

THE OUTWARD BOUND TRUST
(Company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

Company Number 6748835

Registered Charity in England and Wales (1128090) and in Scotland (SC040341)

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COMPANIES HOUSE

The Outward Bound Trust is extremely grateful to the following donors and supporters for their generous support over the course of the year

Advanced Computer Software	GMAC-RFC Ltd
AkzoNobel UK	The Mike Gooley Trailfinders Charity
All Major Donors and supporters of our Friends' scheme	The Gosling Foundation
All of our dedicated challenge event participants	The Grocers' Charity
All our volunteer Outward Bound Associations	Dr Guthrie's Association
All supporters of our Generations alumni programme	The Hedley Trust
All supporters of our Scotland's Next Generation project	Hilton in the Community Foundation
Amlin plc	The Hobson Charity
The Annington Trust	The Holbeck Charitable Trust
Apex Hotels	HSBC Bank plc
ARAMARK Ltd	Baroness Hughes
Aspect Capital Limited	Humphreys & Co Solicitors
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AVEVA Group plc	The Ingram Trust
Major Matthew Bacon Legacy Fund	intu Properties
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Bulkhaul Ltd	The Lord Austin Trust
Chivas Brothers Ltd	The Henry Lumley Charitable Trust
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Clarion Solicitors	The MacRobert Trust
Clydesdale Bank	Madeline Mabey Trust
John Coates Charitable Trust	Marine Harvest
Martin Connell Charitable Trust	The Nancie Massey Charitable Trust
The Catherine Cookson Charitable Trust	McCormicks Solicitors
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The Dudley and Geoffrey Cox Charitable Trust	The Mercers' Company
Stella Creasy MP	The Midcounties Co-operative Ltd
Baron Davenport's Charity	Morgan Advanced Materials
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Deutsche Bank AG	North Lincs Training Group Ltd
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The Duke of Edinburgh Charitable Trust	Alan Pardew
The Dulverton Trust	Price Forbes & Partners
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The Eranda Foundation	Prism the Gift Fund
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FirstGroup plc	RWE Foundation
Forbo Flooring Systems Ltd	RWE Npower plc
Hugh Fraser Foundation	Sanna Job Access (UK)
Simon Gibson Charitable Trust	The Mark Scott Foundation

The Outward Bound Trust is extremely grateful to the following donors and supporters for their generous support over the course of the year

Scott Group
The Scottish Government
ScottishPower Foundation
SEGRO plc
Sellar Property Group
SFIA Educational Trust Limited
The Silverhill Trust
Sodexo
The Luke Somerfield Memorial Trust
David Soul
Souter Charitable Trust
The St John Southworth Fund
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The David Stevenson Trust
The Joseph Strong Frazer Trust
The Bernard Sunley Charitable Foundation

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Vale Bridgecraft Upholstery Ltd
The Vandervell Foundation
Vestey Group Ltd
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The W E D Charitable Trust
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The Mel Weir Charitable Trust
Whitaker Charitable Trust
Whyte and Mackay Ltd
William Grant & Sons
William Jackson Food Group
The Brian Woolf Trust
The Worshipful Company of Gold and Silver
Wyre Drawers

**THE OUTWARD BOUND TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

The Trustees are pleased to present their report together with the financial statements of the Charity for the year ended 30 September 2013

PATRON His Royal Highness The Duke of Edinburgh KG KT
DEPUTY PATRONS: The Lord Kirkham CVO
Sir Chris Bonington CVO CBE

TRUSTEES: His Royal Highness The Duke of York KG KGCV – Chairman ***
Peter Neumark – Deputy Chairman */**
Ian Ashman (Appointed 13 March 2013)
Nick Buckworth * (Resigned 19 September 2013)
Rod Carr CBE
Nick Gair (Appointed 19 September 2013) ***
Ian Gowrie-Smith
Ffion Hague ** (Resigned 7 December 2012)
David Hopkins (Resigned 7 December 2012)
Louise Makin *
Colin Maund **
Iain Peter *** (Resigned 3 June 2013)
Charles Philipps*/**
Caroline Sellar (Appointed 13 March 2013) *
Sir John Spurling KCVO OBE */** (Resigned 7 December 2012)
Dick Watson

* Member of the Audit Committee
** Member of the Remuneration and Nominations Committee
*** Member of the Operational Risk Management Committee

SENIOR EXECUTIVES: Nick Barrett Chief Executive
Alan Bolchover Director of Fundraising
Kim Parry Commercial and Finance Director
William Ripley Director of Learning and Adventure
Martin Davidson Scottish Director

COMPANY SECRETARY: Kim Parry

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		Tel	01931 740000
		Fax	01931 740001

LONDON OFFICE:	The Outward Bound Trust 4th Floor 207 Waterloo Road London SE1 8XD	Tel	020 7610 4218
		Fax	020 7603 6817

AUDITORS.	haysmacintyre 26 Red Lion Square London WC1R 4AG	BANKERS:	Barclays Bank Plc Level 27 1 Churchill Place London E14 5HP
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SOLICITORS:	Clarion 13-19 Queen Street Leeds LS1 2TW	SOLICITORS:	Farrer & Co 66 Lincoln's Inn Fields London WC2A 3LH
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TRADEMARK SOLICITORS:	Humphreys & Co 14 King Street Bristol BS1 4EF	SOLICITORS.	McCormicks 37 East Parade Harrogate HG1 5LQ
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**THE OUTWARD BOUND TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

OBJECTIVES AND ACTIVITIES

The Trust is driven by the words of its co-founder, Kurt Hahn *"We are all better than we know. If only we can be made to realise this we may never be prepared to settle for anything less"*

The mission and values of The Outward Bound Trust are as follows

The Outward Bound Trust mission:

To unlock the potential in young people through learning and adventure in the wild.

The Outward Bound Trust core values:

- ***A belief that we all have undiscovered potential*** We aim to create moments when everyone can see and believe in themselves as never before and to translate such moments into lessons for everyday life
- ***A belief in the power and intensity of learning through adventure*** – as a means of bringing out the best in people
- ***A deep appreciation of the balance between risk, reward and responsibility*** We want people to have intense experiences with real consequences and powerful, positive and memorable outcomes
- ***A spirit of respect and compassion.*** We aim to stretch people both physically and mentally. In doing so we act with care, concern and generosity towards people and the natural environment

During the year 2013 The Trust delivered a wide variety of personal development courses for young people in line with its mission and values. These varied from short weekend courses through to three week courses. The majority of the courses were aimed at young people at school or college or on apprentice or graduate development programmes and are around five days in length.

All Outward Bound® courses share the same distinctive features. These can be characterised as follows:

The mountains, sea, rivers and lakes

The Trust sets out to provide direct and dramatic experiences in inspiring and unfamiliar settings. Our competence lies in using the mountains, sea, rivers and lakes as the classroom.

The Outward Bound instructor

The Trust's instructors have the technical skills to take young people into the wild. However, of paramount importance are the facilitation and mentoring skills that enable an instructor to translate the events of an adventure into lessons for life.

Experiential learning

People learn best by reflecting on an experience, planning to do better the next time and then acting on that plan. The use of this Plan-Action-Review learning cycle is the essential development tool we use with participants on courses.

"Impelling" into experience

The Trust sets out to encourage people to go out and do things they at first believe to be impossible.

Journey

The concept of a journey is fundamental to the Outward Bound experience and the journeying metaphor is important to us. Courses involve physical journeys but are also journeys of development and discovery for the individual and the team.

The individual, the team and the environment

Anyone attending an Outward Bound course participates as an individual and a team member working alongside the same instructor for the duration of the course. The Trust's courses focus on the development of the individual, the team and the interface of both with the natural environment.

The world has changed hugely since The Trust was founded during the Second World War with a view to teaching physical and mental survival skills to young merchant seamen about to serve as part of the North Atlantic convoys. However, in today's world, the pressures on young people and the issues they face are as intense and varied as ever, albeit markedly different to those of seventy years ago. The Trust's courses continue to make a significant contribution to the personal development of young people, helping to build their confidence and character to equip them to meet the challenges they face both now and in the future.

