of Fundraising.

In 2021 we recruited a Legacy Development Manager to develop and grow a legacy giving programme for Affinity Trust. The aim is create a new income stream to generate additional funding to support people with learning disabilities and complex needs. This is a medium-long term ambition and no voluntary income was received in the last financial year.

We use third-party suppliers to support our fundraising aims where appropriate. We currently use a Will writing company to promote online gifts in Wills. We have safeguards in place when working with suppliers so that we protect our supporters and the reputation of our charity. Affinity Trust is committed to promoting best practice and demonstrating compliance with the law, in all our fundraising approaches to individual supporters. Affinity Trust commits to fundraising in an honest and transparent way. Therefore, it is vital that the relationship we build with our supporters and potential supporters is a positive one, this is particularly so for vulnerable people. We will ensure that vulnerable people are treated fairly and with compassion and integrity. This policy demonstrates our commitment to the fair treatment of our supporters (or potential supporters) who may lack capacity or find themselves in vulnerable circumstances. Affinity Trust will abide with the requirements set out in the Code of Fundraising Practice and the Charities (Protection and Social Investment) Act 2016 on vulnerable people. We are also committed to our Supporter Promise.

Our website outlines our feedback, compliments and complaints policy for the public and clearly explains how an individual can complain. In the 2020-21 financial year we received no complaints in relation to fundraising.

## Trustees' annual report

### For the year ended 30 September 2021

We have a Vulnerable Supporters' Policy and a Supporter Promise. We are also signed up to the Fundraising Preference Service to enable individuals to opt out from receiving fundraising communications from us.

## Principal risks and uncertainties

During the year the Board of Trustees has reviewed the risks facing the organisation and determined specific activities to be carried out in order to reduce and manage these risks. The Board uses an assessment method which identifies risk and then assesses the probability of the risk materialising and the impact on Affinity Trust if it did. This produces a rating for each aspect of risk which enables risks to be prioritised for action and actions are agreed which are designed to manage the risk. The principal risks and uncertainties managed during the year were:

Risk	Mitigating Actions
High Staff Turnover	<ul style="list-style-type: none"> <li>- An above inflation pay increase was made in December 2021 and sleep-in payments have been simplified</li> <li>- A retention bonus is in place for new joiners</li> <li>- The transformation programme is improving work and induction processes</li> <li>- Staff recognition and reward schemes are in place</li> </ul>
Recruitment	<ul style="list-style-type: none"> <li>- The above inflation pay award in December 2021 will assist recruitment</li> <li>- Recruitment methods and processes have been reviewed</li> </ul>
Failure to achieve cost savings	<ul style="list-style-type: none"> <li>- The Transform 21 programme has been implemented to improve ways of working and deliver financial efficiencies</li> <li>- The organisation is looking to sustain agency cost improvements</li> <li>- A reduction in VAT costs will be sought</li> </ul>
Cyber Attack	<ul style="list-style-type: none"> <li>- Annual penetration testing is undertaken</li> <li>- A new e-mail monitoring and blocking system was implemented in the current year</li> <li>- Multi-factor authentication is currently being rolled out across the organisation</li> <li>- Regular off-site system back-ups are made to enable the system to be restored in the event of an outage</li> </ul>
Abuse of people we support	<ul style="list-style-type: none"> <li>- A SOVA incident reporting log is used to detail open, unresolved incidents</li> <li>- A summary quarterly SOVA report is reviewed by Senior Management, the Quality Committee and the Board</li> </ul>
Untoward death of someone we support	<ul style="list-style-type: none"> <li>- The organisation ensures mandatory training is up to date and reported monthly</li> <li>- Lessons Learned initiatives are implemented following serious incidents.</li> <li>- External care Management assessments are sought to inform training needs</li> </ul>

## Trustees' annual report

### For the year ended 30 September 2021

Loss of high value contracts	<ul style="list-style-type: none"><li>- Operational staff review high value contracts as part of business review and 121 meetings</li><li>- A Head of Innovation role has been appointed to improve our offering around quality</li><li>- Tenders are prepared for in advance</li></ul>
Loss making contracts	<ul style="list-style-type: none"><li>- Contracts are reviewed at Local Authority level as well as a more granular level</li><li>- Local authorities have been approached for uplifts in hourly rates to cover the pay increases</li><li>- The organisation will consider handing back contracts which cannot be run without making a loss to ensure the organisations long term sustainability is not put at risk.</li></ul>
Breach of GDPR requirements	<ul style="list-style-type: none"><li>- All managers complete GDPR training</li><li>- The organisation regularly raises awareness and the importance of data privacy and communicates at appropriate levels within the organisation</li><li>- Privacy Impact Assessments are undertaken for all significant changes in the way personal data is processed</li></ul>

The Board of Trustees acknowledges that the work in which Affinity Trust is engaged is never risk free, and nor would the Board wish to completely avoid risk, but it is satisfied that the identified risks are being positively managed.

## Plans for the future

Affinity Trust is now in the third year of the three-year strategic plan and therefore its strategic objectives remained largely unchanged from those set out at the start of the year. The focus remains on being a provider of high quality with a strong desire to support more people with learning disabilities, especially those who may have more complex needs.

There are numerous challenges facing the broader social care sector at the current time and Affinity Trust intends to continue to work with all stakeholders to tackle these and ensure that it continues to support people safely and with a personalised approach and to continue to grow in pursuit of these overall objectives for the benefit of more people with learning disabilities, their families and their friends.

## Structure, governance and management

The organisation is a charitable company limited by guarantee and is registered with the Charity Commission and OSCR. Governance is led by a Board of Trustees, who are the directors of the company and who serve fixed terms of office. The company was established and is governed by its Articles of Association which establish the objects and powers of the company.

The objectives of the organisation are the provision of support and other services for people with learning disabilities and other groups who need support.

## Appointment of trustees

Recruitment of new Trustees takes place through a formal open recruitment process.

## Trustee role, induction and training

A formal induction process for new Trustees is in place which includes the visiting of services delivered (as permitted by Coronavirus restrictions) and meeting all levels of staff. Annual appraisals are conducted for individual Trustees by the Chair of the Board of Trustees and Trustees are able to access relevant conferences and training as required.

The Board of Trustees has established a number of Committees which receive more detailed information and provide greater scrutiny of their designated areas than would be possible by the Board itself. However, the Board continues to receive regular reports and information concerning these areas. The Committees are:

The Finance and Audit Panel which meets four times a year and reviews management accounts, draft financial statements, budgets and forecasts, compliance with financial regulations, appointment of auditors, bankers investment managers and other external service providers, management and performance of the investment portfolio financial risk assessments and the Treasury Management and Investment Policy and Reserves Policy. The Finance and Audit Panel consists of five Trustees one of whom is the Chair of the Board as an ex-officio member;

The Quality Committee which meets four times a year to review quality assurance of support services, safeguarding, health and safety and other areas relating to and affecting the quality of support which is delivered. The Quality Committee consists of four Trustees including the Chair of the Board as an ex-officio member;

The Remuneration Committee which comprises of four Trustees including the Chair of the Board and meets annually to review and determine the remuneration of the Senior Management Team; and

The Nominations Committee consists of four Trustees including the Chair of the Board and meets as required to facilitate the recruitment of new Trustees and other such matters.

Trustees are remunerated and are able to claim expenses for any work undertaken on behalf of the charity and such remuneration is reviewed and recommended by the Independent Panel for Trustees Remuneration. Remuneration and expenses reclaimed from the charity are set out in note 6 to the financial statements.

The Board of Trustees delegates day-to-day responsibility for the management of the organisation to the Chief Executive and Senior Management Team consisting of the Finance Director, Human Resources Director, two Directors of Operations and Quality and the Development Director. For the year ended 30 September 2021 the charity's activities were structured into six geographic operating divisions each headed by a Divisional Director plus the divisions for Children and Young People and Specialist Support.

