



*Making the difference*

# Chief Executive's Report

November 2018

## Financial Information abstracted from the Audited Accounts for the year ending 31 March 2018

The figures used in this article are taken from the Auditor's Report for the 2017 – 2018 Financial Year. The headline financial news is included in the report of the Directors and Trustees but the following financial information is worth highlighting:

- Income decreased by £91,243 from £1,908,325 to £1,817,082 largely because the earlier year benefited from our successful campaign to raise money for the new Hydrotherapy pool. Debtors and Pre-Payments increased by £20,336 from £18,859 to £39,195 simply because of some over-hanging payments but these trends are not significant.
- Net Current Assets, one of our most important Performance Indicators, increased by £130,566 from £1,259,401 to £1,389,967 because our capital outlays were less than the preceding year. Total Net Assets increased by £50,109 from £6,298,402 to £6,348,511.
- Depreciation remains a greater sum than hitherto as a result of the highly commendable development of the asset value of the charity arising from the purchase of the Vranck House site, the construction of the new Specialist Children's Assessment Centre and the re-building of the Hydrotherapy Pool.
- With Depreciation of £144,440 carried as a non-monetary expense the charity made an operating surplus of £50,109 but with Depreciation discounted a net cash surplus of £194,549 was generated (£379,980 last year).
- It is interesting to note that the increasing school population has developed income such that for the first time in several decades the difference between what the school costs and the income derived from it is now moving towards a balance (the school cost £640,068 and received £585,351 making a loss of £54,717).
- The number of pupils in the school has increased and the number of outpatients seen by the clinic has been maintained. The charity continues its program of capital investment in the buildings at Vranck House and in the services hosted by it.

The Trustees agreed a programme of capital investments for the Financial Year which provided for continuing maintenance of the Vranck House estate (mostly for rebuilding interior rooms at Vranck House) and for further investment in the Hydrotherapy Pool and the New Honeylands building.

### Profit & Loss Account

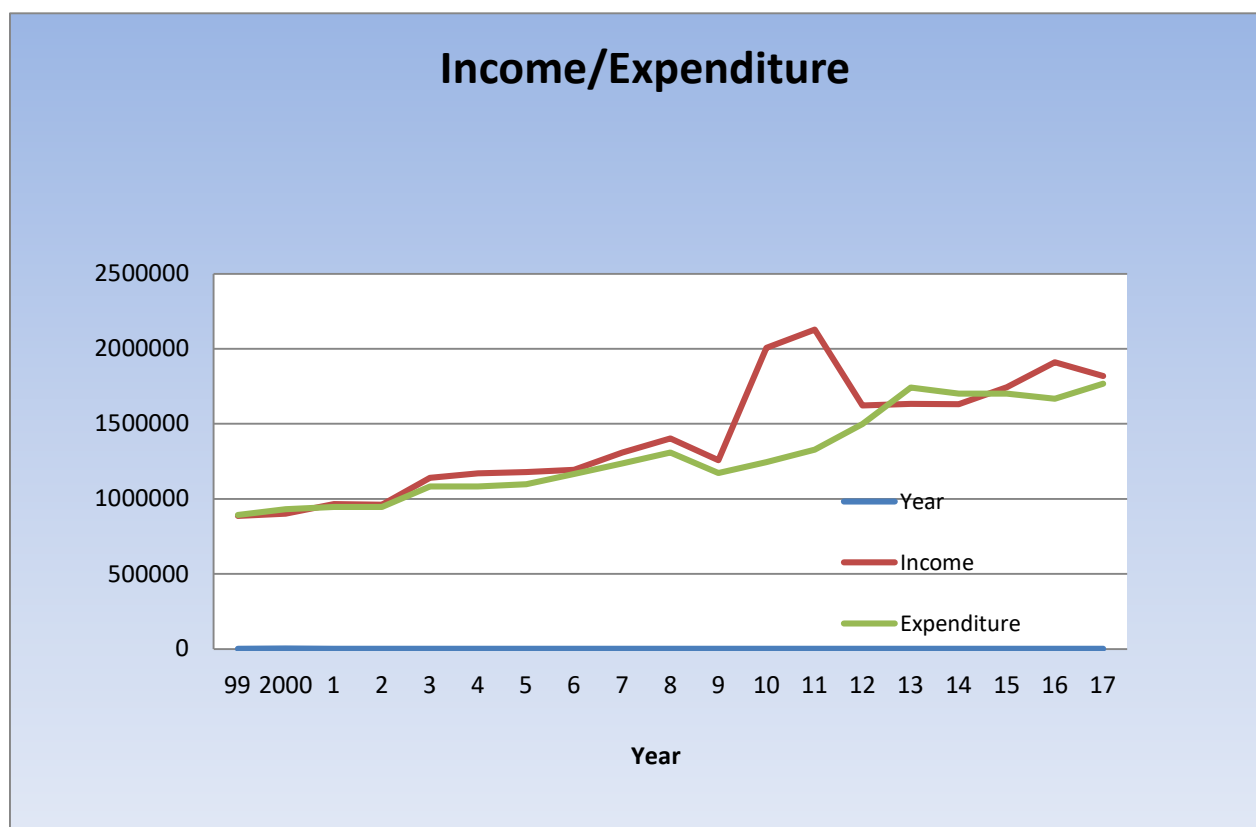
ELEMENT	2018	2017	2016
Gross Income	£1,817,082.00	£1,908,325.00	£1,743,047
Gross Expenditure	£1,766,973.00	£1,666,389.00	£1,685,461
Cash Gain/Loss for the Year	£50,109.00	£241,936	£57,586.00
gain/loss less Depreciation	£194,549.00	£379,980.00	£196,891.00



