

Registered number: 06780453
Charity number: 1127466

Island Health Trust
(A Company Limited by Guarantee)

Trustees' Report and Financial Statements

For the Year Ended 31 March 2017

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Island Health Trust
(A Company Limited by Guarantee)

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Island Health Trust
(A Company Limited by Guarantee)

Reference and Administrative Details of the Company, its Trustees and Advisers
For the Year Ended 31 March 2017

Trustees

Suzanne Goodband, Chair
Alan Holman, (resigned 1 April 2016)
Stephen Molyneaux (resigned 1 April 2016)
Ruth Brannvall (appointed 1 April 2016, resigned 30 September 2017)
Leonie Hirst (appointed 1 April 2016, resigned 31 July 2017)
Barak Maoz (appointed 1 April 2016, resigned 13 March 2017)
Saadia Mujeeb (appointed 1 April 2016, resigned 27 October 2016)
Christian Woodhead (appointed 1 April 2016, resigned 22 November 2017)
Mavis Wenham (appointed 1 June 2017)
Jocelyn Braun (appointed 1 June 2017)
Simon William Lovell (appointed 1 November 2017)
Michael Cooper (appointed 1 November 2017)
Elaine Bagshaw (appointed 1 November 2017)

Company secretary

Sangita Patel

Company registered number

06780453

Charity registered number

1127466

Registered office

Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Independent auditors

UHY Kent LLP t/a UHY Hacker Young
Chartered Accountants
Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Bankers

CAF Bank Limited
PO Box 289
West Malling
ME19 4TA

Solicitors

Winckworth Sherwood LLP
Minerva House
5 Montague Cl
London
SE1 9DF

Island Health Trust
(A Company Limited by Guarantee)

Trustees' Report
For the Year Ended 31 March 2017

The trustees present their annual report together with the audited financial statements of Island Health Trust for the year 1 April 2016 to 31 March 2017.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Since the company qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

This Trustees' Report provides an overview of the charity's activities, developments, achievements and financial performance for the year to 31 March 2017 as well as plans for the future. It also sets out the historical context of the organisation. The report from the auditors, together with financial statements for the year follow.

Structure, governance, management and charitable status

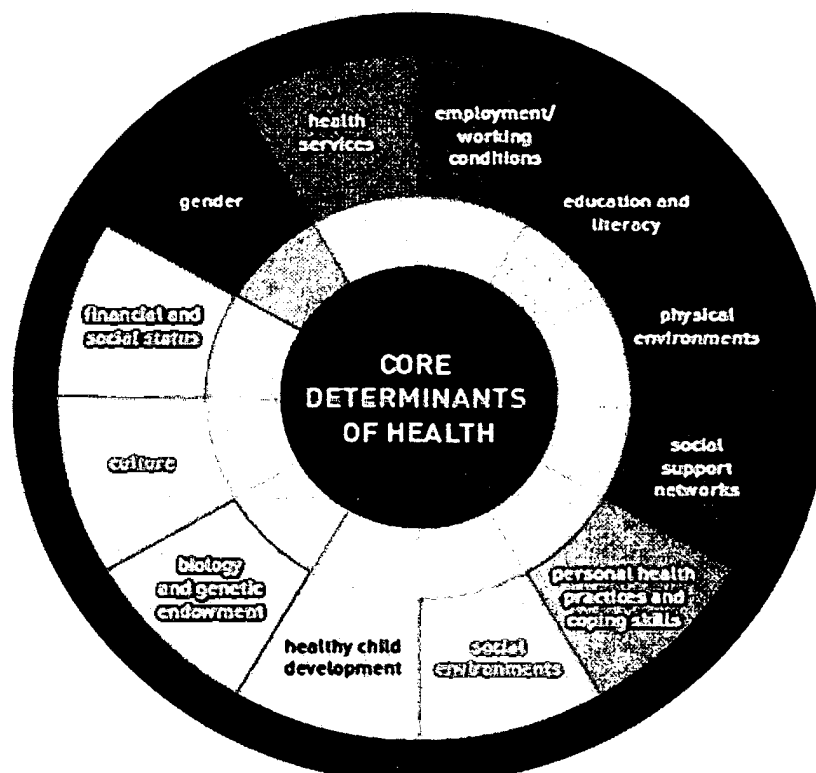
Island Health Trust (IHT) is a company limited by guarantee. It was first set up as an unincorporated entity and registered charity called the Island Health Charitable Trust, formed under a declaration of Trust dated 12 February 1992.