The 8 divisions and their related Councils for whom we provided services in the year are:-

**Scotland** – Argyll and Bute, South Ayrshire, North Ayrshire, Aberdeen

**North** - Leeds, Wakefield, Bradford, Staffordshire, East Riding, Wolverhampton, Hereford

**Central** – Leicester, Leicestershire, Sheffield and Loughborough, Herefordshire

**East** – Norfolk, Suffolk, Cambridgeshire and Peterborough City Council

**South East** – Kent, East Sussex, Bedford, Northamptonshire

**South** – Surrey, Portsmouth, Southampton, Somerset, Central Bedfordshire, Oxfordshire, Bristol and Dorset

**Specialist Support** – Yorkshire and Humber, Cheshire West, Sheffield, Leicestershire, Buckinghamshire, Barnsley, Kirklees, Barnsley, Calderdale.

**Children and Young People** – Bradford, Gloucestershire, Greater Manchester, Wakefield

## Remuneration policy for key management personnel

As outlined above under Structure, Governance and Management, the Remuneration Committee is a sub-committee of the Board comprised of four Trustees who meet annually to review and determine the remuneration of the Senior Management Team. The Committee uses all available relevant benchmark data to determine levels of remuneration including any comparable sector remuneration information. As Trustees are also key management personnel, remuneration and expenses reclaimed from the charity by the Trustees are set out in note 6 to the financial statements.

## Employee engagement (including employment of disabled persons)

Affinity Trust aims to provide full and fair opportunities for employment of disabled applicants and to ensure, through training and practical assistance when required, their continued employment and promotion. Staff who become disabled will be given support and accorded every possible opportunity for maintaining their position or for retraining if appropriate. The company's health and safety policy ensures safe and healthy work environments for all staff. The organisation is committed to ensuring that those staff who require extra equipment, facilities or assistance, both routinely and in an emergency, will have such needs met.

All disabled employees have the opportunity to contribute to discussions about workplace health and safety through the staff forum, team meetings and in individual meetings with their manager.

Newly appointed disabled staff and staff who become disabled will receive specific information and training on all relevant matters of health and safety. Affinity Trust will ensure that the information is presented in such a way as to be readily understood.

Affinity Trust involves its employees in the affairs, policy and performance of the organisation through a system of staff forums in each geographic division, team meetings, newsletters and staff surveys. The annual Business Plan is communicated to managers by the Senior Management Team at divisional meetings each autumn. Part of the feedback from the employee engagement survey was a request by staff to receive more support in relation to wellbeing and this was addressed by the introduction of well-being sessions including on managing stress.

## Statement on Modern Slavery

Affinity Trust abhors the practice of any form of slavery and is committed to taking measures to prevent this occurring within the organisation or within any of its suppliers. The approach reflects a commitment to act ethically and responsibly in all business relationships and to ensure that slavery and human trafficking are not present in any part of our business or in our supply chain. We recognise that the nature of Affinity Trust's work does not make it a high risk business, but we accept and understand our obligations under the Act and are ensuring that we comply with the requirements of the Act and fulfil our obligations. Affinity Trust is committed

**Trustees' annual report**

**For the year ended 30 September 2021**

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to ensuring that human trafficking is not taking place in any part of the organisation and is not being carried out by any of our suppliers. However, we recognise potential risk e.g. in suppliers of agency staff and are taking further measures to seek confirmation from our major suppliers that human trafficking is not taking place within their organisations.

If any supplier was found to have engaged in modern slavery, Affinity Trust would immediately cease using them as a supplier. To tackle slavery and human trafficking, Affinity Trust will:

1. Identify, monitor and assess categories of third party spend most at risk from slavery and human trafficking;
2. Incorporate anti-slavery and human trafficking obligations into procurement agreements and subcontracting arrangements on a risk assessed basis;
3. Provide training to relevant employees, to ensure a high level of understanding of the risks of slavery and human trafficking;
4. Publicise our whistleblowing policy.

Affinity Trust's work on this subject is led by our Human Resources Director and the work and our approach is implemented by a robust management structure throughout our organisation. The subject of modern slavery and human trafficking has been included in the induction training provided to all of our managers.

## **Anti-Corruption and Bribery Policy**

Affinity Trust is committed to achieving the highest standard of probity, accountability and openness. This is achieved through a formal policy that is communicated to all staff to ensure that everyone is aware of and has complete clarity about what is acceptable in our dealings with our operating partners, be they suppliers, customers/commissioners or the people we support and their friends and families. Affinity Trust regards bribery and corruption as completely unacceptable. No bribe or inducement should ever be made to any person, or accepted from any other person, in any circumstance, whether or not such inducements result in personal gain.

## **Engagement with suppliers, Customers and Others**

Affinity Trust engages in a variety of ways with a wide range of interests and stakeholders in the community. We regularly engage with our major suppliers. We engage with the people we support and their families in a variety of ways including via people we support and family forums and seeking their opinions and feedback via annual surveys. We work with commissioners and other providers e.g. within provider forums at a local level and by actively contributing to market engagement events related to new growth opportunities. Affinity Trust is a member of the All Party Parliamentary Group for Adult Social Care, working alongside other providers and Government representatives including at Minister level. We are also active contributors of forums such as VODG (Voluntary Organisations Disability Group).

We utilise our website and social media channels. Within our Children and Young People division we actively engage with local parent's forums and have provided foundation level PBS training free of charge to over 200 health and social care professionals in the Bradford area. At a community level we engage with a wide range of organisations including businesses, leisure facilities and community groups to enable opportunities for the people we support to develop their skills and independence, become active participants in their local community and develop pathways to education, training and employment.



**Trustees' annual report**

**For the year ended 30 September 2021**

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**Trustees' duty to promote the success of the Trust – section 172 statement**

Trustees have a duty to promote the success of the Trust, and in doing so, are required by section 172(1) of the Companies Act 2006 to have regard to the following specific factors:

- The likely consequences of any decision in the long term

All key decisions that will have an impact on the long-term future of the charity are discussed at the relevant sub-committee and Board. Major and long running projects are overseen on behalf of the Board by the Finance and Audit Panel to ensure that there is appropriate oversight and that appropriate action is taken where necessary, with regular reports to the full Board.

- The interest of the company's employees

The impact of major decisions on staff are discussed by the Board who also receive regular updates on staff pay, health and safety, and safeguarding.

- The need to foster the company's business relationships with suppliers, customers and others

The Board receives information on compliment and complaint levels and any underlying themes. The Board discusses the nature of the relationships it wants with key stakeholders and there are clear processes for engagement with suppliers and customers.

- The impact of the Trust's operations on the community and the environment

The Trust's key objective is to support people with learning disabilities, including those with intensive or specialist needs, to live fulfilled lives as active members of their communities. The Board receives regular quality updates on the services provided to ensure funds are used efficiently and effectively with particular attention paid to CQC, Care Inspectorate and our own internal audit ratings.

- The desirability of the organisation maintaining a reputation for high standards of business conduct

The nature of the Trust's work as a charity makes the maintenance of its reputation for keeping high standards of particular importance. Appropriate systems and processes are in place to ensure the highest standards in business conduct. The Senior Management Team will also update the board with any matters that may have given rise to a reputational risk including any mitigating actions being taken.

- The need to act fairly between members of the Trust

As a registered charity Trust does not have shareholders. The Trustees, who are members of the company, ensure that any surpluses are invested back into the business for the benefit of those for whom we provide care and support.

## **Environmental Policy**

The Trustees are aware of the importance of protecting the local environments where services are operated and Affinity Trust is committed to ensuring that the activities of the organisation have a minimal adverse impact on the environment. Wherever possible, travel related environmental impacts are minimised through the provision of technology to facilitate meetings and/or online training provision and whilst the organisation only

## Trustees' annual report

For the year ended 30 September 2021

operates from a relatively small number of properties (for accommodation or office use), each of these locations has been the subject of an energy audit under the first and second phases of the Energy Saving Opportunities Scheme ("ESOS" & "ESOS2").

