



Brathay Hall Trust

(a charitable company limited by guarantee)

Company registration number: 2814206

Charity registration number: 1021586

Scottish charity number: SC38803

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE 15 MONTHS ENDED 31 MARCH 2009**

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Reference and Administrative Details

Board of Trustees and directors:	J A Lee (Chair) V J Bayliss CB T P E Bowman (Treasurer) J H Burdon-Bailey Professor J Burgoyne Dr K B Everard G M Hill MBE P Jackson I F Lewis S R Woodeson-Barr
Secretary:	M D A Birtwistle
Registered office:	Brathay Hall Ambleside Cumbria LA22 0HP
Company registration number:	2814206 (England and Wales)
Charity registration number:	1021586
Scottish charity number:	SC38803
Senior management team:	G C Owen (Chief Executive) P Andell (Programme Director, Community) J Anderson (Head of Programmes, Quality and Performance) M D A Birtwistle (Head of Finance and Administration) P U M Lernelius (Head of Marketing and Sales)
Auditors:	Lamont Pridmore Chartered Accountants and Registered Auditors 136 Highgate Kendal Cumbria LA9 4HW
Bankers:	Barclays Commercial Bank Barclays House Murley Moss Business Village Oxenholme Road Kendal Cumbria LA9 7RL
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Trustees' Report

for the 15 months ended 31 March 2009 (comparative figures for the year ended 31 December 2007)

The Trustees have pleasure in presenting their report and the financial statements of the Trust for the 15 months ended 31 March 2009. The report and statements comply with the Statement of Recommended Practice *Accounting and Reporting by Charities* (revised 2005) issued by the Charities Commission for England and Wales ('SORP 2005') and the Companies Acts 1985 and 1989.

The Trust is both a registered charity and a company limited by guarantee. The Trustees are also the members of the company and act as directors for the purposes of company law. The guarantee of each member is limited to £1. The Trust is governed by its memorandum and articles of association and was incorporated on 30 April 1993.

PUBLIC BENEFIT REPORTING

The Charities Act 2006 (the Act) requires charities to report on the public benefit of their activities in respect of accounting periods commencing on or after 1 April 2008. The accounting period which forms the basis of this Report commenced on 1 January 2008 and accordingly the statutory requirements of the Act do not apply. The Trustees, after due consideration, have decided not to adopt the provisions early. However, they are aware of the requirements of the Act and the Charity Commission's statutory guidance on the matter, and intend to set aside time in the forthcoming year for a comprehensive review of the public benefit of the Trust's activities in relation to its charitable objectives, with a view to reporting in full on the matter in their next annual report. In the meantime, the Trustees believe that an appreciation of the public benefit of the Trust's activities can be obtained from this Report.

OBJECTIVES AND ACTIVITIES

Brathay Hall Trust ('Brathay') was established in 1946 with the following objectives:

- to establish and maintain a centre or centres in any part of Great Britain for the education, including the physical training and moral, intellectual and physical development, of young persons of both sexes from within the United Kingdom;
- to initiate and prosecute, whether at the said centres or elsewhere, investigation and research into questions affecting the education of such persons;
- to instruct the staff of such centres and other persons to qualify them to promote the aforesaid purposes; and
- to promote any other charitable purposes of an educational nature which can conveniently be promoted in combination with all or any of the purposes aforesaid.

Brathay works with children and young people from all backgrounds across the United Kingdom. In particular the Trust seeks to work with those who can benefit from additional support to enable them to remain within their community, family, school or workplace; ultimately, it aspires for these young people to thrive and lead within their community. The Trust achieves its objectives through a range of services designed to develop the 'whole person', improving individual skills and raising self esteem to reveal and develop potential.

In 2008, the board conducted a review of the Trust's mission and strategy. The process confirmed the Trust's objectives remained as relevant today as they were 63 years ago. The board endorsed a new three year strategy designed to focus the Trust towards those young people regarded as most in need and areas where the Trust can impact most. The strategy aims to transform Brathay into:

The national charity that empowers young people to make a positive contribution to society

The strategy positions Brathay to provide national leadership in the development of young people; in particular, transforming the lives of those at risk of falling out of mainstream society and becoming part of the problem commonly described as 'antisocial behaviour'. The Trust contributes by developing successful, confident and responsible young people who are empowered to make a positive contribution to society. It does this by raising aspirations and developing positive attitudes and behaviours, providing signposts for young people to move onto successful educational, employment and training paths.