Island Health Trust was incorporated on 28 December 2008 and on 1 April 2009 the unincorporated Island Health Charitable Trust transferred all its assets to IHT, who agreed to take on all the liabilities of the trustees of the Island Health Charitable Trust. The assets included the freehold and under leasehold interests in the property known as Island Health Centre, 145 East Ferry Road, London E14 3AY. The freehold is subject to a peppercorn lease granted to Asda Stores which expires in 2107.

Purpose and aims - who we are and what we exist to do?

Island Health Trust's (IHT) objectives are to improve the health of both the population of the London Borough of Tower Hamlets and Newham by actively participating at a primary health level. The provision of the Health Centre is clearly included within the IHT objects, however, IHT is not permitted to subsidise the public sector.

We use the World Health Organisation's (WHO) Determinants of Health to frame our work in improving the health of both our beneficiary populations.



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Trustees' Report (continued)
For the Year Ended 31 March 2017

We define primary care as prevention and first intervention. Primary care applies across the whole spectrum of the WHO Wider Determinants of Health i.e. all 12 of the segments shown above. Health improvement is driven and enabled by ensuring adequate attention across the whole of the spectrum of determinants either directly or indirectly.

Contributing to the health improvement our motto is *think big act local*

These wider determinants of health are a diverse range of social, economic and environmental factors which impact on people's health. They determine the extent to which different individuals have the physical, social and personal resources to identify and achieve goals, meet their needs and deal with changes to their circumstances.

The Marmot review, published in 2010, raised the profile of wider determinants of health by emphasising the strong and persistent link between health and social inequalities. Several studies have found that the wider determinants have a greater influence on health than care, behaviours or genetics. In addition, both the Marmot review and the Dame Carol Black review highlighted the huge economic costs of failing to act on the wider determinants of health. (Source: Public Health England, Wider Determinants of Health).

IHT identified, given the significant unemployment rates; Tower Hamlets over 10% and Newham 13% as compared with London as a whole 7%, along with the associated overall deprivation within the populations that attention on employment to deliver health gain was needed and a continuing opportunity to act and intervene, at a primary level to improve the health status of those in Tower Hamlets and Newham.

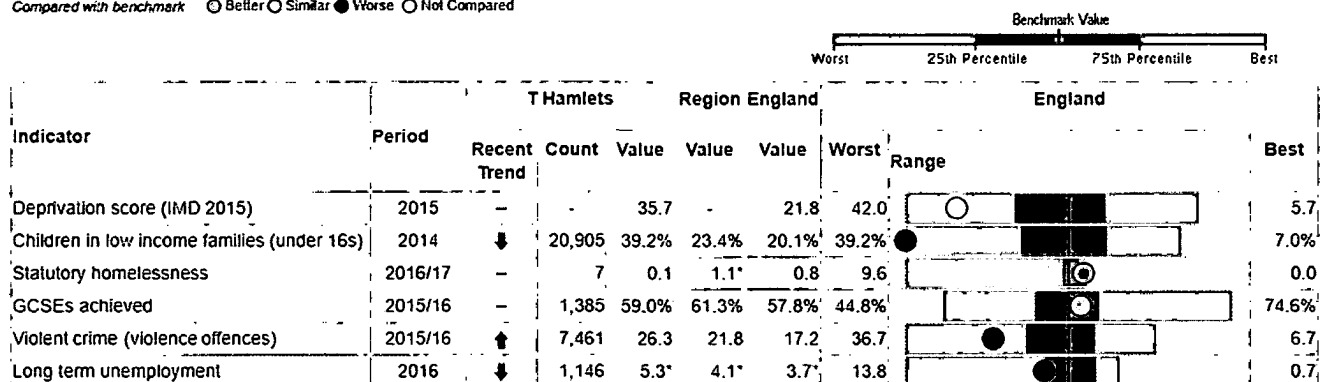
Taking into account Public Health England's analysis below, IHT decided to focus on reducing health inequalities and improving the health of people in both Boroughs by focusing on employment and good work.

Who is the charity's beneficiary population?

IHT is focused on the population of both the London Boroughs of Tower Hamlets and Newham, as set out in the objects and powers of IHT. The Public Health England profiles for Tower Hamlets and Newham below are a snapshot as at July 2017 of people's health in both beneficiary populations. This type of analysis helped us to define health through employment as one of the key factors that will assist in improving people's health and reduce health inequalities.