## Energy and Carbon Reporting

As part of the obligations set out under the Energy and Carbon Report Regulations 2018, the charity is required to disclose the energy and carbon created as an organisation over the last reporting year. To fulfil this we have measured our UK Energy and greenhouse gas emissions as classified within scope 1 and 2 (Streamlined Energy and Carbon Reporting (SECR)) which are presented in tables 1 to 6 below.

### Energy Consumption and Greenhouse Gases

The methodology used for determining energy and carbon emissions within this section of the report are as per the regulations above. The calculations include a number of sources of our greenhouse emissions:

Natural gas used for heating the building we occupy and for hot water.

- Electricity used for lighting, cooling and air conditioning.
- Fuel consumption in vehicles that are used for business including staff vehicles and hire cars.
- Gas and electricity consumption have been taken from invoices and sub-meter readings as appropriate.
- Fuel consumption is measured from mileage incurred by employees travelling to and from locations.

The charity's consumption and associated greenhouse gas emissions for the financial year October 2020 to September 2021 are shown in Tables 1 and 2 with the prior year figures in tables 3 – 4

**Table 1: Total energy consumption and associated greenhouse gas emissions for SECR Year 2 reporting period**

Energy Type	Energy Use (kWh)	% Split kWh	Emissions (tCO <sub>2</sub> e/yr)	% Split CO <sub>2</sub> e
Gas	1,089,968	51%	199	54%
Electricity	374,502	18%	79	21%
Transport	654,450	31%	92	25%
<b>Total</b>	<b>2,118,920</b>	<b>100%</b>	<b>370</b>	<b>100%</b>

**Table 2: Energy and Carbon Conversion Factors**

Activity	Fuel	Unit	Year	kg CO <sub>2</sub> e
Combustion of fuel	Natural Gas	kWh	2021	0.18282
Electricity generation	UK Electricity	kWh	2021	0.21016
Transport (average car)	Diesel	KWh	2021	0.14119
Transport (average car)	Diesel	Mile	2021	0.22722

**Table 3: Total energy consumption and associated greenhouse gas emissions for SECR Year 1 (2020) reporting period**

Energy Type	Energy Use (kWh)	% Split kWh	Emissions (tCO <sub>2</sub> e/yr)	% Split CO <sub>2</sub> e
Gas	739,325	30%	136	33%
Electricity	447,282	18%	103	25%
Transport	1,239,476	52%	174	42%
<b>Total</b>	<b>2,426,083</b>	<b>100%</b>	<b>413</b>	<b>100%</b>

**Table 4: Energy and Carbon Conversion Factors**

Activity	Fuel	Unit	Year	kg CO <sub>2</sub> e
Combustion of fuel	Natural Gas	kWh	2020	0.18352
Electricity generation	UK Electricity	kWh	2020	0.23104
Transport (average car)	Diesel	KWh	2020	0.14013
Transport (average car)	Diesel	Mile	2020	0.22552

Vehicle use is based on fleet vehicles and employee travel using their own vehicles for business use. An assumption has been made that all vehicles use standard diesel and have an engine transmission of 2L or less.

### Intensity Ratio

Intensity ratios compare emissions data with an appropriate business metric or financial indicator. This allows a comparison of energy efficiency performance over time and with other similar types of organisation. We have chosen to compare our overall emissions with our annual turnover.

**Table 3: Intensity Ratio**

	Energy Consumption	Total greenhouse gases emissions	Annual Turnover	Intensity Ratio	Intensity Ratio
Year	(kWh)	(tCO <sub>2</sub> e)	£ million	(kWh/£100,000 turnover)	(tCO <sub>2</sub> e/£100,000)
2020 - 21	2,118,920	370	58	3,628	0.63
2019 - 20	2,426,083	413	57	4,264	0.73

### Energy Efficiency Actions

Overall Affinity Trust's energy usage declined by 10% in the year ended 30 September 2021 with a similar level of improvement in intensity ratio. Affinity Trust implemented Microsoft Teams in January 2020 and encouraged meetings to be held via videoconference to reduce cost and carbon emissions from travel. The impact of this has been enhanced by COVID-19 restrictions which have required management and administrative staff to work from home where possible and required front-line support workers to minimise their travel between properties. As restrictions eased Affinity Trust has encouraged its staff to continue to use remote working practices for meetings where possible as this both reduces emissions, cost and stress for our staff compared to spending time travelling. Affinity Trust recognises that supporting people is at the core of

**Trustees' annual report**

**For the year ended 30 September 2021**

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what the organisation does and therefore a significant amount of travel for staff will always be appropriate and required so our staff and the people we support have face to face interaction.

## **Charity Governance Code**

The Trustees follow the Charity Governance Code and have reviewed their approach to governance during the year including its use of KPIs and has developed a KPI dashboard which is reviewed at every Board Meeting.

## **Statement of responsibilities of the Trustees**

The Trustees (who are also directors of Affinity Trust for the purposes of company law) are responsible for preparing the Trustees' annual report including the strategic 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 the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice 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 charity will continue in operation

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the 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 corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

## **Guarantees**

Members of the company guarantee to contribute an amount not exceeding £1 to the assets of the company in the event of winding up. The total number of guarantors at 30 September 2021 was 22 (2020 - 20). Members of the Board of Trustees have no beneficial interest in the organisation.

## **Professional Indemnity Insurance**

Affinity Trust holds professional indemnity insurance which includes indemnity for members of the Board of Trustees and officers. This policy also includes fidelity guarantee insurance.

The Trustees' annual report which includes the strategic report has been approved by the Trustees in their capacity as directors on 13th January 2022.



Tanya Barron  
Chair

## Independent auditors' report

### To the trustees and members of

#### Affinity Trust

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## Opinion

We have audited the financial statements of Affinity Trust (the 'charitable company') for the year ended 30 September 2021 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 30 September 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

## 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 relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Affinity Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## **Independent auditors' report**

### **To the trustees and members of**

#### **Affinity Trust**

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## **Other Information**

The other information comprises the information included in the trustees' annual report, including the strategic report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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' annual report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report, including the strategic report, has been prepared in accordance with applicable legal requirements

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

In the light of the 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' annual report, including the strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require 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.

## **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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

## **Independent auditors' report**

### **To the trustees and members of**

#### **Affinity Trust**

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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.

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

### **Capability of the audit in detecting irregularities**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the finance & audit panel which included obtaining and reviewing supporting documentation, concerning the Trust's policies and procedures relating to:
  - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the Trust operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the Trust from our professional and sector experience.



## Independent auditors' report

### To the trustees and members of

#### Affinity Trust

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- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. 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.



Fleur Holden (Senior statutory auditor)