* Outward Bound and the compass device are each registered trademarks of The Outward Bound Trust

**THE OUTWARD BOUND TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

ACHIEVEMENTS AND PERFORMANCE OVER THE YEAR

Headline achievements in the year to 30 September 2013 were:

- 27,336, (2012 26,594) young people attended an Outward Bound course, including 2,734 (2012 2,760) visiting staff and observers
- We ran 125,625 (2012 124,353) "personal development" days across our centres
- We provided £2,246,620 (2012 2,254,000) in bursaries to ensure that young people, irrespective of their financial circumstances, could attend an Outward Bound course
- 69% of participants received some measure of bursary support to attend courses
- We achieved a 17% growth in the amount of apprentice and graduate training work that we undertake
- We completed a major £1.3m redevelopment of the lower part of our Aberdovey centre. The Llys Mathew centre was opened in May 2013 and provides state of the art kit storage, drying and laundry facilities, much needed recreational and presentation space for participants to use in the winter evenings and superb new review rooms for group discussion and reflection
- We continued the implementation of our new strategic plan, *Each Adventure a New Beginning*

PLANS FOR FUTURE YEARS

Each Adventure a New Beginning details our focus for next five years and can be summarised as follows:

Priority one:

We will increase the impact of our courses. Our goal is to ensure we have an even greater and more sustained impact on the lives of the young people we work with, whether they are in education, training or employment.

Priority two:

We will create a financially stable charity with a modern infrastructure and a commercial edge to it, so that even in a period of great economic uncertainty we can be sure that The Trust remains in a position to carry out its mission.

Challenge one:

To improve our ability to evaluate the impact of our courses on the individuals, students, employees and organisations we work with.

Challenge two:

To widen our donor base and to fundraise more effectively.

Challenge three:

To support and encourage our staff to reach for excellence in everything we do.

Challenge four:

To have a credible and engaging external and internal voice so that our strengths and differentiators are properly understood and valued.

Challenge five:

To develop longer term and deeper relationships with a greater number of schools, businesses and other like-minded organisations.

Challenge six:

To fully realise the range of opportunities that now exist in Scotland so as to expand and strengthen our work in that country.

Each Adventure a New Beginning details eight specific and measurable 2017 impact goals and nine specific and measurable 2017 organisational sustainability goals for The Trust. *Each Adventure a New Beginning* is a public document and anyone wishing to read it is warmly encouraged to contact the Chief Executive, who reports progress against the strategic plan to the Trustees at every Board meeting.

**THE OUTWARD BOUND TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

PLANS FOR FUTURE YEARS (Continued)

2013/14 OBJECTIVES

Our objectives for 2013/14 are drawn from the overall goals laid out in *Each Adventure a New Beginning* and are as follows

WORKING WITH YOUNG PEOPLE:

- To work with more than 24,000 young people
- To deliver more than 136,000 activity days
- Total value of bursary provided to young people more than £2.3 million

FINANCIAL:

- To maintain sustainable gross margin and central overhead percentage
- General Fund surplus before unrealised gains/losses more than £100k

EACH ADVENTURE A NEW BEGINNING PRIORITY ONE "INCREASING THE IMPACT" OBJECTIVES

- To acquire ISO 9001 accreditation
- To develop a renewed long summer course for individuals for delivery in the summer of 2015
- To produce a Social Impact Report
- To deliver Working in Partnership workshops to all visiting staff attending five day Adventure and Challenge courses at all our residential centres, focusing on pre and post course work and enhancing learning during courses
- To undertake a customer audit focusing on the donor experience and to have gone through the "feedback and adapt" loop and to carry out a compare and contrast survey by early 2015
- To establish and to have implemented an appropriate management structure across all centres aimed at better supporting instructors to deliver high impact courses
- Average length of service for an Outward Bound Instructor at each of our centres more than 60 months
- To have an improved, understood, agreed and universally used way of specifying Schools/College course objectives to customers and a process for ensuring these are then delivered by instructors at all centres
- To promote pre and post course work to schools and to record an increase in this work undertaken by schools

EACH ADVENTURE A NEW BEGINNING PRIORITY TWO "ORGANISATIONAL SUSTAINABILITY" OBJECTIVES

- To start the rebuilding of the review and kit storage space at the Ullswater centre for completion in 2015
- To raise an additional £1 million for the further redevelopment of the Ullswater Centre
- To relocate our Metro base within Glasgow
- To create 17 upgraded "fit for purpose" bedrooms at Eskdale through the redevelopment of the Gatesyde and former sauna areas at the centre
- To achieve a Corporate Business Development Sales income of £2.7m
- To be delivering corporate projects to a value more than £600k
- Unrestricted and undesignated reserves levels more than £2.5m
- In Scotland to raise more than £200k of bursary funding, to have raised £1.2m in funds for the Mark Scott Leadership for Life Award in the period 2012-17 and to raise £35k for the Scotland's Next Generation project

**THE OUTWARD BOUND TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

PLANS FOR FUTURE YEARS (Continued)

EACH ADVENTURE A NEW BEGINNING "STATING THE OBVIOUS" OBJECTIVES

- To maintain our excellent safety record and to retain an oversight of all aspects of operational risk management through the Risk Management Committee
- To sustain the concept of "Top Right" and to receive six monthly reports from the Director of Adventure and Learning on the levels of adventure and learning demonstrated on our courses
- To retain good practice environmental kite-marks at all of our residential centres
- To have undertaken a review of the growth options available to The Trust

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Outward Bound Trust was established as a charity in 1941 and incorporated as a company limited by guarantee on 27 February 1946. A revised constitution was adopted in 1997 which allows for a Board of between ten and fifteen Trustees.

A restructuring of The Trust took place on 1 April 2009. Outward Bound Global was incorporated on 13 November 2008 and received Charity Commission registration on 14 February 2009 before changing its name to The Outward Bound Trust on 1 April 2009. The original Outward Bound Trust was renamed as Outward Bound Global on the same date. All assets and liabilities of the old company were transferred to the new company, leaving only the global licensing activity in the old company.

The Governing instrument of The Trust is its Memorandum and Articles of Association.

The Trust's charitable objectives, as described in the Memorandum of Association, are "to promote for the public benefit the personal development of young people by education and instruction through participation in a wide variety of activities with special emphasis on physical endeavour in the outdoors". In 1994 the Trustees agreed with the Charity Commission that in this context young people mean those under the age of 25.

In setting our objectives and planning our activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee-charging. This is borne out by our commitment to provide a first class Outward Bound experience to as wide a range of young people as possible, irrespective of their financial circumstances. 69% of young people who came to our centres this year were awarded bursary funding that enabled them to attend.

Trustees

The current Trustees, listed in this Report, are also the directors and members of the company. The liability of members is limited and their individual limit of guarantee is £10. There are no members of The Trust who are not Trustees.

Trustees are appointed on the recommendation of the Nominations Committee, which aims to ensure that the Board is well balanced and represents the breadth of work undertaken by The Trust. The Nominations Committee is responsible for reviewing the specific skills and the rotation of the Trustees and identifying what training may be required.

During the course of the year five Trustees resigned and three new Trustees were appointed. All new Trustees undergo an induction programme that includes a visit to one of the centres operated by The Trust and meetings with existing Trustees, senior executives and other key members of staff.

The Trustees meet formally four times a year and take responsibility for the strategic direction of the organisation. Day to day decision making is delegated to the Chief Executive who also advises the Trustees as to overall strategy. The Chief Executive meets and briefs the Chairman and the Deputy Chairman on a quarterly basis.