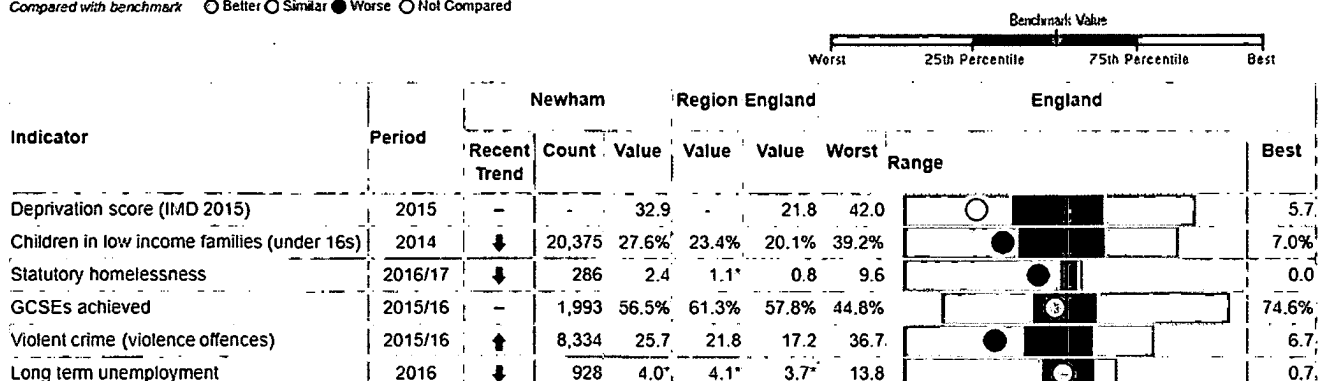
Tower Hamlets

Compared with benchmark ○ Better ○ Similar ● Worse ○ Not Compared



Newham

Compared with benchmark ○ Better ○ Similar ● Worse ○ Not Compared



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Trustees' Report (continued)
For the Year Ended 31 March 2017

The relationship between employment and health is well known and is part of the policy framework locally, throughout the UK, within Europe and across the world as an approach to improving population health.

As part of this approach, good local employment is vital i.e. permanent jobs, on the London living wage, with an opportunity to progress.

We have agreed our first priority is to support those who are vulnerable; those with mental health issues, long term unemployed and those who are late to the work market i.e. from second and third generation unemployed families.

The Island Health Centre

In addition to improving health through the wider health determinants and in particular primary care interventions of prevention and first intervention, IHT owns a health centre at Crossharbour on the Isle of Dogs, which produces the revenue that supports the Charity's mission.

This health centre houses GPs, Dentists, Health Visitors and District Nurses who in turn provide a range of health and wellbeing services to the local population on the Isle of Dogs.

What we did in 2016/17

a. Complete our strategy and define our approach

For a second and final year we have invested in IHT to ensure that we are well placed to make our contribution and deliver our strategy in the short, medium and long term. Over recent years; since we paid off the mortgage on the health centre we have accumulated reserves to enable us to invest in IHT so we can make a positive impact on the lives of the people of both Boroughs on a sustainable basis.

Rental income is currently the charity's only source of revenue to fund charitable activities.

To make our contribution on a continuing and viable basis we recognised that we had to ensure we would be financially viable in our own right. We didn't want to build expectations and fail because our finances were insufficient. We knew we weren't the sort of charity that people would prioritise for donations or legacies so we have tried to identify other ways that we could assure IHT's financial future. Options considered include working with social finance organisations and business to attract CSR (corporate social responsibility) monies.

It is in this light that further work was conducted to understand our options in sustaining our charitable activities. At the end of 2016/17 IHT concluded its strategy development work. We are now in a position to discuss this with the Charity Commission, local stakeholders, potential and emerging grantees, i.e. the beneficiary populations of Tower Hamlets and Newham and potential partners; particularly those that will contribute significantly to IHT's funds and have the ability to impact positively on the health of the people of Tower Hamlets and Newham.

We also continue to address our need for local trustees with the skills and experience to help us deliver our ambitious strategic ambitions i.e. those who live and/or work in Tower Hamlets and Newham. The Board continues to work with a recruitment consultant to help guide us through a thorough, open and transparent process to identify suitable candidates that share our mission.