20 January 2022

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

## Statement of financial activities (incorporating an income and expenditure account)

For the year ended 30 September 2021

	Note	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
<b>Income from:</b>							
Charitable activities							
Supported living	3	49,956,692	-	<b>49,956,692</b>	48,926,737	-	48,926,737
Shared living	3	4,290,888	-	<b>4,290,888</b>	4,075,431	-	4,075,431
Outreach services	3	2,298,648	-	<b>2,298,648</b>	2,369,353	-	2,369,353
Supported employment & day opportunities	3	675,049	-	<b>675,049</b>	735,229	-	735,229
Social enterprises	3	626,723	-	<b>626,723</b>	416,863	-	416,863
Housing	3	470,362	-	<b>470,362</b>	440,868	-	440,868
Investments		59,130	-	<b>59,130</b>	33,779	-	33,779
Surplus on disposal of fixed assets		-	-	-	1,282	-	1,282
<b>Total income</b>		<b>58,377,492</b>	<b>-</b>	<b>58,377,492</b>	<b>56,999,542</b>	<b>-</b>	<b>56,999,542</b>
<b>Expenditure on:</b>							
Raising funds							
Investment manager's fees	4	16,957	-	<b>16,957</b>	10,706	-	10,706
Charitable activities							
Supported living	4	49,197,275	-	<b>49,197,275</b>	49,471,836	811	49,472,647
Shared living	4	3,419,272	-	<b>3,419,272</b>	3,500,581	-	3,500,581
Outreach services	4	2,949,148	-	<b>2,949,148</b>	2,308,748	-	2,308,748
Supported employment & day opportunities	4	603,940	-	<b>603,940</b>	638,801	-	638,801
Social enterprises	4	545,656	-	<b>545,656</b>	386,150	-	386,150
Housing	4	503,710	-	<b>503,710</b>	512,491	-	512,491
<b>Total expenditure</b>		<b>57,235,958</b>	<b>-</b>	<b>57,235,958</b>	<b>56,829,313</b>	<b>811</b>	<b>56,830,124</b>
<b>Net income / (expenditure) before net gains on investments</b>		<b>1,141,534</b>	<b>-</b>	<b>1,141,534</b>	<b>170,229</b>	<b>(811)</b>	<b>169,418</b>
Net gains/(losses) on investments		531,916	-	<b>531,916</b>	(14,807)	-	(14,807)
<b>Net income/(expenditure) for the year and net movement in funds</b>	5	<b>1,673,450</b>	<b>-</b>	<b>1,673,450</b>	<b>155,422</b>	<b>(811)</b>	<b>154,611</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		13,071,426	307,089	<b>13,378,515</b>	12,916,004	307,900	13,223,904
<b>Total funds carried forward</b>	20	<b>14,744,876</b>	<b>307,089</b>	<b>15,051,965</b>	<b>13,071,426</b>	<b>307,089</b>	<b>13,378,515</b>

# Affinity Trust

## Balance sheet

Company no. 6893564

As at 30 September 2021

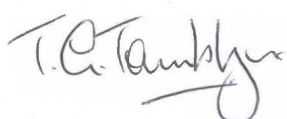
	Note	£	2021 £	£	2020 £
<b>Fixed assets:</b>					
Land	10		2,042,432		2,042,432
Housing properties	10		2,730,355		2,300,590
Other tangible fixed assets	11		91,078		91,491
Investments	12		6,325,269		2,752,018
			<b>11,189,134</b>		<b>7,186,531</b>
<b>Current assets:</b>					
Stocks	13	77,131		170,928	
Debtors	14	6,624,049		5,887,233	
Cash at bank and in hand		4,991,472		7,953,774	
			<b>11,692,652</b>	<b>14,011,935</b>	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	15	5,938,219		6,190,165	
<b>Net current assets</b>			<b>5,754,433</b>		<b>7,821,770</b>
<b>Total assets less current liabilities</b>			<b>16,943,567</b>		<b>15,008,301</b>
Creditors: amounts falling due after one year	17		1,891,602		1,629,786
<b>Total net assets</b>			<b>15,051,965</b>		<b>13,378,515</b>
<b>The funds of the charity:</b>	20				
Restricted funds			307,089		307,089
Unrestricted funds:					
Designated funds		4,563,865		4,134,513	
General funds		10,181,011		8,936,913	
			<b>14,744,876</b>		<b>13,071,426</b>
<b>Total charity funds</b>			<b>15,051,965</b>		<b>13,378,515</b>

Approved by the Trustees on 13 January 2021 and authorised for issue and signed on their behalf by

Tanya Barron  
Trustee and Chair



Timothy Tamblyn  
Trustee and Chair of the Finance and Audit Panel



# Affinity Trust

## Statement of cash flows

For the year ended 30 September 2021

	Note	2021 £	£	2020 £	£
<b>Net cash from operating activities</b>	21 21		<b>1,032,600</b>		1,536,255
<b>Cash flows from investing activities:</b>					
Dividends from investments		-		11,076	
Interest received		838		22,703	
Proceeds from the sale of non-property fixed assets		-		1,282	
Purchase of fixed assets		(566,052)		(633,037)	
Proceeds from sale of investments		2,591,781		1,235,846	
Purchase of investments		(5,566,012)		(1,237,865)	
<b>Net cash (used in) / from investing activities</b>			<b>(3,539,445)</b>		(599,995)
<b>Cash flows from financing activities:</b>					
Repayments of borrowing		(106,155)		(76,511)	
Interest paid		(24,796)		(20,395)	
Cash flows from new borrowing		(298,737)		1,362,737	
<b>Net cash (used in) / from financing activities</b>			<b>(429,688)</b>		1,265,831
<b>Change in cash and cash equivalents in the year</b>			<b>(2,936,533)</b>		2,202,091
Cash and cash equivalents at the beginning of the year			7,953,774		5,749,664
Change in cash and cash equivalents in respect of cash held by investment manager			(25,769)		2,019
<b>Cash and cash equivalents at the end of the year</b>			<b>4,991,472</b>		<b>7,953,774</b>

## Analysis of changes in net funds /(debt)

	1 October 2020 £	Cash flow £	30 September 2021 £
<b>Cash at bank and in hand</b>	<b>7,953,774</b>	<b>(2,962,302)</b>	<b>4,991,472</b>
Bank loans	(140,691)	49,638	(91,053)
Other loans	(617,070)	617,070	-
<b>Debt due within one year</b>	<b>(757,761)</b>	<b>666,708</b>	<b>(91,053)</b>
Bank loans	(420,319)	56,517	(363,802)
Other loans	(1,209,467)	(318,333)	(1,527,800)
<b>Debt due after one year</b>	<b>(1,629,786)</b>	<b>(261,816)</b>	<b>(1,891,602)</b>
<b>Total net funds</b>	<b>5,566,227</b>	<b>(2,557,410)</b>	<b>3,008,817</b>
	1 October 2019 £	Cash flow £	30 September 2020 £
<b>Cash at bank and in hand</b>	<b>5,749,664</b>	<b>2,204,110</b>	<b>7,953,774</b>
Bank loans	(121,758)	(18,933)	(140,691)
Other loans	-	(617,070)	(617,070)
<b>Debt due within one year</b>	<b>(121,758)</b>	<b>(636,003)</b>	<b>(757,761)</b>
Bank loans	(515,762)	95,443	(420,319)
Other loans	(463,800)	(745,667)	(1,209,467)
<b>Debt due after one year</b>	<b>(979,562)</b>	<b>(650,224)</b>	<b>(1,629,786)</b>
<b>Total net cash funds</b>	<b>4,648,344</b>	<b>917,883</b>	<b>5,566,227</b>

**1 Accounting policies**

**a) Statutory information**

Affinity Trust is a private charitable company limited by guarantee and is incorporated in England.

The registered office address is 1 St Andrew's Court, Wellington Street, Thame, OX9 3WT. Refer to Trustees Report for principal activities.

**b) Basis of preparation**

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

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note. The financial statements are presented in (£) Sterling which is also the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £1.

**c) Public benefit entity**

The charitable company meets the definition of a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS102.

**d) Going concern**

The Trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern as the Trustees have reviewed budgets and forecasts for the 24 months following the end of the reporting period which support the fact that the charity is a going concern. In addition the organisation has sufficient reserves available to meet its liabilities as they fall due and has sufficient cash and liquid reserves available to meet its needs. Further details on the trustees' appraisal of going concern is included in the Trustees' annual report.

**e) Income**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

**f) Income from investments**

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

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment advisor of the dividend yield of the investment portfolio.

**g) Fund accounting**

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other income received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.

**h) Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in generating investment income via its investment portfolio managed by Coutts & Co.
- Expenditure on charitable activities includes the costs of delivering the supported living, registered care and outreach/opportunities services in addition to the cost of the social enterprise and housing activities and support costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

**1 Accounting policies (continued)****i) Allocation of support and governance costs**

Expenditure is allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function is apportioned based on staff cost attributable to each activity.

**j) Operating leases**

Rental charges are charged on a straight line basis over the term of the lease.

**k) Tangible fixed assets**

Items of equipment are capitalised where the purchase price exceeds limits as follows: portable buildings £2,000, software, electrical equipment and fixture & fittings £1,000, computer & telephone equipment £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life on a straight line basis. The depreciation rates in use are as follows:

▪ Freehold land	0%
▪ Freehold property	2%
▪ Property alterations	10%
▪ Cars	25% - 33%
▪ Office equipment	10% - 50%

The carrying value of freehold property has been split into its component parts of freehold land and freehold property. Freehold land continues to be depreciated at 0% as it is considered to have an unlimited life. Freehold property was depreciated at a rate of 2% from 1 October 2020 reflecting the revised estimate of useful economic life.