Trustees' Report *(continued)*

The strategy focuses on the following areas, building on the Trust's current experience and capability:

- empowering young people to be leaders through the development of personal, social and leadership skills;
- engaging disadvantaged young people to reduce behaviour that puts them at risk and improve their chances of achieving positive outcomes;
- providing positive activities to develop young people who are confident to lead safe, healthy and fulfilling lives;
- developing the children and young people's workforce to improve outcomes for children, young people and their families;
- providing vocational development for employers and agencies committed to investing in vocational training for young people; and
- creating partnerships with private sector employers to support engagement of leaders and teams in a way that integrates with socially responsible corporate missions.

The review highlighted the requirement to raise awareness of the Trust's brand, increasing the recognition of Brathay as a national young people's charity. The strategy establishes four strategic objectives, which provides focus to achieve the Trust's mission:

1. Establish a centre of excellence for leadership development for young people.
2. Establish a centre of excellence for children's workforce development.
3. Develop a leadership position contributing to the local provision of services for children, young people and their families in targeted localities across the UK.
4. Inspire people and teams to improve their performance and increase the leadership capacity of their organisations.

In order to achieve these objectives, a new integrated organisation was established, offering a range of services to beneficiaries, with the primary focus being the empowerment of children and young people to thrive in the communities in which they grow up. In line with the third objective above, the Trust has developed a regional approach to increasing its impact on the outcomes achieved by young people, establishing six local teams. The Trust successfully applied to the Youth Sector Development Fund, a capacity building grant and support programme provided by the Department of Children, Families and Schools. Between 2009 and 2011, this fund will support Brathay to establish local teams in London, the West Midlands, Yorkshire and Humberside, Cumbria and North Lancashire, Merseyside and the North East, bringing together community based youth work with residential experiences in an integrated programme for young people, and contributing to community partnerships to build positive environments for young people to grow up in.

In order to align itself with local authority commissioning periods, the Trust also decided to change its financial year-end from 31 December to 31 March. In order to achieve this, 2008 was extended into a 15 month financial period.

ACHIEVEMENTS AND PERFORMANCE

2008/09 was a very important period for Brathay. In addition to setting a very clear strategy and operating objectives that position Brathay well for the future, the Trust also made significant progress in a number of areas. Specifically it:

- Continued to improve its financial performance. It reduced its operating deficit from £243,000 for the year ended 31 December 2007 to £30,000 for the equivalent 12 month period to 31 December 2008, an improvement of £213,000. The Trust has budgeted for a surplus in the 2009/10 financial year.
- Secured a major grant from the Youth Sector Development Fund that has been described above. There was strong competition for these grants and the fact that YSDF chose to support a major regional development programme is a great accolade of the quality of the Trust's work. When the new structure is in place, many more children and young people will have access to Brathay's programmes.

Trustees' Report *(continued)*

- Delivered the first part of a major capital development programme, on time and to budget. The additional accommodation units, which provide a further 24 beds, primarily for work with adults who work with young people and with families, are a major investment in Brathay's future.
- Secured an important contract within the Leadership Strategy of the Greater Manchester Challenge. The Challenge programme is a major government initiative and Brathay is well placed to make a continuing contribution to raising the standard of leadership within the children's workforce.
- Continued to provide leading programmes for the National College for School Leadership's Multi-Agency Team Development (MATD) strategy, which is designed to build integrated working across different agencies which need to work effectively together on young people's issues.

These were all significant achievements in a period in which Brathay performed well. They will all help to build Brathay's reputation as a major national children's charity.

The Trust's achievements during the period in numerical terms are set out below:

	2009	2007
Number of participants	9,885	7,858
Young people training days	12,971	8,745
Adult training days	6,176	5,547

The summary above shows that the Trust continued to work with a similar number of young people in 2009 (when adjusted for the different length of reporting periods). Training days for young people increased by 19%, mainly as a result of working with young people for longer periods. Adult training and development days remained consistent with the previous year. The Trust increased its delivery of leadership, team and multi-agency programmes to the children's workforce, using its core skill of process facilitation.