During the year there is usually one Board of Trustees meeting held at a centre, preceded by an afternoon of activities and observation at the centre and an evening of informal planning and discussion. This closer engagement with the work of The Trust consolidates the working knowledge of the Trustees and helps build a better understanding between the Trustees and the staff. This year the centre based meeting took place at Aberdovey in early September.

**THE OUTWARD BOUND TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

STRUCTURE, GOVERNANCE AND MANAGEMENT (Continued)

Organisation

The Trust owns four residential centres in the United Kingdom Aberdovey on the west coast of Wales and Ullswater, Howtown and Eskdale in the Lake District In addition, The Trust leases a fifth centre at Loch Eil in the Highlands of Scotland The Trust also operates a base in Glasgow, known as Outward Bound Metro This is a non-residential centre working with young people from the Central Belt area of Scotland

A subsidiary company, Outward Bound Corporate Limited, is used to run experiential outdoor learning and development programmes for apprentices, graduates, teams and leaders Profits from this company are transferred to The Trust under a deed of covenant

A second subsidiary company, Outward Bound Trading Limited, was previously used to organise fundraising events and other activities on behalf of The Trust As all these activities represented one-off charitable events they are now being managed through the main charity and the company has become dormant

The Trust's Head Office, incorporating the offices of the Chief Executive, the financial and administrative functions, the operational management and the sales and marketing teams, is based at Hackthorpe near Penrith in Cumbria The fundraising office is located on Waterloo Road, London

Our access and bursary policies

The Outward Bound Trust is a charity which seeks to benefit the public through the pursuit of its stated aims Our fees are set at a level to ensure the financial viability of The Trust and at a level that is consistent with our aim of providing a first class experience to all participants

The Trust welcomes participants from all backgrounds To admit a prospective participant we need to be satisfied that The Trust will be able to engage with the young person to the best of their potential and in line with the general standards achieved by their peers With this in mind we work closely with schools and other organisations sending students on our courses An individual's economic status, gender, ethnicity, race, religion or disability do not form part of our assessment processes.

The Trust is committed to safeguarding and promoting the welfare of our participants and expects all staff and volunteers to share this commitment We always provide customer feedback questionnaires at the conclusion of all courses for completion by participants and visiting members of staff from the participants' schools The comments received are taken very seriously and all questionnaires are reviewed centrally at The Trust's headquarters We have also set up School Advisory Boards in England and in Scotland to help us improve the quality and content of the courses that we deliver We are constantly striving to make sure any educational elements of the course are linked to curriculum objectives and provide a truly educational benefit for participants

We believe our participants benefit from learning within a diverse community A great deal of learning occurs through social interaction, conversation and shared experiences which helps our participants develop an understanding of the perspectives of other people that will be vital in their adult lives

Our bursary policy contributes to a widening of access to the courses we offer and the facilities we enjoy It is important to us that access to the courses we offer is not restricted only to those who can afford our full fees

The Trustees view our bursary awards as important in helping to ensure young people from families who would otherwise not be able to afford the fees can access the courses we offer Our bursary awards are available to all who meet our requirements These are made on the basis of participants qualifying for free school meals, low-income families, English as a second language, special educational needs, poor educational attainment, at risk of offending, ethnic minority backgrounds and any other valid reasons for bursary assistance put forward by schools or parents

The bursary awards range in scale from just 1% through to 100% remission of fees depending on the nature of the specific funding stream and the financial circumstances of the young people in question Further details of our bursary policy and how to apply are available on our website, and movements in our bursary funds are set out in note 11(b) to the accounts

Related parties and organisations

Volunteer Outward Bound Associations

Volunteers, operating within the regionally based Outward Bound Associations, undertake valuable work by promoting The Trust, working with young people in the local area and by raising funds to help pay for course fees Associations work as branches under the umbrella of The Trust The working relationship between the Outward Bound Associations and The Trust are governed by an Accreditation Agreement These Agreements entitle the Associations to use The Trust's trademarked name and logo and set standards for the conduct of their work The Trust does not currently include a valuation of volunteers' time within the financial statements

**THE OUTWARD BOUND TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management

A summary of the major risks to The Trust and their mitigating controls is held on a risk matrix and is reviewed annually by the Board

Twice a year The Trust convenes an Operational Risk Management Committee meeting which is chaired by Professor Nick Gair, who is also a Trustee. This committee consists of external experts and senior operational staff and it considers and reviews the operational working practices of The Trust's day to day activities and considers in detail any reported incidents. This Committee reports formally to the main Trustee Board on an annual basis. The Chief Executive, who reports directly to the Trustees, is responsible for the overall management of The Trust's operations and activities and any associated risks. The Chief Executive attends the meetings of the Risk Management Committee.

Financial risk management

The following statements summarise The Trust's policy on managing identified forms of financial risk

Price risk

The Trust manages price risk through two key mechanisms. Firstly, selling prices are reviewed annually with the production of each new brochure, taking account of cost changes and market conditions. Secondly, salaries, which represent the most significant cost to The Trust, are also reviewed annually to take account of inflation and other market factors. All other costs are kept under review through monthly and annual accounting and budgeting procedures.

Credit risk

Credit risk on amounts owed to The Trust by its customers is considered to be low since the standard Terms and Conditions of business require that, in the majority of cases, amounts due are settled in full prior to the commencement of the relevant course.

Liquidity risk

The Trust has no long-term borrowings and will make use of its overdraft facility only when required. Current facilities are considered more than adequate to meet foreseeable liquidity requirements.

Interest rate/cash flow risk

The Trust places surplus funds on short and medium term deposits with Barclays Bank plc and other financial institutions where considered appropriate. Interest rate/cash flow risk is therefore considered to be insignificant.

FINANCIAL REVIEW

Financial results

The 2012/13 financial results reveal a total net deficit from all funds for the year of £1,070,000 (2012: £3,635,000 surplus). At first sight this deficit suggests a very challenging year, whereas in fact the year has been very positive in terms of course income and General Fund performance, and we have also been able to make significant investments into our properties and also into the execution of our strategy.

A net deficit of £768,000 (2012: £2,884,000 surplus) arose in the General Fund before recording net transfers of £884,000 to give a net General Fund surplus of £116,000 and a General Fund reserve balance of £221,000 (2012: £105,000). Before specific provisions were made at year end, the trading surplus was in excess of £450,000, comparing very favourably with the budgeted surplus of £100,000. The transfers include £345,000 of Designated Funds from The Descent of The Shard to cover planned expenditure in furtherance of our aims in Each Adventure a New Beginning. A further transfer of £823,000 represents the write down to cover the impairment charge described below.

Income from our Education courses and our Corporate learning and development programmes for the first time exceeded £10 million, also exceeding our budgeted income projection by more than £200,000. Good cost control has continued at the centres and also within our overheads.

The legacy of a property received last year at a value of £525,000, necessitated a write down of its value by £125,000 to £400,000 after poor market conditions and a lack of interest in the property has led the Trustees to decide to accept an offer made after the year end for the amount of £400,000.

**THE OUTWARD BOUND TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

FINANCIAL REVIEW (CONTINUED)

Financial results (continued)

Restricted funds have decreased by £1,234,000, reflecting the transfer of the expenditure on our capital building project at the Aberdovey centre where the stores building (Llys Mathew) has been rebuilt to provide a better functioning stores facility along with new review rooms at a total cost of nearly £1,300,000. The funds raised from the project having satisfied the purpose for which they were donated have now been transferred to Designated Property funds. When the project was completed a revaluation of the property, performed by our valuer from Hyde Harrington required £823,000 right down of the property to its value in use value of £440,000.

The Group balance sheet at 30 September shows a decrease of £1,070,000 in net funds (2012 £ 3,635,000 increase), mainly driven by the two valuations adjustments detailed above and the use of Designated Funds to assist The Trust to fulfil the objectives in Each Adventure a New Beginning (EANB). Net current assets reduced by £790,000. Cash flow balances remained positive throughout the year with the overdraft facility remaining unused. Year end cash balances totalled £5,344,000 (2012 £5,449,000).