An annual impairment review is undertaken in accordance with Financial Reporting Standard 102. When the carrying amount of the asset is higher than the recoverable amount the asset is written down. Should the recoverable amount of the asset then exceed its carrying amount, the impairment provision will be reversed.

**l) Listed investments**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Net gains/(losses) on investments' in the statement of financial activities.

**m) Stocks**

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

**n) Debtors**

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

**o) Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term deposits. Cash balances exclude any funds held by the charitable company on behalf of the people supported. As at 30 September 2021 £648,421 (2020: £640,087) was held by Affinity Trust on behalf of people we support.

**p) Creditors**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

**q) Financial instruments**

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

**1 Accounting policies (continued)**

**r) Pensions**

Affinity Trust operates a defined contribution pension scheme. The assets of the scheme are held separately from those of Affinity Trust in an independently administered fund. The pension cost charge represents contributions payable under the scheme by Affinity Trust to the fund. Affinity Trust has no liability under the scheme other than for the payment of those contributions.

Certain employees are members of the NHS Pension Scheme, a defined benefit scheme. The company makes contributions on behalf of employees who are members in accordance with the requirements of the scheme. Other than those contributions there is no additional liability to Affinity Trust in respect of the scheme (See details in note 25).

In addition the charity makes contributions to the West Yorkshire Pension Fund and the South Yorkshire Pension Fund (both defined benefit schemes). The employer's contributions are determined in relation to the current service period only, and consequently the charity accounts for contributions to the schemes as if they were defined contribution schemes (See details in note 25).

**s) Contingent liabilities**

The payment of interest accrued on grants payable to the Secretary of State for Health is contingent on Affinity Trust intending to sell the properties purchased with the grants. The accrued interest is therefore disclosed as a contingent liability. The substance of the agreements Affinity Trust has with the Secretary of State for Health is for the Secretary of State to receive their share of the increase in the value of the properties (see note 24).

**2 Key judgements and estimates**

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The Trustees do not consider that there are any sources of estimation uncertainty, including from reviewing any impact of the contingent liabilities in note 24, at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

## Notes to the financial statements

For the year ended 30 September 2021

## 3 Income from charitable activities

	Unrestricted £	Restricted £	2021 Total £	2020 Total £
<b>Supported living</b>				
Local and NHS authorities	48,936,305	-	<b>48,936,305</b>	46,848,846
Contributions from the people we support	793,020	-	<b>793,020</b>	1,625,035
Government Grants	227,367	-	<b>227,367</b>	452,856
Sub-total for Supported living	49,956,692	-	<b>49,956,692</b>	48,926,737
<b>Shared living</b>				
Local authorities	4,272,659	-	<b>4,272,659</b>	3,919,096
Contributions from the people we support	17,498	-	<b>17,498</b>	143,553
Government Grants	731	-	<b>731</b>	12,782
Sub-total for Shared living	4,290,888	-	<b>4,290,888</b>	4,075,431
<b>Outreach services</b>				
Local authorities	2,214,619	-	<b>2,214,619</b>	2,318,375
Contributions from the people we support	10,151	-	<b>10,151</b>	24,231
Government Grants	73,878	-	<b>73,878</b>	26,747
Sub-total for Outreach services	2,298,648	-	<b>2,298,648</b>	2,369,353
<b>Supported employment &amp; day opportunities</b>				
Local authorities	581,804	-	<b>581,804</b>	629,293
Contributions from the people we support	93,245	-	<b>93,245</b>	105,936
Sub-total for Supported employment & day opportunities	675,049	-	<b>675,049</b>	735,229
<b>Social enterprises</b>				
Local authorities	2,487	-	<b>2,487</b>	4,075
Contributions from the people we support	3,228	-	<b>3,228</b>	5,364
Trading sales	621,008	-	<b>621,008</b>	407,424
Sub-total for Social enterprises	626,723	-	<b>626,723</b>	416,863
<b>Housing</b>				
Local authorities	93,923	-	<b>93,923</b>	92,764
Housing benefit	309,786	-	<b>309,786</b>	271,067
Contributions from the people we support	66,653	-	<b>66,653</b>	77,037
Sub-total for Housing	470,362	-	<b>470,362</b>	440,868
Total income from charitable activities	<b>58,318,362</b>	-	<b>58,318,362</b>	<b>56,964,481</b>

All income for both years is unrestricted.



## 4a Analysis of expenditure (current year)

	Charitable activities									
	Cost of raising funds £	Supported Living £	Shared Living £	Outreach £	Opportunities £	Social Enterprises £	Housing £	Support costs £	Governance £	2021 Total £
Staff Costs	-	39,722,280	2,547,512	2,311,614	426,200	136,448	-	5,321,101	57,983	50,523,137
Training	-	122,623	19,411	15,027	5,225	829	-	9,292	-	172,407
Recruitment	-	171,860	14,307	8,508	2,769	420	171	90,835	4,575	293,444
Insurance	-	179,913	11,777	9,901	2,890	526	1,600	19,797	274	226,678
Transport and Travel Costs	-	190,072	77,798	68,977	17,948	34	302	61,520	2,886	419,536
Property	-	537,706	120,056	36,758	60,731	37,309	402,158	1,271,302	-	2,466,021
Office	-	143,586	11,815	11,538	3,201	2,752	877	316,608	-	490,377
Audit & Professional Fees	-	121,324	16,039	16,603	1,516	19,715	8,872	815,952	35,054	1,035,075
Trading	-	-	-	-	-	318,844	-	-	-	318,844
Activities	-	-	13,524	551	1,649	-	-	1,588	-	17,311
Food and Household Goods	-	452,159	128,200	10,507	5,048	1,301	35	40,334	-	637,586
Sundries	16,957	401,348	-	124,641	-	2,902	89,695	-	-	635,542
	16,957	42,042,872	2,960,438	2,614,625	527,177	521,080	503,710	7,948,328	100,771	57,235,958
Support costs	-	7,064,833	453,089	330,335	75,802	24,268	-	(7,948,328)	-	-
Governance costs	-	89,570	5,744	4,188	961	308	-	-	(100,771)	-
Total expenditure 2021	16,957	49,197,275	3,419,272	2,949,148	603,940	545,656	503,710	-	-	57,235,958

## 4b Analysis of expenditure (prior year)

	Charitable activities									
	Cost of raising funds £	Supported Living £	Shared Living £	Outreach £	Opportunities £	Social Enterprises £	Housing £	Support costs £	Governance £	2020 Total £
Staff Costs	-	40,737,522	2,660,548	1,911,931	473,697	123,489	-	4,768,720	57,288	50,733,195
Training	-	233,830	14,229	11,445	3,708	733	-	8,507	-	272,451
Recruitment	-	126,179	8,125	5,148	1,690	765	-	987	8,255	151,149
Insurance	-	62,999	4,290	3,037	967	204	121	7,040	142	78,800
Transport and Travel Costs	-	251,680	73,163	63,837	15,897	1,464	50	179,150	17,074	602,315
Property	-	235,560	81,231	4,983	50,623	36,354	414,774	981,531	265	1,805,321
Office	-	160,681	12,246	14,481	4,102	1,460	173	282,557	23	475,723
Audit & Professional Fees	-	87,522	11,762	7,288	1,498	12,459	13,915	499,561	13,625	647,630
Trading	-	-	-	-	-	183,596	-	-	-	183,596
Activities	-	2,184	25,835	-	2,103	493	-	310	-	30,925
Food and Household Goods	-	899,447	170,426	25,383	10,321	4,896	-	111,903	-	1,222,376
Sundries	10,706	462,893	33,013	83	1,960	1,406	83,458	32,338	786	626,643
	10,706	43,260,497	3,094,868	2,047,615	566,566	367,319	512,491	6,872,604	97,458	56,830,124
Support costs	-	6,125,290	400,040	257,482	71,225	18,568	-	(6,872,604)	-	-
Governance costs	-	86,861	5,673	3,650	1,010	263	-	-	(97,458)	-
Total expenditure 2020	10,706	49,472,647	3,500,581	2,308,748	638,801	386,150	512,491	-	-	56,830,124