Additional fundraising resource and events have generated £754,000, during the period, which was an increase on 2007. The major funders who have supported Brathay to work with children and young people during the period were: Paul Hamlyn Foundation, Comic Relief, Francis C Scott Charitable Trust and the Freemasons' Grand Charity.

Brathay's work remains a rich mix of bespoke projects targeted at empowering young people and adults to make a positive contribution to their communities. Below are examples of Brathay's work in 2008/09.

Brathay's work with children and young people

The Trust's first objective focuses on the education, participation, vocational training and development of children and young people to enable them to realise their potential. Brathay empowers young people to make a positive contribution to society. The Trust works primarily with:

- children and young people between the ages of 8 and 25 years old;
- family and carer groups, including those with children under eight years of age;
- apprentices.

Highlights of the period's work include:

World Skills

World Skills is a global festival of excellence in vocational education and training that takes place biennially involving 51 countries. Young people come together to compete in industrial trades and service sectors of the global economy. Brathay is a lead partner to UK Skills, who manage the UK team entry to the biggest skills competition in the world, preparing a squad of 80 young people and training managers for Calgary in 2009 and London in 2011. Brathay provides full-time seconded staff to UK Skills and residential training to competitors and support staff. A cohort of UK Skills training managers have started a Masters in Coaching and Management Learning, developed and delivered by Brathay and accredited by University of Cumbria. The Masters programme is targeted primarily at building excellence of senior lecturers within the Further Education sector.

Trustees' Report *(continued)*

Brathay also supported the UK Euro Skills team who competed in Rotterdam in September 2008. The UK sent teams to compete in 16 trades, excelling with eight Gold medals and one Silver medal. Brathay's team leader, Oliver Benson, said "I was very proud of the achievements of the team, and of the contribution Brathay was able to make towards their success. Brathay's understanding of what creates and sustains a high performing team was credited as a key factor towards the success achieved."

The Trust values its involvement with World Skills and UK Skills due to the significant impact skills competitions have on the excellence agenda within vocational education. This contributes to Brathay's broader agenda for young people, providing the link between programmes to reintroduce young people into education, employment and training and apprentice and employee development supporting the performance of organisations.

The Certificate of Personal Effectiveness

The Certificate of Personal Effectiveness (CoPE) is a qualification obtained by young people through a new programme pioneered by Alfred Barrow School (Cumbria) and Brathay, who have worked in partnership for the benefit of pupils for over ten years. Programmes were delivered with Year 11 pupils who are working towards ASDAN qualifications. ASDAN (Awards Scheme Development and Accreditation Network) programmes provide opportunities for those who are at risk of disengaging from formal education to regain their interest in learning and to achieve nationally recognised qualifications.

This programme is specifically designed to enable participants to achieve CoPE and the Wider Key Skills Qualification. It is delivered in school and via residential modules at Brathay Hall, and involves young people in community events, expeditions, enterprise programmes and creative projects. The curriculum combines experiential learning with academic achievement, a powerful mix which allows young people to explore personal challenge and to practise valuable social and emotional skills, as well as building an impressive portfolio of their achievements over the period.

The 2007/08 programme was very successful, with all 36 young people passing both the CoPE (equivalent to one B grade at GCSE) and the Wider Key Skills Qualification (equivalent to two B grades). The programme is continuing in the 2008/09 academic year with a larger intake of young people. The Trust is also working in partnership with a number of schools across the country to replicate this highly successful programme.

Art Locates Me

Art Locates Me is a digital arts and media project established in 2006 by a partnership of Brathay, Connexions Cumbria and Cumbria County Council, with additional financial support from Arts Council England North West. The project has engaged over 130 young people in 2008/09 as well as trained 20 youth workers and 10 artists.