In summary the Balance Sheet and Statement of Financial Activities provide a positive financial picture at 30 September 2013. The Trustees and Management team are very grateful to our supporters for the capital and bursary funding received during the year.

Overall, 2012-13 has been a very positive year, exceeding our expectations and in spite of a still difficult economic environment. Despite the ongoing challenges our General Fund has returned a healthy surplus, much assisted by our ability to sustain a price increase on the majority of programmes and courses. In addition we have continued to make a series of planned investments into a range of medium term projects undertaken throughout the year, all of which relate directly to our strategy.

Our concerns for 2013-14 relate to ongoing pressures on trading and fundraising, but we have started the year well and hope to maintain this early momentum. We are convinced that The Trust plays a vital role in helping young people to achieve their potential, and that we are increasingly effective and focussed in this core work. We remain confident therefore that we are well placed to further develop the work of The Trust as the economy recovers over the medium term.

Investment powers and policy

There are no restrictions on the charity's power to invest.

The Trust's investments continue to be managed by our Investment Managers, who manage our portfolio in accordance with the approved investment policy.

The cash in The Trust bank accounts is retained for its liquidity needs, but the level of cash held will be reviewed throughout the year.

Reserves policy

The reserves policy, which is reviewed and approved by the Board on an annual basis, sets out an assessment of an appropriate level of free reserves, after designations, of £1,000,000. At the year end The Trust had total reserves of £19,069,000 of which £2,839,000 is restricted and £11,441,000 is represented by property funds to reflect the investment in fixed assets and which are held for operational purposes. £2,534,000 is designated for future bursary support, and a further £1,834,000 is designated for particular capital spending and development activity that the Trustees expect to be undertaken in the next three years for specific capital and other development activity. This leaves a free general fund balance of £221,000. The Trustees are therefore mindful of the need to increase free reserves through operational surpluses in future years to reach their desired target of £1,000,000, but would emphasise that currently designated could be reallocated if circumstances so required.

The Trustees remain fully committed to creating and sustaining these reserves. In considering the target level of reserves, the Trustees have taken into consideration The Trust's needs for appropriate protection against normal financial and business risks, a stable financial foundation and adequate funding to take advantage of the potential for further growth. The Trustees consider that the present practices of the Board, Committees and the Senior Executive Team in planning and evaluating operational and financial performance are adequate for monitoring and maintaining the reserves policy.

**THE OUTWARD BOUND TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees, who are also the directors of the charitable company, are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure of the charitable company and group for that year. 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time of 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT ON DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each Trustee is aware, there is no relevant audit information of which the charitable company and group's auditors are unaware.

Each Trustee has taken all the steps (such as making enquiries of other Trustees and the auditors and any other steps required by the Trustee's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a Trustee in order to make himself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

AUDITORS

A resolution to reappoint Haysmacintyre as auditors to the company will be proposed at the next general meeting to be held in March 2013.

By order of the Board



Kim Parry
Company Secretary
12 December 2013

**THE OUTWARD BOUND TRUST
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE OUTWARD BOUND TRUST

We have audited the financial statements of The Outward Bound Trust for the year ended 30 September 2013 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and charitable company's affairs as at 30 September 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Richard Weaver, Senior Statutory Auditor,
For and on behalf of haysmacintyre, Statutory Auditors

26 Red Lion Square
London
WC1R 4AG

16 December 2013

THE OUTWARD BOUND TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating the income and expenditure account) FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Note	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Incoming resources					
Incoming resources from generated funds:					
Voluntary income	2	1,319	2,104	3,423	4,381
Activities for generating funds	3	3,142	-	3,142	5,471
Investment income		<u>30</u>	<u>2</u>	<u>32</u>	<u>15</u>
Total incoming resources from generated funds		<u>4,491</u>	<u>2,106</u>	<u>6,597</u>	<u>9,867</u>
Incoming resources from charitable activities:					
Outward Bound young people courses					
Net course fee income	4	5,673	-	5,673	4,955
Bursary fund income/(transfer)		<u>2,247</u>	<u>(2,247)</u>	<u>-</u>	<u>-</u>
Gross course fee income including bursary		<u>7,920</u>	<u>(2,247)</u>	<u>5,673</u>	<u>4,955</u>
Other incoming resources		<u>9</u>	<u>-</u>	<u>9</u>	<u>8</u>
Total incoming resources from charitable activities		<u>7,929</u>	<u>(2,247)</u>	<u>5,682</u>	<u>4,963</u>
Total incoming resources		<u>12,420</u>	<u>(141)</u>	<u>12,279</u>	<u>14,830</u>
Resources expended					
Costs of generating funds:					
Costs of generating voluntary income		(1,123)	(99)	(1,222)	(1,190)
Fundraising trading costs of goods sold and other costs		(2,233)	-	(2,233)	(2,048)
Charitable activities:					
Outward Bound young people courses		(9,592)	-	(9,592)	(8,367)
Governance costs		<u>(197)</u>	<u>-</u>	<u>(197)</u>	<u>(205)</u>
Total resources expended	5	<u>(13,145)</u>	<u>(99)</u>	<u>(13,244)</u>	<u>(11,810)</u>
Net (deficit)/income for the year before other recognised gains, losses and taxation		<u>(725)</u>	<u>(240)</u>	<u>(965)</u>	<u>3,020</u>
Other recognised gains/losses					
Realised gains/(losses) on investment assets	7	1	-	1	24
Unrealised gains/(losses) on investment assets	7	7	12	19	18
Revaluation adjustment	6	<u>(125)</u>	<u>-</u>	<u>(125)</u>	<u>573</u>
Net movement of funds in year before transfers		<u>(842)</u>	<u>(228)</u>	<u>(1,070)</u>	<u>3,635</u>
Transfers between funds	11	<u>1,006</u>	<u>(1,006)</u>	<u>-</u>	<u>-</u>
Net movement of funds in year		<u>164</u>	<u>(1,234)</u>	<u>(1,070)</u>	<u>3,635</u>
Total fund balances at 1 October 2012		<u>16,066</u>	<u>4,073</u>	<u>20,139</u>	<u>16,504</u>
Total fund balances at 30 September 2013		<u>16,230</u>	<u>2,839</u>	<u>19,069</u>	<u>20,139</u>

The notes on pages 17 to 34 form part of these accounts

All income and expenditure relates to continuing activities. There are no gains and losses other than those recognised above therefore no separate statement of total recognised gains and losses has been prepared

THE OUTWARD BOUND TRUST

BALANCE SHEETS

COMPANY REG NO: 6748835

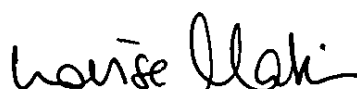
AT 30 SEPTEMBER 2013

	Note	2013 £000	Group 2012 £000	Charity 2013 £000	2012 £000
FIXED ASSETS					
Tangible assets	6	13,578	13,880	13,528	13,855
Investments	7	315	293	315	293
		<u>13,893</u>	<u>14,173</u>	<u>13,843</u>	<u>14,148</u>
CURRENT ASSETS					
Current asset investment		400	525	400	525
Stocks	8	59	52	56	48
Debtors	9	2,294	2,760	2,028	2,727
Cash at bank and in hand	16c	5,344	5,449	5,219	5,245
		<u>8,097</u>	<u>8,786</u>	<u>7,703</u>	<u>8,545</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(2,921)	(2,820)	(2,477)	(2,554)
NET CURRENT ASSETS		<u>5,176</u>	<u>5,966</u>	<u>5,226</u>	<u>5,991</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>19,069</u>	<u>20,139</u>	<u>19,069</u>	<u>20,139</u>
NET ASSETS		<u>19,069</u>	<u>20,139</u>	<u>19,069</u>	<u>20,139</u>
FUNDS					
Unrestricted					
General Fund		221	105	221	105
Revaluation Reserve		7,168	7,242	7,168	7,242
Designated Funds		8,841	8,719	8,841	8,719
		<u>16,230</u>	<u>16,066</u>	<u>16,230</u>	<u>16,066</u>
Restricted and Endowment					
Restricted Bursary Funds		1,317	1,328	1,317	1,328
Other Restricted Funds		1,458	2,687	1,458	2,687
Endowment Funds		64	58	64	58
		<u>2,839</u>	<u>4,073</u>	<u>2,839</u>	<u>4,073</u>
TOTAL FUNDS	11	<u>19,069</u>	<u>20,139</u>	<u>19,069</u>	<u>20,139</u>