Throughout, we have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims, objectives and planning our future activities.

b. Grants

Additionally, a very significant proportion of the charity's efforts were expended in developing a strategy to identify ways by which to make its charitable assets more productive, with results that are measurable, meaningful and impactful on the communities the charity serves now and over the coming years.

A large part of our vision is to impact on health and wellbeing through our grants programme supporting employment opportunities for vulnerable people, so they can play more active roles with their families, friends and in the wider community; thus creating, not only a positive health impact but an additional positive economic and socio-cultural contribution within the communities and beyond. With our refreshed focus we have looked at options to increase and target our grant giving and have identified and funded a number of potential and existing partners that will enhance the reach of our grant giving activities and provide some diversity within the same overarching goals. As a result we can report that during 2016/17 we have awarded the second largest amount of grant monies in IHT's history with the aim of continuing to grow this year on year.

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Trustees' Report (continued)
For the Year Ended 31 March 2017

What we did in 2016/17 - continued

In May 2016 the Board agreed the principles of our long-term strategy for grant giving and to gradually accelerate the amount given over the next 10 years. The charity has been developing the terms of agreement for grants as well as assessing and awarding a higher number of grant payments in the 2016/17 financial year. Our grant giving budget increased from £11,700 in 2015/16 to £70,596.45 in 2016/17. We are pleased to report 2016/17 is our second biggest grant giving year since the inception of the charity. The money has been spent in a number of areas including:

- Grants to the GPs: A continuation of the grant to the GPs of £11,055 to support the provision of complementary therapies offered by the practice team to its patients. Sessions to patients are offered through GP referrals permitting 351 sessions of free osteopathy, massage and acupuncture to be provided throughout the year.
- £24,190 towards the GPs regulatory inspection costs.
- In addition, a grant of £3,226.45 was paid towards the GPs annual service charge for costs incurred indirectly by the practice consolidation. This payment forms a small part of a five-year grant for these purposes.
- Educational grants: from our inception we have sponsored exceptional individuals whose personal aim is to impact positively on the health and well-being of people within Tower Hamlets and Newham. During 2016/17 we supported a very special woman who lives on the Isle of Dogs and works in the Public Health Department in the London Borough of Tower Hamlets to successfully complete her MSc in Public Health.
- Island House: We have also granted Island House and partners monies to fund the CanDo grants programme during 2017 and 2018. Currently CanDo projects for the South East and South West localities are funded by Comic Relief and One Housing Group and this funding is due to end in December 2017. To ensure this successful programme is sustained IHT will continue to fund these programmes throughout 2018. Our aim is to develop this initiative and work with Island House and partners to identify how these potential fledgling initiatives may be able to create future employment within the Borough. In the first instance, through this grant IHT aims to contribute towards the continuing employment of the community facilitators, as well as giving funds to support the initial small grants. In 2016/2017 we granted £30,000 to Island House for the first stage with a further £30,000 allocated in 2017/18 totalling £60,000.

We particularly want to thank the Public Health Department within the London Borough of Tower Hamlets for their experience, suggestions, input and time during 2016/17.

c. *Health Centre*

In addition, we looked at how best we could deliver the greatest benefit from IHT's total assets, the greatest asset being the land and the health centre situated on that land. The health centre will soon be too small for the growing surrounding population, it is expensive to run, environmentally unfriendly, and despite strong efforts is not the best arrangement for modern health and social care. We understand that the building itself will need replacing so that the health centre is fit for purpose and our aim is to plan for this transition in the next five to eight years. In providing a replacement building IHT will look to ensure that during this phase there is a health centre fit for purpose so that there is no gap in the provision of this service.

Current occupants in the Island Health Centre are health and wellbeing organisations; the NHS, social enterprises and private health organisations who all continue on commercial property leases. The GPs new lease terms continue to include 1954 Act protection; the public sector tenants pay rents agreed with the district valuer for the part of the health centre that they occupy and service charges to maintain the upkeep of the building. In the short term we want to attract additional tenants (to fill the space that is vacant) who can play an active role in improving and broadening the range of social prescribing interventions and/or education offerings for local people and service providers. We are particularly interested in prospective tenants who will through their work create employment for people who live in Tower Hamlets and Newham. If opportunities exist to help vulnerable people into good work through supported programmes we would like to hear more about how we could work together to do this.

d. *Additional 2016/17 Expenditure*

Contractors

The refreshed strategic direction of IHT has been supported by a range of professional firms, contractors and trustees on service contracts.