## Notes to the financial statements

## For the year ended 30 September 2021

**5 Net income / (expenditure) for the year**

This is stated after charging / (crediting):

	2021 £	2020 £
Depreciation	136,700	131,372
Inventory recognised as an expense	326,645	186,686
Profit on disposal of non-property fixed assets	-	(1,282)
Interest payable on long term loans	24,796	20,395
Operating lease rentals:		
Property	521,325	570,859
Other	123,759	133,334
Auditor's remuneration (excluding VAT):		
Audit	22,500	20,395
Other services	-	8,600

**6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel**

Staff costs were as follows:

	2021 £	2020 £
Salaries and wages	43,361,611	43,058,004
Redundancy and termination costs (paid and settled)	8,811	41,159
Social security costs	3,611,838	3,517,625
Employer's contribution to defined contribution pension schemes	297,246	372,883
Operating costs of defined benefit pension schemes treated as defined contribution pension schemes	1,017,074	1,058,172
	48,296,580	48,047,843
Agency costs	2,226,558	2,685,352
	50,523,138	50,733,195

£193,064 of pension costs were included within creditors (2020: £214,818).

The following number of employees received employee benefits (excluding employer's national insurance and employer pension costs) over £60,000 during the year between:

	2021 No.	2020 No.
£60,000 - £69,999	5	-
£70,000 - £79,999	1	-
£80,000 - £89,999	3	5
£90,000 - £99,999	2	-
£120,000 - £129,999	1	1

The total employee benefits (including employer pension contributions and employer's national insurance) of the key management personnel who are the senior management team as defined on page 1 plus Trustees was £738,789 (2020: £709,051). The following was paid to trustees:

	2021 £	2020 £
Board of trustees' remuneration	55,919	55,171
Board of trustees' expenses	771	28,161
	56,690	83,332

## Notes to the financial statements

## For the year ended 30 September 2021

**6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel (continued)**

Board members were paid £5,169 on average (2020: £5,016). Board members who are also members of the Finance and Audit Panel were paid £5,411 each (2020: £5,305) and Board members who are also members of the Quality Committee were paid £5,411 on average (2020: £4,935). The Chair was paid £8,471 (2020: £8,305). The basis for Trustees' remuneration is set out in the Articles of Association of Affinity Trust. Trustees' remuneration is reviewed annually by an Independent Panel and approved by the Board.

Travel, subsistence, phone and IT expenses were incurred by 4 Trustees (2020: 11) in the course of their duties. There were no retirement benefits accruing for the Trustees.

Affinity Trust holds professional indemnity insurance which includes indemnity for members of the Board of Trustees and officers. This policy also includes fidelity guarantee insurance.

Individual amounts paid to each Trustee for the current and prior year were as follows:-

	2021 £	2020 £
K Cameron (Vice Chair, Retired 30 March 2021)	2,706	5,305
S Ross	5,411	5,045
T Tamblyn	5,411	5,305
D Walden	5,411	5,305
J Hawthorne (Retired 30 September 2020)	-	5,305
A Anketell	5,411	4,640
M Moody	5,411	5,045
J Edwards	5,411	4,640
S Rees	4,610	4,520
T Barron (Chair)	8,471	8,305
H Burgess	5,411	1,756
C Akpakwu	1,127	-
C King	1,127	-
	<b>55,919</b>	<b>55,171</b>

**7 Staff numbers**

The average number of employees (head count based on actual number of staff employed, not FTE) during the year was as follows:

	2021 No.	2020 No.
Shared living	156	203
Supported living	1,686	1,765
Outreach services	206	156
Supported employment & day opportunities	68	35
Social enterprises	17	16
Housing	14	13
Support	138	118
	<b>2,285</b>	<b>2,306</b>

**8 Related party transactions**

Other than Trustee remuneration as detailed in Note 6 there are no related party transactions to disclose for 2021 (2020: none).

There were no donations from related parties and no restricted donations from related parties.

**9 Taxation**

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

## 10 Tangible fixed assets

		Housing Assets Owned Outright		
	Freehold Land £	Freehold property £	Alterations £	Total £
<b>Cost</b>				
At the start of the year	1,664,932	1,926,915	331,924	<b>3,923,771</b>
Additions in year	-	496,521	6,667	<b>503,188</b>
At the end of the year	1,664,932	2,423,436	338,591	<b>4,426,959</b>
<b>Depreciation</b>				
At the start of the year	-	26,025	222,636	<b>248,661</b>
Charge for the year	-	33,739	16,163	<b>49,902</b>
At the end of the year	-	59,764	238,799	<b>298,563</b>
<b>Net book value</b>				
<b>At the end of the year</b>	1,664,932	2,363,672	99,792	<b>4,128,396</b>
At the start of the year	1,664,932	1,900,890	109,288	3,675,110
<b>Other Housing Assets</b>				
	Freehold Land £	Freehold property £	Alterations £	Total £
<b>Cost</b>				
At the start of the year	377,500	377,500	249,309	<b>1,004,309</b>
At the end of the year	377,500	377,500	249,309	<b>1,004,309</b>
<b>Depreciation</b>				
At the start of the year	-	102,863	233,534	<b>336,397</b>
Depreciation charge	-	7,746	15,775	<b>23,521</b>
At the end of the year	-	110,609	249,309	<b>359,919</b>
<b>Net book value</b>				
<b>At the end of the year</b>	377,500	266,891	-	<b>644,391</b>
At the start of the year	377,500	274,637	15,775	667,912

Housing assets which are the subject of a legal charge in favour of the Secretary of State are shown separately from those which are owned outright by Affinity Trust.

		Total Housing Assets		
	Freehold Land £	Freehold property £	Alterations £	Total £
<b>Net book value</b>				
<b>At the end of the year</b>	<b>2,042,432</b>	<b>2,630,563</b>	<b>99,792</b>	<b>4,772,787</b>
At the start of the year	2,042,432	2,175,527	125,063	4,343,022

## Notes to the financial statements

For the year ended 30 September 2021

## 11 Other tangible fixed assets

	Cars and office equipment		
	Cars £	Office equipment £	Total £
<b>Cost</b>			
At the start of the year	62,178	697,949	<b>760,127</b>
Additions in year	-	62,864	<b>62,864</b>
Disposals in year	-	-	-
At the end of the year	<b>62,178</b>	<b>760,813</b>	<b>822,991</b>
<b>Depreciation</b>			
At the start of the year	62,178	606,458	<b>668,636</b>
Charge for the year	-	63,277	<b>63,277</b>
Eliminated on disposal	-	-	-
At the end of the year	<b>62,178</b>	<b>669,735</b>	<b>731,913</b>
<b>Net book value</b>			
<b>At the end of the year</b>	<b>-</b>	<b>91,078</b>	<b>91,078</b>
At the start of the year	-	91,491	91,491

All fixed assets are used for charitable purposes. Trustees are comfortable there are no indicators of impairment.

## 12 Investments

	2021 £	2020 £
Value at the start of the year	<b>2,699,025</b>	2,711,813
Capital additions during the year	<b>3,000,000</b>	-
Purchases within	<b>2,566,012</b>	1,237,865
Sales within the	<b>(2,591,781)</b>	(1,236,216)
Income reinvested	<b>58,292</b>	11,076
Fee	<b>(16,957)</b>	(10,706)
Net realised and unrealised gain/(loss) on change in fair value	<b>531,916</b>	(14,807)
	<b>6,246,507</b>	2,699,025
Cash balance held by investment manager	<b>78,762</b>	52,993
Fair value at the end of the year	<b>6,325,269</b>	2,752,018

The 2020 figures have been represented to separately show income and fees.