The financial statements were approved and authorised for issue by the Board of the Trustees on 12 December 2013 and were signed below on its behalf by



Charles Philipps, Trustee



Louise Makin, Trustee

THE OUTWARD BOUND TRUST
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2013

		2013		2012	
	Note	£000	£000	£000	£000
NET CASH INFLOW/(OUTFLOW) FROM OPERATIONS	16a		775		2,272
Returns on investment and servicing of finance					
Interest received		<u>32</u>		<u>15</u>	
			32		15
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(925)		(992)	
Receipts on sale of tangible fixed assets		<u>13</u>		<u>22</u>	
			(912)		(970)
NET INCREASE/(DECREASE) IN CASH	16b		<u>(105)</u>		<u>1,317</u>

The notes on pages 17 to 34 form part of these accounts

THE OUTWARD BOUND TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

1 ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with the requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in 2005 ("SORP"), applicable UK Accounting Standards and the Companies Act 2006

The financial statements have been prepared under the historical cost convention as modified by the revaluation of property and investment assets

The financial statements are prepared on the basis of a going concern

The principal accounting policies, which have been applied consistently except where noted, are set out below

(b) Group accounts

The financial statements consolidate the results of the charity and its two wholly-owned subsidiary companies on a line by line basis (see note 14)

The Outward Bound Associations are branches of the charity. Their income and expenditure, as reported to The Trust's Head Office in their latest accounts, are consolidated into the charity's financial statements

The Trust has taken advantage of the exemptions permitted under s 408 of the Companies Act 2006 and paragraph 397 of the Charities SORP 2005 and the charity does not therefore present a separate Statement of Financial Activities

(c) Funds

The Trust maintains four types of fund

- (i) Endowment where the capital is held in perpetuity to generate income for bursaries,
- (ii) Restricted where the purposes for which the funds may be used have been restricted by donors,
- (iii) Designated where the funds are unrestricted, but where the Trustees have designated them for a specific purpose,
- (iv) General where funds are unrestricted and not designated

(d) Voluntary Income

Donations are accounted for by The Trust when received, and may be included in general, designated or restricted funds as appropriate

Grants are included in the appropriate fund when receivable. Grants are recognised as receivable when there are no outstanding conditions for the receipt of the grant other than those which are within The Trust's control

(e) Activities for generating funds

Income from corporate learning and development operations is the invoiced value of courses run for apprentice, graduate and other learning and development programmes. All such income arises as a result of the activities of the trading subsidiary, Outward Bound Corporate Limited

Income from fundraising events arises as a result of the activities of the trading subsidiary, Outward Bound Trading Limited, and is credited to the Statement of Financial Activities when the event to which it relates has taken place

(f) Income from Outward Bound charitable activities

Income from charitable activities is the total value invoiced to customers of Outward Bound courses taking place during the year. This income includes the value of bursary assistance provided by The Trust towards course fees. Details are provided at notes 4 and 11b

THE OUTWARD BOUND TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

1 ACCOUNTING POLICIES (continued)

(g) **Deferred income**

Deferred income represents the value of courses invoiced to customers before the year end with start dates after the year end and income received prior to 30 September 2013 for events being run after the year end

(h) **Resources expended**

All expenditure is included on an accruals basis and is recognised when there is a legal and constructive obligation to pay for it. Expenditure is directly allocated to activities wherever practicable. Otherwise expenditure is apportioned over activities using a variety of allocations based mainly on headcount. Governance costs consist of professional fees, costs of Trustee and Committee meetings, Trustee expenses and an allocation of other central overheads. Non-recoverable VAT, resulting from the charity's partially exempt VAT status, is included in the costs of each activity.

(i) **Fixed assets and depreciation**

All fixed assets are held for charitable operational use, with the exception of the land and buildings at Eskdale and some equipment held by Outward Bound Corporate Limited which is used for its own trading purposes. Individual items of activity equipment costing less than £500 are written off in the year of purchase. All equipment (other than £43,970 of antique furniture) is held at cost less depreciation.

Freehold properties are held at valuation plus the cost of capital improvements carried out since the date of the last valuation. Generally The Trust's properties are re-valued every three years, but may be re-valued more frequently when the Trustees consider that significant changes have occurred. The most recent valuation was carried out by Hyde Harrington, Chartered Surveyors, on 30 September 2012. The Trust's leasehold property is not valued in the balance sheet, other than capital improvements funded by The Trust, which are shown at cost. The Trust rents the Eskdale centre to Outward Bound Corporate Limited at an estimated market rent. Land is not depreciated.

Depreciation of fixed assets is charged on a straight line basis on cost or valuation, less estimated residual value, as follows:

Freehold buildings	2% per annum
Listed freehold buildings	1% per annum
Capital improvements to leasehold buildings	Over the remaining term of the lease
Other equipment	10 to 33% per annum as appropriate

In the year of acquisition, and subsequently if indications of impairment are detected, an impairment review is carried out. If impairment has occurred then the asset or assets in question will be written down to their recoverable amount.

(j) **Intangible income**

Intangible income is the estimated valuation of gifts in kind received by The Trust during the year, where it is possible to quantify them and where The Trust would otherwise have had to purchase them.

(k) **Listed investments**

Listed investments are stated at market value at the balance sheet date, or the nearest working day prior to the balance sheet date.

Realised and unrealised gains or losses are accounted for in the relevant fund. Unrealised gains on restricted bursary fund investments are included in the restricted bursary fund.

THE OUTWARD BOUND TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

1 ACCOUNTING POLICIES (continued)

(l) **Stocks**

Stocks are valued at the lower of cost and net realisable value and are generally used on a first in, first out basis

(m) **Leasing transactions**

Operating lease costs are charged to the SOFA on a straight-line basis over the lease term

(n) **Pensions**

Pension costs included in the financial statements represent the employer's contributions payable during the year to the relevant Pension Schemes, all of which are accounted for as defined contribution schemes

2 VOLUNTARY INCOME

	2013 £000	2012 £000
Donations for bursaries and general expenditure	3,423	2,790
Grants for specific projects	-	1,066
Legacies	-	525
	<u>3,423</u>	<u>4,381</u>

Donations for bursaries and general expenditure include intangible income of £223,250 (2012 £43,916) resulting from gifts in kind received from supporters. These gifts relate to legal and professional fees, materials for centre improvements and gifts for fundraising events

3 ACTIVITIES FOR GENERATING FUNDS

	2013 £000	2012 £000
Fundraising events	718	3,411
Corporate learning and development income	2,424	2,060
	<u>3,142</u>	<u>5,471</u>

4 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2013 £000	2012 £000
Outward Bound young people courses, gross course fees	7,920	7,209
Less bursary fund contributions from restricted funds	(2,247)	(2,254)
Outward Bound young people courses, net course fee income	<u>5,673</u>	<u>4,955</u>

THE OUTWARD BOUND TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

5 RESOURCES EXPENDED

(a) Analysis of total resources expended by the group:

	Staff Costs £000	Other Direct costs £000	Support Costs £000	Depreciation £000	2013 Total £000	2012 Total £000
Costs of generating voluntary income	669	458	90	5	1,222	1,190
Costs of activities for generating funds	1,145	902	144	42	2,233	2,048
Outward Bound young people courses	5,001	5,291	383	1,164	11,839	10,621
Governance costs	111	37	49	-	197	205
	<u>6,926</u>	<u>6,688</u>	<u>666</u>	<u>1,211</u>	<u>15,491</u>	<u>14,064</u>
Less Bursary fund transfer	-	(2,247)	-	-	(2,247)	(2,254)
	<u>6,926</u>	<u>4,441</u>	<u>666</u>	<u>1,211</u>	<u>13,244</u>	<u>11,810</u>

(b) Analysis of support costs:

	Generating Voluntary Income £000	Generating Funds £000	Charitable Activities £000	Governance £000	2013 Total £000	2012 Total £000
Unrestricted Funds						
Evaluation	13	-	12	-	25	-
Office facilities	9	19	61	4	93	94
Education Business						
Development	-	-	20	-	20	24
Operations and IT	2	3	23	3	31	61
Finance	4	10	26	2	42	41
Central Management	24	13	51	15	103	96
Marketing	23	23	158	23	227	208
Customer Services	-	7	27	-	34	7
Corporate Business						
Development	-	67	-	-	67	51
Scotland Office	15	2	5	2	24	6
	<u>90</u>	<u>144</u>	<u>383</u>	<u>49</u>	<u>666</u>	<u>588</u>

(c) Total resources expended by the charity include the following:

	2013 £000	2012 £000
Staff costs	6,926	6,640
Auditors' remuneration - audit	19	20
- other services	4	5
Depreciation	1,211	419
Operating leases - equipment hire	216	194
- rent payable	60	53
	<u>8,426</u>	<u>7,331</u>
Staff costs are made up of		
Wages and salaries	5,992	5,667
National Insurance costs	481	500
Pension costs	181	158
Other staff benefits and costs	272	315
	<u>6,926</u>	<u>6,640</u>

THE OUTWARD BOUND TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

5 RESOURCES EXPENDED (continued)

(c) Total resources expended by the charity include the following: (continued)

	2013	2012
The average number of full time equivalent employees during the year were		
Charitable activities	210	195
Corporate training and development	26	20
Fundraising	15	11
Management and administration	1	1
	<u>252</u>	<u>227</u>

The numbers of employees of the charity whose emoluments (excluding pension contributions) were in excess of £60,000 per annum were

	2013	2012
£60,001 - £70,000	1	3
£70,001 - £80,000	3	-
£90,001 - £100,000	1	1

Pension contributions in respect of these 5 employees totalled £21,145 in the year (2012 4 employees £20,382)

The Trustees did not receive any remuneration in the year (2012 £ nil) Three Trustees received expenses totalling £3,936 in respect of refunded travelling expenses and accommodation (2012 three Trustees received expenses totalling £3,273)

THE OUTWARD BOUND TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

6 TANGIBLE FIXED ASSETS

	Group Land & Buildings £000	Group Short Leasehold Improvements £000	Group Assets in the Course of Construction £000	Group Fixtures, Fittings & Equipment £000	Group Total £000
Cost or valuation					
At 1 October 2012	12,772	603	747	1,877	15,999
Additions	-	-	694	231	925
Disposals	-	-	-	(87)	(87)
Transfer of completed asset	1,303	-	(1,303)	-	-
At 30 September 2013	14,075	603	138	2,021	16,837
Depreciation					
At 1 October 2012	500	100	-	1,519	2,119
Charge for the year	1,014	62	-	135	1,211
Disposals/Revaluation	-	-	-	(71)	(71)
At 30 September 2013	1,514	162	-	1,583	3,259
Net Book Value					
At 30 September 2013	12,561	441	138	438	13,578
At 30 September 2012	12,272	503	747	358	13,880
	Charity Land & Buildings £000	Charity Short Leasehold Improvements £000	Charity Assets in the Course of Construction £000	Charity Fixtures, Fittings & Equipment £000	Charity Total £000
Cost or valuation					
At 1 October 2012	12,772	603	747	1,666	15,788
Additions	-	-	694	192	886
Disposals	-	-	-	(62)	(62)
Transfer of completed asset	1,303	-	(1,303)	-	-
At 30 September 2013	14,075	603	138	1,796	16,612
Depreciation					
At 1 October 2012	500	100	-	1,333	1,933
Charge for the year	1,014	62	-	120	1,196
Disposals/Revaluation	-	-	-	(45)	(45)
At 30 September 2013	1,514	162	-	1,408	3,084
Net Book Value					
At 30 September 2013	12,561	441	138	388	13,528
At 30 September 2012	12,272	503	747	333	13,855

THE OUTWARD BOUND TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

6 TANGIBLE FIXED ASSETS (continued)

The Trust's freehold properties were re-valued in the balance sheet on the basis of valuations carried out by Hyde Harrington, Chartered Surveyors, at open market value on 30 September 2012. £3,625,000 of the freehold valuation is apportioned to land and is not depreciated. Included in fixed assets are net unrealised gains of £7,168,000 arising from revaluation of the property portfolio. The calculation of these net unrealised gains is based on the most recent valuation of each property, less the value of capital improvements made to the property since the previous valuation date, and less the depreciation which relates exclusively to the revalued buildings valuation.

The Loch Eil centre is leased by The Trust from The Dulverton Trust at an annual rent of £25. The lease commenced in August 1995 and expires in 2020, with an option to extend to 2045 subject to the landlord not requiring the property for redevelopment. The centre is not valued in the balance sheet other than capital improvements to the buildings which at 30 September 2013 are shown at cost. The boathouse facility at Loch Eil, which has been capitalised, is disclosed within freehold land and buildings as these assets are located on a piece of freehold land which was gifted to the Trust in 2002.

In the past, properties have been sold whose individual historical costs were unknown. It is therefore not possible to identify the historical cost of land and buildings remaining in the balance sheet.

The Trust's operational properties are held in the accounts at value in use, in line with the accounting policies on page 17. The Aberdovey project was completed during the year, and after valuation by Hyde Harrington on 6 November 2012, it was subject to an impairment charge of £823,000 in order to reflect its value in use of £440,000 at the year end.

All tangible fixed assets are held for charitable use, with the exception of land and buildings at Eskdale and also certain equipment having a net book value totalling £25,000 (2012: £25,000) which is held for operational use by The Trust's subsidiary, Outward Bound Corporate Limited.

7 FIXED ASSET INVESTMENTS

	Group and Charity	
	2013	2012
	£000	£000
Listed UK Investments at market value		
Valuation at 1 October 2012	293	253
Additions in year	62	181
Disposals in year	(59)	(159)
Increase in market value	19	18
	<u>315</u>	<u>293</u>
Valuation at 30 th September 2013	315	293
Historical cost (or market value at date of gift) of investments	<u>202</u>	<u>745</u>

The Trust holds AIM listed shares in Evergreen Securities and Storyland Limited. The Trustees consider these to have a £ nil value and have written them down to £ nil in previous years. In order to reflect a more accurate historical cost figure £543,000 has been removed from the historical cost total in respect of these shares.

Breakdown of investment gains and revaluations:

Realised gains on investments	1	24
Unrealised gains on investments	19	18
	<u>20</u>	<u>42</u>

THE OUTWARD BOUND TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

7 FIXED ASSET INVESTMENTS (continued)

Investments consist of 36 holdings, two of which are now written down to a £ nil valuation and 34 of which range from 0.5% to 14.2% of the total portfolio value. Holdings making up more than 5% of the total market value are as follows:

M & G Charfund units	14.2%
Henderson High Income Exempt Trust units	7.7%
Invesco High Income Trust units	6.3%
Capita Financial Managers	5.8%

Note 11(c) shows the allocation of the above investments between the different types of funds.

The charity also holds investments in its two wholly-owned subsidiaries, Outward Bound Trading Limited and Outward Bound Corporate Limited being two ordinary shares of £1 in each company (see also note 14).