Island Health Trust
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Trustees' Report (continued)
For the Year Ended 31 March 2017

Staff Recruitment

Appointments to permanent positions are on hold until the Charity Commission investigations are complete. As part of the contract awarded to Suzanne Goodband Interim Solutions Ltd in 2016/17, Suzanne Goodband was asked by the board to take on interim executive role responsibilities for the operational day-to-day running of the charity including local stakeholder meetings, and also to oversee the interim property management arrangements which included negotiating new leases. Both of which took up a significant part of her service contract hours.

What we plan to do in 2017/18

Moving into 2017/18, we remain in a strong cash position. This will enable us to continue to invest in the future growth of our grant giving programme and health centre plans and also to implement our planned activity in both of these areas over the next financial year.

a. *Grants*

For our grants programme: we believe with sufficient support we can assist vulnerable people, whose health is challenged by extremely difficult circumstances, into good work so they can better assure their own health and basic needs. But, not only for themselves, for their families too. And through their achievements build and strengthen their relationships with family, friends and their wider community. We want to assist people to become independent, interdependent, connected, active, engaged, healthy individuals and members of the Tower Hamlets and Newham society.

We have plans to partner with East London Community Foundation and for them to manage a major part of our grants programme focused on delivering health gain through good jobs and employment.

As detailed above in the 2016/17 grants breakdown we will continue to invest additional funds into the CanDo Programme with Island House and their partners with the aim of identifying those fledgling ideas where we may be able to continue to support their growth and engage more of the population.

Educational grants: from our inception we have sponsored exceptional individuals whose aim is to impact positively on the health and well-being of people of Tower Hamlets and Newham. We have plans to do the same in 2017/18.

In Newham, for the first time we have two Trustees starting in 2017/18 who live in the area and we will work with them to explore opportunities for our grants programme.

We have also recently appointed a new Trustee from Tower Hamlets and we will work with her to identify further opportunities within Tower Hamlets and on the Isle of Dogs particularly.

b. *Health Centre*

Using a building reserves designated fund for the health centre, we have plans for building upgrades and modernisation. We will also continue to finalise leases with current tenants whilst identifying additional tenants for the vacant areas on the first floor who are from health, social care or education sectors.

Our first improvement initiative is to upgrade the patient toilets on the ground floor; to make both the male and female toilets suitable for people of Islamic faith as well as for those people with disabilities.

c. *Measuring our impact*

We will define success by measuring our impact on the two beneficiary populations; we are currently considering our approach.

We will look to measure our impact in a number of ways to focus on the vulnerable; those with a mental illness, the long term unemployed returning to work and second and third generation unemployed who are late to the work market.

We will aim to assess this from the perspective of the individual, their family, friends and community and borough and whether the initiatives are delivering real jobs, on the London living wage with promotion and progression opportunities

Island Health Trust
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Trustees' Report (continued)
For the Year Ended 31 March 2017

Financial review

The charity's financial results for the year ended 31 March 2017 are presented in the Statement of Financial Activities on page 11 of these accounts. The result for the year was a net expenditure of £102,568, however this was expected due to the planned additional expenditure explained on pages 5 and 6. The Balance Sheet remained healthy at 31 March 2017 with the charity's free reserves (being the Accumulated Trust Fund excluding the investment property) of £1,109,070.

Our reserves policy

The current IHT reserves policy is based on one year's rent of £250k.

For large approved investments and expenditure we allocate monies from existing reserves.

Designated Funds

Continuing the charity's policy, £10,000 has been added to the reserved fund designated for use when major fabric improvements are required. The balance is now £167,088 with no expenditure incurred during the year.

Charity Commission investigation/inquiry

Following a reference by the London Borough of Tower Hamlets, the Charity Commission carried out an informal investigation into payments made by the charity to its trustees and other matters. The Charity Commission found no wrongdoing by the charity but issued regulatory advice, which the trustees have considered and followed. Subsequently, Jim Fitzpatrick MP raised the same issues in the House of Commons which prompted the Commission to institute a statutory inquiry. The trustees have provided information to the Commission and are co-operating fully with the inquiry.

Risk Assessment

The trustees have examined the major risks to which the charity could be exposed with a view to establishing systems to mitigate the risks and confirmed the reserves policy. The reserves policy is to have sufficient free reserves to offset its main risk, which is loss of rental income from the Health Centre without adequate notice.