**Summary of Key Financial Ratios:**

<b>Debtors as a Percentage of:</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Total Funds	0.60%	0.44%	1.22%
<b>Creditors as a Percentage of:</b>			
Current Assets	3.50%	4.00%	10.45%
<b>As a Percentage of Total Funds</b>			
Profit/Loss for the Year	3.00%	6.00%	3.25%
Revenue Costs	11.70%	26.45%	28%

\* Profit is shown net of depreciation.

**Income & Expenditure Trends****Notes:**

1. Expenditure is unadjusted and includes the non-monetary expenditure of depreciation.
2. The Auditor's Report for 2017/18 is available on request at a cost of £2.00 per copy but may be viewed at no cost but by prior arrangement at Vbranch House or on the Charity Commission website at [www.charitycommission.gov.uk](http://www.charitycommission.gov.uk).

## Future Plans

The charity's strategic objective for the next five years is to embody and develop the contract partnership with Devon County Council and the NHS North, East & West Devon Clinical Commissioning Group. The immediate objective is to continue to demonstrate performance compliance with the requirements of the joint contract and to continue to fund service objectives so that all the benchmarks are exceeded (as they were in 2017/18). In the longer term, the Charity aims to continue development of its services, continue the investment programme by further developing charitable income and work with its partners to respond to financial retrenchment by adaptive working practises. Our long established financial policy of holding reserves amounting to no less than a year's operating costs has proved its worth on many occasions. Given the uncertainty and instability of the financial markets and the continued imperative of national fiscal discipline we intend to maintain and further develop this reserve. The policy of not charging capital costs in any of our contracts forms the basis of our charitable benefit by contributing significantly to the 59% of the costs of the statutory services we provide. It should be noted that our NHS income has been frozen at 2008 levels so that in 2018/19 we will embark on what will be a tenth year without any provision for inflation. This inevitably means that the level of contribution this charity makes to statutory services must increase or the high standard of the services we provide to the Public on behalf of the State will suffer. It is, however, highly unlikely that this can continue and work is in hand to redress the imbalance. The Trustees have authorised a £90k investment to continue the programme of buildings and equipment development and maintenance in 2018.

Colonel Graeme Wheeler  
Chief Executive