Investments comprise:

	2021 £	2020 £
UK/Europe/North America/Emerging markets common investment funds	<b>6,246,507</b>	2,699,025
Cash	<b>78,762</b>	52,993
	<b>6,325,269</b>	2,752,018

## 13 Stocks

	2021 £	2020 £
Stocks held at Englefield Garden Centre	<b>77,131</b>	58,907
Personal Protective Equipment	-	112,021
	<b>77,131</b>	170,928

Personal Protective Equipment (PPE) stock was held at 30 September 2020 in order to help meet the significant additional PPE requirements during winter 2020 as a result of the ongoing COVID-19 pandemic. PPE stock held at 30 September 2020 was fully utilised during the year.

## Notes to the financial statements

For the year ended 30 September 2021

**14 Debtors**

	2021 £	2020 £
Trade debtors	3,296,414	3,680,367
Other debtors	22,868	54,534
Prepayments and accrued income	3,304,767	2,152,332
	<b>6,624,049</b>	<b>5,887,233</b>

**15 Creditors: amounts falling due within one year**

	2021 £	2020 £
Bank loans	91,053	140,691
Other	-	617,070
Trade creditors	1,773,684	1,630,997
Taxation and social security	904,381	923,082
Other creditors	723,606	632,453
Accruals and deferred income	2,445,495	2,245,872
	<b>5,938,219</b>	<b>6,190,165</b>

Other short term loans related to funding provided by a local authority in April 2020 in relation to COVID-19 which the local authority subsequently required to be repaid in late 2020.

**16 Deferred income**

Deferred income comprises included within creditor: amounts falling due within one year includes income that has been invoiced in

	2021 £	2020 £
Balance at the beginning of the year	225,763	580,195
Amount released to income in the year	(225,763)	(580,195)
Amount deferred in the year	160,155	225,763
Balance at the end of the year	<b>160,155</b>	<b>225,763</b>

**17 Creditors: amounts falling due after one year**

	2021 £	2020 £
Bank loans	363,802	420,319
Repayable grants:		
NHS Grant	1,064,000	745,667
Secretary of State for Health	463,800	463,800
	<b>1,891,602</b>	<b>1,629,786</b>

Bank loans are secured by first mortgages held by NatWest plc on Affinity Trust's housing properties owned outright. Interest is accruing on the NatWest loans at rates between 1.25% and 2.25% above base rate.

Amounts owed to the Secretary of State for Health are secured by a second charge on the properties shown as Other Housing Assets in note 10. Any ultimate sale proceeds from these houses will be used to repay the Secretary of State for Health to a maximum of the original input in addition to rolled up compound interest of four percent above bank base rate.

Affinity Trust obtained a Grant of £1,064,000 from the NHS to support the construction of 4 bungalows plus staff accommodation for Supported Living in Leicestershire. The Grant is repayable if the property is sold or no longer used as accommodation for individuals with learning disability or mental health needs. As at 30 September 2021 the Grant was fully drawn down.

## Notes to the financial statements

For the year ended 30 September 2021

## 18 Creditors: amounts falling due after one year (continued)

## Maturity of total debt is as follows

	2021 £	2020 £
In one year or less	91,053	757,761
Between one and two years	93,999	91,053
Between two and five years	265,338	318,882
Over five years	1,532,265	1,219,851
	<b>1,982,655</b>	<b>2,387,547</b>

## 19a Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	-	4,563,865	300,000	4,863,865
Investments	6,325,269	-	-	6,325,269
Net current assets	5,747,344	-	7,089	5,754,433
Creditors due after more than one year	(1,891,602)	-	-	(1,891,602)
<b>Net assets at 30 September 2021</b>	<b>10,181,011</b>	<b>4,563,865</b>	<b>307,089</b>	<b>15,051,965</b>

## 19b Analysis of net assets between funds (prior year)

	General Unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	-	4,134,513	300,000	4,434,513
Investments	2,752,018	-	-	2,752,018
Net current assets	7,814,681	-	7,089	7,821,770
Creditors due after more than one year	(1,629,786)	-	-	(1,629,786)
<b>Net assets at 30 September 2020</b>	<b>8,936,913</b>	<b>4,134,513</b>	<b>307,089</b>	<b>13,378,515</b>



## Notes to the financial statements

For the year ended 30 September 2021

## 20a Movements in funds (current year)

	At the start of the year £	Income & Gains £	Expenditure & losses £	Transfers £	At the end of the year £
<b>Restricted funds:</b>					
Ayrshire Activity club	2,200	-	-	-	<b>2,200</b>
Score Fund	3,889	-	-	-	<b>3,889</b>
Little Glen Road	300,000	-	-	-	<b>300,000</b>
Reading Services	1,000	-	-	-	<b>1,000</b>
<b>Total restricted funds</b>	<b>307,089</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>307,089</b>
<b>Unrestricted funds:</b>					
Designated funds:					
Fixed Assets	4,134,513	-	-	429,352	<b>4,563,865</b>
<b>Total designated funds</b>	<b>4,134,513</b>	<b>-</b>	<b>-</b>	<b>429,352</b>	<b>4,563,865</b>
<b>General funds</b>	<b>8,936,913</b>	<b>58,909,408</b>	<b>(57,235,958)</b>	<b>(429,352)</b>	<b>10,181,011</b>
<b>Total unrestricted funds</b>	<b>13,071,426</b>	<b>58,909,408</b>	<b>(57,235,958)</b>	<b>-</b>	<b>14,744,876</b>
<b>Total funds at 30 September 2021</b>	<b>13,378,515</b>	<b>58,909,408</b>	<b>(57,235,958)</b>	<b>-</b>	<b>15,051,965</b>

The current year transfer relates to the completion of 4 bungalows for supported living in Leicestershire. In 2020 the Trustees made the decision to undesignate previously designated funds to general funds and make a new designated fund representing the Net Book Value of fixed assets, excluding the Little Glen restricted funds which recognises the different liquidity profile of these funds to other unrestricted funds included within the General Funds.

## Notes to the financial statements

For the year ended 30 September 2021

## 20b Movements in funds (prior year)

	At the start of the year £	Expenditure & losses £	Expenditure & losses £	Transfers £	At the end of the year £
<b>Restricted funds:</b>					
Ayrshire Activity club	2,200	-	-	-	<b>2,200</b>
Score Fund	4,700	-	(811)	-	<b>3,889</b>
Little Glen Road	300,000	-	-	-	<b>300,000</b>
Reading Services	1,000	-	-	-	<b>1,000</b>
<b>Total restricted funds</b>	<b>307,900</b>	<b>-</b>	<b>(811)</b>	<b>-</b>	<b>307,089</b>
<b>Unrestricted funds:</b>					
Designated funds:					
Property fund	-	-	-	4,134,513	<b>4,134,513</b>
Other tangible fixed assets	2,171,971	-	-	(2,171,971)	-
Project management fund	127,971	-	-	(127,971)	-
Systems development fund	724,330	-	-	(724,330)	-
Assistive technology fund	4,467	-	-	(4,467)	-
Midlands Rugby Fund	1,727	-	-	(1,727)	-
<b>Total designated funds</b>	<b>3,030,466</b>	<b>-</b>	<b>-</b>	<b>1,104,047</b>	<b>4,134,513</b>
<b>General funds</b>	<b>9,885,538</b>	<b>56,999,542</b>	<b>(56,844,120)</b>	<b>(1,104,047)</b>	<b>8,936,913</b>
<b>Total unrestricted funds</b>	<b>12,916,004</b>	<b>56,999,542</b>	<b>(56,844,120)</b>	<b>-</b>	<b>13,071,426</b>
<b>Total funds at 30 September 2020</b>	<b>13,223,904</b>	<b>56,999,542</b>	<b>(56,844,931)</b>	<b>-</b>	<b>13,378,515</b>

## Purposes of restricted funds

**Ayrshire Activity Club:** A club set up for the use of people with learning disabilities in Ayrshire.

**Score Fund:** Donations to provide opportunities for People with Learning Disabilities.

**Little Glen Road:** Grant given to cover a bond repayable to the Local Authority upon the sale of the property.

**Reading Services:** A donation was made by a private individual to be used for any purpose within the Reading services.