The trustees' assessment is that the risk of fraud at IHT is at a very low level in view of the nature of its operations and activities. The process that was used to reach this conclusion was proportionate in nature and depth to the size of the organisation, level of financial risk and complexity.

Disclosure of Information to Auditors

The trustees confirm their approval of this report, so far as they are individually aware, there is no relevant audit information of which the charity's auditors are unaware; and each trustee has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Signed on behalf of the trustees on 20 December 2017 by:



Suzanne Goodband, Chair



Simon William Lovell, Trustee

Island Health Trust
(A company limited by guarantee)

Trustees' Responsibilities Statement
For the Year Ended 31 March 2017

The trustees (who are also directors of Island Health Trust for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Island Health Trust
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Independent Auditors' Report to the Members of Island Health Trust

We have audited the financial statements of Island Health Trust for the year ended 31 March 2017 set out on pages 11 to 21. 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 trustees, 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 trustees 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 trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditors

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.

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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 charitable company's affairs as at 31 March 2017 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

Island Health Trust
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Independent Auditors' Report to the Members of Island Health Trust

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies' exemption.



Allan Hickie BSc FCA (Senior statutory auditor)
for and on behalf of
UHY Kent LLP
Chartered Accountants
Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 21 December 2017

Island Health Trust
(A company limited by guarantee)

Statement of Financial Activities Incorporating Income and Expenditure Account
For the Year Ended 31 March 2017

	Note	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income from:				
Charitable activities	2	245,768	245,768	269,214
Investments	3	991	991	1,641
Total income		246,759	246,759	270,855
Expenditure on:				
Charitable activities:				
Grants payable		70,596	70,596	11,770
Support costs	5	278,731	278,731	295,742
Total expenditure		349,327	349,327	307,512
Net expenditure before other recognised gains and losses		(102,568)	(102,568)	(36,657)
Net movement in funds		(102,568)	(102,568)	(36,657)
Reconciliation of funds:				
Total funds brought forward		4,398,665	4,398,665	4,435,322
Total funds carried forward		4,296,097	4,296,097	4,398,665

The notes on pages 13 to 21 form part of these financial statements.

Island Health Trust
(A company limited by guarantee)
Registered number: 06780453

Balance Sheet
As at 31 March 2017

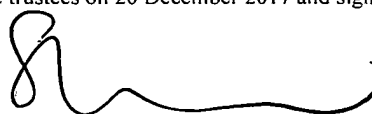
	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	8	300		599	
Investment property	9	3,187,027		3,025,032	
			3,187,327		3,025,631
Total tangible assets			3,187,327		3,025,631
Current assets					
Debtors	10	125,058		117,176	
Cash at bank and in hand		1,108,835		1,339,013	
		1,233,893		1,456,189	
Creditors: amounts falling due within one year	11	(125,123)		(83,155)	
Net current assets			1,108,770		1,373,034
Net assets			4,296,097		4,398,665
Charity Funds					
Unrestricted funds	12		4,296,097		4,398,665
Total funds			4,296,097		4,398,665

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the trustees on 20 December 2017 and signed on their behalf, by:



Suzanne Goodband, Chair



Simon William Lovell

The notes on pages 13 to 21 form part of these financial statements.

Island Health Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2017

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Island Health Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Reconciliation with previous Generally Accepted Accounting Practice

In preparing these accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

No restatements were required.

1.3 Company status

The company is a company limited by guarantee. The members of the company are the trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member of the company.

1.4 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Charitable activities are costs incurred on the company's operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

Island Health Trust
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Notes to the Financial Statements
For the Year Ended 31 March 2017

1. Accounting Policies (continued)

1.6 Tangible fixed assets, depreciation and investment property

All assets costing more than £500 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

The investment property is re-valued annually by the trustees to their estimate of its market value. The aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation is provided for the investment property in line with Financial Reporting Standard 102. The failure to depreciate an investment property is, however, a departure from the requirements of the Companies Act 2006. The trustees believe that a policy of not providing for depreciation is necessary in order for the accounts to show a true and fair view, since it is the current value of the investment property, under existing use, that is of importance.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Computer equipment	-	3 years straight-line
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1.7 Interest receivable

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

1.8 Debtors

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

1.9 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.11 Financial instruments

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

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Notes to the Financial Statements
For the Year Ended 31 March 2017

1. Accounting Policies (continued)

1.12 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

2. Income from charitable activities

	Unrestricted funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Rental income	245,768	245,768	269,214
	<u>245,768</u>	<u>245,768</u>	<u>269,214</u>
<i>Analysis of 2016 total by fund</i>	<u>269,214</u>	<u>269,214</u>	

3. Investment income

	Unrestricted funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Bank interest	991	991	1,641
	<u>991</u>	<u>991</u>	<u>1,641</u>
<i>Total 2016</i>	<u>1,641</u>	<u>1,641</u>	

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4. Analysis of grants

	Unrestricted funds 2017 £	Total 2017 £	Total 2016 £
Grants payable	70,596	70,596	11,770

In 2016 the total grants payable all related to unrestricted funds.