8 STOCKS

	Group		Charity	
	2013 £000	2012 £000	2013 £000	2012 £000
Catering & bar stock	<u>59</u>	<u>52</u>	<u>56</u>	<u>48</u>

9 DEBTORS

	Group		Charity	
	2013 £000	2012 £000	2013 £000	2012 £000
Trade debtors	1,782	1,711	1,033	896
Amounts due from subsidiary undertakings	-	-	509	799
Prepayments	411	339	385	322
Other debtors	101	710	101	710
	<u>2,294</u>	<u>2,760</u>	<u>2,028</u>	<u>2,727</u>

THE OUTWARD BOUND TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

10 CREDITORS: amounts falling due within one year	Group		Charity	
	2013 £000	2012 £000	2013 £000	2012 £000
Deferred income	1,611	1,460	1,299	1,264
Trade creditors	813	632	686	564
Accruals	189	312	184	310
PAYE, National Insurance and VAT	261	239	261	239
Other creditors	47	177	47	177
	<u>2,921</u>	<u>2,820</u>	<u>2,477</u>	<u>2,554</u>

11 FUNDS

(a) Types of Funds:

- (i) Unrestricted Funds
 - The General Fund is an unrestricted fund which is used for all activities of The Trust not otherwise designated or restricted
- (ii) Revaluation Reserve
 - The Revaluation Reserve arises from professional revaluations of The Trust's properties which have taken place since 1994. The most recent revaluation took place in September 2012
- (iii) Unrestricted Designated Funds
 - The Special & Capital Projects Fund was launched in 2009, it holds funds available for any projects designated by the Directors of a specific or capital nature
 - The Bursary Reserve, which was launched in 2009, was originally intended to provide a capital fund from which investment income will be derived to support the long term provision of bursaries for young people. In the short term this fund may also subsidise any in year shortfall in bursary funding
 - The Designated Fund established for the funds raised from the Descent of The Shard fundraising event on 3 September 2012. The money raised is being used for bursary, the redevelopment of our centres and the implementation of our strategic plan
 - The Designated Fund established for any future costs of a pension deficit that may arise in the current scheme or on the transfer of the scheme to a new provider
 - The other Designated Funds represent funding for capital projects which has been fully expensed on the project and the funding has been transferred in from Restricted or Unrestricted funds. The fund is now being written down over the lives of the asset to which it relates matching the depreciation charge in the accounts in the General Fund
- (iv) Restricted Bursary Funds
 - The Restricted Bursary Fund holds donations from corporate and individual donors and provides bursaries for young people to attend Outward Bound courses. Other occasional one-off donations for bursaries are received which are also accounted for through the fund
 - Included within this fund are donations for Corporate Projects which relate to monies received from major corporate donors who fund specific projects for young people
 - Also in this fund are Trust, Foundation and Statutory Funds gifted specifically to fund young people attending Outward Bound courses
 - There are also other Restricted Funds relating to projects with specific objectives which have been funded by supporters and other agencies, and also the investment income earned from the Endowment Fund investments intended for future use as bursaries

THE OUTWARD BOUND TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

11 FUNDS (continued)

(a) Types of Funds: (continued)

(v) Endowment Bursary Fund

- The Endowment Fund holds specific legacies and donations which are to be retained in perpetuity in the form of investments to provide income for bursaries

(vi) Restricted Capital Funds

- Included in Restricted Capital Funds is funding to be spent on the refurbishment of our centres and the purchase of equipment
- The Boathouse Fund is a restricted fund which holds the value of the grant received from the English Sports Council Lottery Sports Fund in 1999 for the redevelopment of the boathouse at Ullswater. The grant may be repayable in full or in part if The Trust disposes of the boathouse within 21 years of the grant being received or uses the boathouse for non-charitable activities within that period

From time to time The Trust also receives other income and donations which are subject to restrictions imposed by the donor. Funds are released to the General Fund when the original restriction on the donation has been satisfied.

(b) Movements in Unrestricted Funds:

	Balance 1 Oct 2012 £000	Income £000	Expenditure Gains and Losses £000	Depreciation Adjustments £000	Fund Transfers £000	Balance 30 Sept 2013 £000
General Fund	105	12,428	(13,270)	74	884	221
Designated Funds:						
Bursary Reserve	2,671	-	-	-	(137)	2,534
Special & Capital Funds	248	-	-	-	(60)	188
The Shard	1,967	-	-	-	(321)	1,646
Pensions Reserve	100	-	-	-	100	200
Property Designations						
Revaluation Reserve	7,242	-	-	(74)	-	7,168
Aberdovey Funds	1,078	-	-	-	546	1,624
Loch Eil Funds	583	-	-	-	(1)	582
Eskdale Funds	-	-	-	-	54	54
Howtown Funds	1,967	-	-	-	(54)	1,913
Ullswater Funds	105	-	-	-	(5)	100
Total Designated Funds	<u>15,961</u>	<u>-</u>	<u>-</u>	<u>(74)</u>	<u>122</u>	<u>16,009</u>
	<u>16,066</u>	<u>12,428</u>	<u>(13,270)</u>	<u>-</u>	<u>1,006</u>	<u>16,230</u>

THE OUTWARD BOUND TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

11 FUNDS (continued)

(b) Movements in Restricted and Endowment Funds:

	Balance 1 October 2012 £000	Income £000	Bursary Allocation £000	Expenditure Gains and Losses £000	Unrealised Gains on Revaluation £000	Transfers Between Funds £000	Balance 30 Sept 2013 £000
Restricted Bursary Funds	1,328	2,022	(2,247)	(99)	6	307	1,317
Endowment Bursary Fund	58	-	-	-	6	-	64
Restricted Capital Funds							
Boathouse Fund	223	-	-	-	-	-	223
Restricted Capital Funds	2,464	84	-	-	-	(1,313)	1,235
	<u>4,073</u>	<u>2,106</u>	<u>(2,247)</u>	<u>(99)</u>	<u>12</u>	<u>(1,006)</u>	<u>2,839</u>

For details of transfers between funds see note 12

Movements in the funds of the parent charity are the same as for the group, less only the profits payable under Deed of Covenant by the two trading subsidiary companies as disclosed in note 14

(c) Analysis of net assets held by Funds:

	General Fund £000	Revaluation Reserve £000	Designated Funds £000	Endowment & Restricted Funds £000	Total £000
Tangible fixed assets	1,914	7,168	4,273	223	13,578
Investments	206	-	-	109	315
Net current (liabilities)/assets	(1,899)	-	4,568	2,507	5,176
Net assets	<u>221</u>	<u>7,168</u>	<u>8,841</u>	<u>2,839</u>	<u>19,069</u>

THE OUTWARD BOUND TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

12 TRANSFERS BETWEEN FUNDS

During the year the following transfers have been made between the General, Designated and Restricted Funds

- The General Fund transfers include the release of Restricted Funds to cover the impairment in value adjustment of £823,000 for the new Llys Mathew building at our Aberdovey centre to its value in use, the use of £345,000 of Shard Funds on a variety of supporting projects and the transfer of £108,000 of funds received in the current year for the Descent of the Shard event. Amortisation of £202,000 is also credited to the General Fund, and a transfer of £100,000 was made from the General Fund to the Pensions Designated Fund. The transfer from the General Fund to the Pensions Designated Fund is in support of the ongoing need to provide for any future pension deficit arising.
- The Bursary Reserve Fund supported a transfer of £137,500 towards the Aberdovey build of Llys Mathew, this was satisfying an approved reallocation commitment made in the prior year.
- Various small projects were supported by the Special and Capital Designated Fund totalling £60,000.
- The transfers from The Shard Fund included those mentioned above to the General Fund along with £125,000 of matched Funding for the building of the Llys Mathew building at Aberdovey.
- Of the Property Designated Funds, in addition to the amortising transfers, there were transfers into the funds of £742,000 representing the value of the capitalised funds on the completion of Llys Mathew and a rebuilt log cabin.
- The property at Eskdale has building work continuing which has received £54,000 of Designated Funds from The Shard Fund.
- Our Loch Eil property has also had £112,000 of Restricted Capital Funds transferred towards the costs of roof works.
- The Restricted Bursary Fund received £279,000 of Funds to cover costs from the General Fund along with other minor transfers of Bursary between restricted Funds.
- The movement on the Other Restricted Capital Funds of £1,312,000 represents the net value of Funds used at Aberdovey on both Llys Mathew, including the write down to value in use of £823,000 and the rebuild of the log cabin, and the transfer in of Funds received from the Shard Fund (£125,000) and the Bursary reserve Fund (£137,500).