## Notes to the financial statements

For the year ended 30 September 2021

**20 Movements in funds (continued)****Purposes of designated funds in prior year:**

**Project management fund:** This fund has been set aside to provide resources to manage growth and planned changes in the organisation.

**Assistive technology fund:** This fund was set up to promote the introduction of assistive technology within services for the benefit of people supported and where funds are not available to meet the cost of the technology.

**Midlands Rugby Fund:** Donations to provide opportunities for People with Learning Disabilities.

**21 Reconciliation of net income to net cash flow from operating activities**

	2021 £	2020 £
<b>Net income for the reporting period (as per the statement of financial activities)</b>	<b>1,673,450</b>	154,611
(Gains)/Losses on investments	<b>(514,959)</b>	14,807
Dividends and interest from investments	<b>(59,130)</b>	(33,779)
Interest payable	<b>24,796</b>	20,395
Depreciation charges	<b>136,700</b>	131,372
Profit on the disposal of properties	-	-
Profit on the disposal of fixed assets	-	(1,282)
Increase / (Decrease) in stocks	<b>93,797</b>	(96,938)
(Decrease) / Increase in debtors	<b>(736,817)</b>	667,177
Increase in creditors	<b>414,763</b>	679,892
<b>Net cash from / (used in) from operating activities</b>	<b>1,032,600</b>	1,536,255

**22 Operating lease commitments**

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Land and Buildings		Other items	
	2021 £	2020 £	2021 £	2020 £
Less than one year	<b>249,835</b>	223,362	<b>42,877</b>	91,694
One to two years	<b>265,284</b>	224,979	<b>9,662</b>	29,164
Two to five years	<b>192,173</b>	69,981	-	9,662
Over five years	-	43,200	-	-
	<b>707,292</b>	561,522	<b>52,539</b>	130,520

**23 Post balance sheet events**

There were no post balance sheet events to report.

**24 Contingent liabilities**

Affinity Trust has a contingent liability with regard to grants used to purchase six properties. Affinity Trust will be liable to pay the interest accrued on grants to the Secretary of State for Health if the properties are sold, but only to the maximum amount of any proceeds received.

The substance of the agreements Affinity Trust has with the Secretary of State for Health is for the Secretary of State for Health to retain ownership over any change in the value of the properties and consequently the interest paid is offset against the sale proceeds.

At 30 September 2021, the contingent liability due to the Secretary of State for Health in the event of Affinity Trust selling all of the properties was:

	2021	2020
	£	£
Accrued interest payable to the Secretary of State for Health	<u>2,953,998</u>	<u>2,819,387</u>

In our prior year accounts we noted a potential contingent liability risk relating to historical sleep in shifts. The Supreme Court sat in February 2020 to hear the appeal against the Court of Appeals 2018 ruling that sleep-in workers are entitled to be paid the NMW only when they are awake to carry out any relevant duties and therefore not for hours when they are asleep at their place of work during a sleep-in shift. The outcome of the appeal announced in March 2021 was to uphold the Court of Appeals 2018 ruling and therefore sleep-in workers do not have to be paid at NMW for hours when they are asleep at their place of work. As a result Affinity Trust no longer has a contingent liability in relation to this risk.

**25 Defined benefit pension schemes****NHS Pension Scheme**

The NHS Pension Schemes are unfunded, defined benefit schemes that cover NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. Past and present employees are covered by the provisions of these two schemes. The schemes are not designed to be run in a way that would enable individual bodies to identify their share of the underlying scheme assets and liabilities and therefore each scheme is accounted for as if it were a defined contribution scheme with the cost of participation in the scheme taken as equal to the employers contribution rate which is currently 14.38% (2020: 14.38%). In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these is as follows:-

**a) Accounting valuation**

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

**b) Full actuarial (funding) valuation**

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

**25 Defined benefit pension schemes (continued)****NHS Pension Scheme (continued)****b) Full actuarial (funding) valuation**

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers. The last actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgement from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the legal process.

The scheme is a "final salary" scheme. Following consultation in 2006, a number of changes to the NHS Pension Scheme were introduced. On 1 April 2008 a new "2008 Section" of the Scheme was set up for new joiners on or after 1 April 2008. Joiners prior to this date are in the "1995 Section". For 1995 Section members, annual pensions are based on 1/80th of the best of the last three years' pensionable pay for each year of service. For members of the 2008 section, pensions are based on 1/60th of the average of the best three consecutive years in the last ten. A lump sum normally equivalent to 3 years' pension is payable on retirement; for members of the 2008 section the lump sum will be a maximum of 25% of the value of their fund at retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and have historically been based on changes in Retail Prices in the twelve months ending 30 September in the previous calendar year. From 2011/12, the Consumer Price Index replaced the Retail Price Index. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

Employers' pension contribution costs are applied to resources expended as and when they become due. The total employer contribution payable in the year ended 30 September 2020 by Affinity Trust was £297,246 (2020: £372,883). Employees pay contributions of between 5.6% and 9.3% (manual staff 5%) of their pensionable pay.

Early payment of a pension, with enhancement in some circumstances, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension (subject to certain conditions) for death after retirement, is payable.

The scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies. Under the arrangement Affinity Trust can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made.

**West Yorkshire Pension Fund**

Following the transfer of services from the Bradford and District Care Trust in December 2011, 8 employees retained their membership of the West Yorkshire Pension Fund (WYPF) which is a defined benefit scheme and operates under the provisions of the Local Government Pension Scheme (Administration) Regulations 2008 (as amended). The employer's normal contribution rate is 15.8% of salary and employees pay between 5.5% and 6.5%. Total employer contributions to the WYPF for the year ended September 2021 were £0 (2020:£0) as Affinity Trust received confirmation from the actuary that no 'deficit funding' payment were required. Affinity Trust and the City of Bradford Metropolitan District Council entered into an Admission Agreement and a separate commercial contract dated December 2012 and the substance of these agreements in relation to pension costs is that Affinity Trust's only liability is to pay the monthly employer contributions as determined from time to time by the Scheme actuary. Any actuarial deficit relating to the 8 employees at the end of the contract remains with the Council. The financial statements therefore reflect only the value of the monthly employer contributions described above. Following a triannual actuarial revaluation of the scheme, Affinity Trust were advised that an actuarial surplus had accumulated since the contract commenced and as a result no monthly contributions were required to be paid after March 2014.

## Notes to the financial statements

For the year ended 30 September 2021

**25 Defined benefit pension schemes (continued)****South Yorkshire Pension Fund**

After the transfer of a number of services in Sheffield in November 2017, one employee retained their membership of the South Yorkshire Pension Fund (SYPF) which is a defined benefit scheme and operates under the provisions of the Local Government Pension Scheme (Administration) Regulations 2008 (as amended). The employer's normal contribution rate is 22.2% of salary and employees pay 6.5%. Total employer contributions to the SYPF for the year ended September 2021 were £9,509 (2020: £8,692).

**26 Legal status of the charity**

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

**27 Financial instruments**

The carrying amount of the Charity's financial instruments at 30 September was

	2021 £	2020 £
<b>Financial assets</b>		
Assets measured at Fair Value	<b>6,325,269</b>	2,752,018

**28 Capital Commitments**

There were no material capital commitments as at 30 September 2021.

**29 Subsidiary undertakings**

The charity owns the whole of the issued ordinary share capital of Affinity Trust Support Ltd, a company registered in England and Wales. The company number is 13109670. The registered address is 1 St.Andrews Court, Wellington Street, Thame, England, OX9 3WT. The subsidiary was incorporated on 4 January 2021 and is currently dormant. It is due to be used for the provision of support services. The Trustees Tanya Barron and Timothy Tamblyn, together with the Chief Executive and Finance Director are also Directors of the subsidiary.