Grants payable were as follows:

	2017 £	2016 £
Island House Community Centre	30,000	-
Island Health Practice	38,461	11,770
MSc fees contribution - IoD Resident	2,135	-
	<u>70,596</u>	<u>11,770</u>

5. Support costs

	Total 2017 £	Total 2016 £
Executive services	46,776	44,858
Strategic management	68,847	153,583
Professional fees	26,436	46,661
IT equipment and support	6,438	3,081
Consultancy	17,114	24,000
Audit fees	4,025	3,890
Meeting costs	22,212	9,319
Bad debts	-	4,100
Insurance	271	739
Sundry	144	1,037
Public sector and Charity Commission engagement	66,727	-
Service charges	19,242	4,175
Property maintenance	200	-
Depreciation	299	299
	<u>278,731</u>	<u>295,742</u>

At 31 March 2016 - all unrestricted funds

295,742

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Notes to the Financial Statements
For the Year Ended 31 March 2017

6. Net income/(expenditure)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	299	299
Auditors' remuneration - audit	4,025	3,890
Auditors' remuneration - other services	3,625	1,215
	<u>7,949</u>	<u>5,304</u>

7. Trustees' remuneration and expenses

The charity trustees were not paid or did not receive any other benefits from employment or in relation to their roles as trustees during the year (2016: £Nil).

One charity trustee received reimbursement of expenses amounting to £4,494 during the year (2016: no reimbursement of expenses).

Three charity trustees received payment for professional or other services supplied to the charity during the year. Further details are disclosed in note 15, related party transactions.

8. Tangible fixed assets

	Computer equipment £
Cost	
At 1 April 2016 and 31 March 2017	898
Depreciation	
At 1 April 2016	299
Charge for the year	299
At 31 March 2017	598
Net book value	
At 31 March 2017	300
At 31 March 2016	599

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Notes to the Financial Statements
For the Year Ended 31 March 2017

9. Investment property

	Freehold investment property £	Capitalised lease costs £	Total £
Valuation			
At 1 April 2016	2,850,000	175,032	3,025,032
Additions at cost	-	161,995	161,995
At 31 March 2017	<u>2,850,000</u>	<u>337,027</u>	<u>3,187,027</u>

The 2017 valuations were made by the trustees, on an open market value for existing use basis.

The trust owns the freehold of land on which the Health Centre is sited and the adjoining land extending to the East Ferry Road. This freehold, however, is subject to a lease to ASDA stores expiring on 15 July 2107. In turn ASDA sub-lease back to the trust that part of the land on which the buildings and car park are sited. This sub-lease expires on 14 July 2107.

The trustees obtained a formal valuation of the investment property by a qualified surveyor during the year ended 31 March 2015; as a result, this was revalued to £2.85m. The trustees believe that this is the best estimate of the market value of the freehold land and buildings at 31 March 2017. The historical cost of the investment property is £717,680. The additions since the revaluation relate to capitalised professional and other costs incurred in respect of lease renewals and property development.

As IHT intends to rebuild the health centre in the next five to eight years, a new valuation of the land was obtained to inform the potential for development. As expected, the valuation of the land is significantly higher than the value of the current Health Centre building, however, the lease arrangement with ASDA will need to be considered and will considerably reduce the remaining value to IHT. IHT will continue to report transparently and openly on the progression of any new Health Centre building proposals.