13 RELATED PARTY TRANSACTIONS

During the year under review no donation were made by Trustee (2012 one Trustee £375,000)

No other significant transactions with Trustees or companies controlled by Trustees occurred during the year

THE OUTWARD BOUND TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

14 SUBSIDIARY UNDERTAKINGS

The Trust has two wholly owned subsidiary companies, both registered in England

Outward Bound Corporate Limited runs learning and development programmes for corporate clients. Costs of £1,675,000 (2012 £1,650,000) were charged by the parent charity to Outward Bound Corporate Limited, representing the costs incurred by The Trust in connection with the employment of all staff formerly employed through Outward Bound Corporate Limited and an allocation of the costs of running apprentice courses in young people centres and of Head Office support services.

Outward Bound Trading Limited is now dormant. Costs of £nil (2012 £55,000) were charged by the parent charity to Outward Bound Trading Limited, this previously represented an allocation of the costs of Head Office support services. This reflects a cessation of activity in Outward Bound Trading Limited during the year.

Both companies, when appropriate, covenant taxable profits to the parent charity. A summary of their results is shown below. Full financial statements are filed annually with the Registrar of Companies and are obtainable from the Company Secretary at The Outward Bound Trust's Head Office at Hackthorpe.

(a) Profit and loss accounts for the year ended 30 September 2013:

	Outward Bound Corporate Limited		Outward Bound Trading Limited	
	2013	2012	2013	2012
	£000	£000	£000	£000
Turnover	2,424	2,060	-	346
Cost of sales and administration costs	(2,254)	(2,046)	(-)	(117)
Operating profit for the year	170	14	-	229
Loss brought forward	-	-	(-)	(65)
Covenanted to the parent charity	(170)	(14)	(-)	(164)
Retained in subsidiary	-	-	-	-
Average number of employees including part timers during the year	-	-	-	-

No employees in either company received emoluments in excess of £50,000 (2012 Nil Employees)

The Directors received no emoluments or expenses (2012 £ nil)

THE OUTWARD BOUND TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

14 SUBSIDIARY UNDERTAKINGS (continued)

(b) Summarised balance sheets at 30 September 2013:

	Outward Bound Corporate Limited		Outward Bound Trading Limited	
	2013	2012	2013	2012
	£000	£000	£000	£000
Tangible fixed assets	49	25	-	-
Current assets	902	984	1	55
Current liabilities	(951)	(1,009)	(1)	(55)
Net current liabilities	(49)	(25)	-	-
Net liabilities	-	-	-	-
Called up share capital and profit and loss account	-	-	-	-

15 OPERATING LEASES

At 30 September 2013 there were annual commitments under operating leases expiring as follows

	Group				Charity			
	Land & buildings		Equipment		Land & buildings		Equipment	
	2013	2012	2013	2012	2013	2012	2013	2012
	£000	£000	£000	£000	£000	£000	£000	£000
Expiring:								
Up to 1 year	-	-	5	94	-	-	5	84
Between 1 and 2 years	-	-	2	21	-	-	2	21
Between 2 and 5 years	70	71	127	50	70	71	118	46
More than five years	-	-	-	5	-	-	-	5
	<u>70</u>	<u>71</u>	<u>134</u>	<u>170</u>	<u>70</u>	<u>71</u>	<u>125</u>	<u>156</u>

THE OUTWARD BOUND TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

16 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of net income to net cash inflow from operating activities:

	2013 £000	2012 £000
Net income	(965)	3,020
Adjustments:		
Items not involving the movement of funds:		
Depreciation charge	388	419
Depreciation due to impairment charge	823	-
Loss/(Profit) on sale of tangible fixed assets	1	(11)
Interest receivable	(32)	(15)
Property legacy	-	(525)
Changes in working capital:		
Increase in stocks	(7)	(16)
Decrease/(Increase) in debtors	466	(1,168)
Increase in creditors	101	568
Net cash inflow from operating activities	<u>775</u>	<u>2,272</u>

(b) Reconciliation of net cash flow to movement in net funds:

	2013 £000	2012 £000
(Decrease)/Increase in cash in the year	(105)	1,317
Change in net funds	<u>(105)</u>	<u>1,317</u>

(c) Analysis of the change in net funds:

	1 Oct 2012 £000	Cash flow £000	30 Sept 2013 £000
Net cash:			
Cash at bank and in hand	5,302	(99)	5,203
Cash held locally by Outward Bound Associations (see note below)	147	(6)	141
Change in net funds	<u>5,449</u>	<u>(105)</u>	<u>5,344</u>

Cash held by Outward Bound Associations is not directly available to The Trust and cannot be set off against overdrafts. Association cash balances are raised primarily by local fundraising efforts, and the balances are used by Associations to pay for Outward Bound courses booked by them on behalf of local participants.

Outward Bound Associations raise funds to support the activities of The Trust. Association income is disclosed as fundraising income and the related expenditure disclosed as expenditure of the Association and as income of The Trust for course fees.

THE OUTWARD BOUND TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

17 PENSIONS

(a) The Pensions Trust

The Outward Bound Trust participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

The Outward Bound Trust paid contributions at rates of 5% or 10% during the accounting period. Members paid contributions at the rate of 1-5% during the accounting period.

As at the balance sheet date there were 90 active members of the Plan employed by The Outward Bound Trust. The Outward Bound Trust continues to offer membership of the Plan to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2011 were completed in 2012 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

THE OUTWARD BOUND TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

17 PENSIONS (continued)

(a) The Pensions Trust (continued)

The financial assumptions underlying the valuation as at 30 September 2011 were as follows

	% p.a.
Rate of return pre retirement	4.9
Rate of return post retirement	
Active/Deferred	4.2
Pensioners	4.2
Bonuses on accrued benefits	0.0
Inflation Retail Prices Index (RPI)	2.9
Inflation Consumer Prices Index (CPI)	2.4

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions, such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The Scheme Actuary has prepared a funding position update as at 30 September 2012. The market value of the Plan's assets at that date was £790 million and the Plan's Technical Provisions (i.e. past service liabilities) was £984 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £194 million, equivalent to a funding level of 80%.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2011 valuation was forwarded to The Pensions Regulator on 2 October 2012, as is required by legislation.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4 (Our recent correspondence to all employers refers). The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

THE OUTWARD BOUND TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

17 PENSIONS (continued)

(b) The Teachers Pension Scheme

Where a new employee was a member of the Teachers' Pension Scheme by virtue of previous employment they could, until 31 August 2008, elect to continue to contribute whilst employed by the Trust. From 1 September 2008, continued membership of the Teachers' Pension Scheme was no longer offered to new employees. The Trust continues to contribute the percentage of salary laid down in the rules of the Teachers' Pension Scheme for those employees who are existing members. During the year 1 employee was a member of the Teachers Pension Scheme (2012: 3 employees). Total employer's contributions to the Teachers Pension Scheme for the year to 30 September 2012 were £3,735 (2012: £3,962).

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

THE OUTWARD BOUND TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

17 PENSIONS (continued)

(b) The Teachers Pension Scheme (continued)

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

Scheme Changes

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS, as set out in the Proposed Final Agreement, and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

(c) Other pension contributions

The Trust also supports membership of a small number of private pension schemes for certain individuals. Total contributions for these schemes for the year to 30 September 2013 were £22,907 (2012: £20,416).