10. Debtors

	2017 £	2016 £
Trade debtors	13,466	13,466
VAT recoverable	70,609	23,901
Other debtors	-	6,458
Prepayments and accrued income	40,983	73,351
	<u>125,058</u>	<u>117,176</u>

11. Creditors: Amounts falling due within one year

	2017 £	2016 £
Other creditors and accruals	<u>125,123</u>	<u>83,155</u>

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Notes to the Financial Statements
For the Year Ended 31 March 2017

12. Statement of funds

Statement of funds - current year

	Balance at 1 April 2016 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2017 £
Designated funds					
Fabric fund	157,088	-	-	10,000	167,088
General funds					
Accumulated general fund	2,109,257	246,759	(349,327)	(10,000)	1,996,689
Revaluation reserve	2,132,320	-	-	-	2,132,320
	4,241,577	246,759	(349,327)	(10,000)	4,129,009
Total Unrestricted funds	4,398,665	246,759	(349,327)	-	4,296,097
Total of funds	4,398,665	246,759	(349,327)	-	4,296,097

Statement of funds - prior year

	Balance at 1 April 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2016 £
Designated funds						
Fabric fund	151,088	-	-	6,000	-	157,088
	151,088	-	-	6,000	-	157,088
General funds						
Accumulated general fund	2,151,914	270,855	(307,512)	(6,000)	-	2,109,257
Revaluation reserve	2,132,320	-	-	-	-	2,132,320
	4,284,234	270,855	(307,512)	(6,000)	-	4,241,577
Total Unrestricted funds	4,435,322	270,855	(307,512)	-	-	4,398,665
Total of funds	4,435,322	270,855	(307,512)	-	-	4,398,665

The trustees set aside a sum annually as a designated 'fabric fund' in order to meet the costs of improvements to the Health Centre.

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Notes to the Financial Statements
For the Year Ended 31 March 2017

13. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	300	300
Investment property	3,187,027	3,187,027
Current assets	1,233,893	1,233,893
Creditors due within one year	(125,123)	(125,123)
	<u>4,296,097</u>	<u>4,296,097</u>

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2016 £</i>	<i>Total funds 2016 £</i>
Tangible fixed assets	599	599
Investment property	3,025,032	3,025,032
Current assets	1,456,189	1,456,189
Creditors due within one year	(83,155)	(83,155)
	<u>4,398,665</u>	<u>4,398,665</u>

14. Other financial commitments

The charity has committed to multi-year grants totalling £80-£100k up to 2017/18, payment of which is in each case contingent on the stipulated conditions being met, following review by the trustees. Therefore, in accordance with the Charities SORP, these commitments are not accounted for in the financial statements.

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15. Related party transactions

To ensure compliance and effective scrutiny, IHT complied with Charity Commission guidance and engaged an independent firm of solicitors in the development of the service contracts with trustees. A Board subcommittee was established for oversight and analysis of the service contracts and none of the paid trustees were members of the Board subcommittee.

All trustee assignments were completed during 2016/17.

Suzanne Goodband

A company of which S. Goodband, a trustee, is the sole director, Suzanne Goodband Interim Solutions Limited (registered company number 07191904), invoiced the charity £163,560, of which £33,600 related to February and March 2016 of the 2015/16 fiscal year. The service contract was for consultancy services relating to strategy implementation, property development and management, public sector stakeholder management and an interim executive role to run the day-to-day operations of the charity. The breakdown of payments is as follows:

	2017 £	2016 £
Fees for service contract	153,162	163,753
Expenses incurred by SGIS during the contract	10,398	15,423
	<u>-----</u>	<u>-----</u>
Total	<u>163,560</u>	<u>179,176</u>

The shares in SGIS are wholly owned by Suzanne Goodband Board Solutions Limited, a company of which Ms S Goodband owns 100% of the issued share capital and is the sole director.

SGIS also paid all of the expenses associated with Suzanne Goodband's trustee work.

Barak Maoz

The charity paid Barak Maoz, a trustee, £8,325 (2016: £Nil) for consultancy fees in the year to establish what would be involved in IHT becoming an intermediary for social grant and loan finance for use in Tower Hamlets and Newham.

Ruth Brannvall

The charity paid Impact Invest Scandinavia, a company incorporated in Sweden controlled by Ruth Brannvall, a trustee during the year, for detailed research work carried out within a sample area of one of the beneficiary populations, in the year provided under a service contract, as follows:

	2017 £	2016 £
Fees for research work	12,366	-
Reimbursed expenses relating to contract	1,280	-
	<u>-----</u>	<u>-----</u>
Total	<u>13,646</u>	<u>-</u>

In addition Ruth Brannvall was reimbursed £4,570 in trustee expenses.

16. First time adoption of FRS 102

It is the first year that the company has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 March 2016 and the date of transition to FRS 102 and SORP 2015 was therefore 1 April 2015. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the company's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.