The project delivers high quality digital arts activities to socially excluded young people in Cumbria. It also provides professional development for youth work providers and creative practitioners. Brathay uses artists who work with young people to explore the challenges of working creatively with young people and develop strategies for engaging young people. A creative arts programme has been developed to tackle school exclusion and truancy. This programme combines creativity and personal development to create innovative tools for change. The Trust is also developing leadership training for young people to increase access to further education and employment in the arts in Cumbria.

The Find Your Talent Programme

The Find Your Talent Programme was introduced in 2008 by the Department for Culture, Media and Sport and the Department for Children, Schools and Families to provide 5 hours of cultural opportunity for every young person in England. Working with Arts Council England and the Specialist Schools and Academies Trust, Brathay supported young people to design and deliver CORE (Cultural Offer Regional Event), which brought the 24 unsuccessful authorities from the North West together to explore how they could move their offer forward without Government funding, sharing good practice and recognising the quality of work already in existence. 120 people attended the event from schools, museums, art galleries, music projects and local authorities. Young people shared how cultural opportunities had changed their lives and challenged organisations on the appropriateness of their cultural offers. It was a key intervention for many young people who had not yet been involved in the central government scheme and provided the encouragement and inspiration for them to remain involved in grass roots arts and culture.

Trustees' Report *(continued)*

Do It 4 Real

Do It 4 Real is a national residential activity programme sponsored by the Department of Children, Schools and Families for young people from all walks of life aimed at providing 10 to 16 year olds with structured adventure and creative activities during the summer holidays. Around ten thousand young people attended camps at over 20 sites in England in 2009. The scheme aims to offer young people the opportunity to mix with their peers and have a fun-filled time in a safe environment while enjoying new and challenging experiences and activities. Taking part in a residential summer camp gives young people the opportunity to develop self-discipline, self-respect and self-confidence enabling them to communicate more effectively with a range of people and work in a team. Brathay provided six summer camps and supported the young people's evaluation project. 24 young people attended camps as a 'mystery customer' following training from Brathay, and then produced a report to the Department contributing to the evaluation of the summer's provision.

Prospects

Prospects is a Cumbria-based project managed by Brathay with private funding to run for an initial two years. The project is a comprehensive development programme supporting selected offenders aged 18 to 25 years old towards opportunities for employment. It includes provision of mentors throughout the project and into employment, training in 'skills for life', general job skills and industry-specific training, and residential personal development courses focused on building self-esteem, team skills and developing the key behavioural changes necessary for integration into the workplace.

Technical Training Enterprise

Technical Training Enterprise (TTE) provides vocational training to companies in North West England. Brathay has worked with TTE for over ten years and provided 100 apprentices with a residential personal development programme. Apprentices return annually during their three year apprenticeship, helping to ensure that technically trained workers have the ability to work in teams and ultimately lead within the workplace. In 2008/09, 122 modern apprentices and 94 single skill apprentices benefited from a Brathay outdoor residential. All those graduating secured permanent employment. It is expected that numbers will increase by 25% in 2009/10.

Brathay's work to build stronger links across communities

Greater Manchester Challenge

Greater Manchester Challenge was launched by Beverley Hughes, Minister for Children, Young People and Families, in July 2008. It is a three year, £50 million investment to develop and secure significant improvements in education for the 600,000 children and young people in the GMC area. City Challenges are also running in the Black Country and London – now in its second phase after starting in 2003. These two initiatives, together with the Greater Manchester Challenge, are at the centre of the government's drive to tackle under-achievement among disadvantaged children and young people. The City Challenges will reduce the number of under-performing schools, create more outstanding schools, and improve educational outcomes and life chances of all children and young people.

Brathay was commissioned by the National College for School Leadership (NCSL) to design and deliver bespoke team development activities and programmes within the Leadership Strategy of the Greater Manchester Challenge. Programmes are tailored to meet the needs and desired outcomes of each school team and include interventions with senior and middle leadership teams – and in some cases whole school teams – to develop leadership capacity and capability.

Brathay also supported the continuing professional development of a team of excellent teachers and outstanding head teachers employed in Greater Manchester schools. The team of excellent classroom practitioners is employed as Lead Teachers to support teaching and learning in schools that require more teaching support. Local Leaders of Education and National Leaders of Education are outstanding head teachers who, with their school teams, support other schools working in challenging circumstances.

Arena Housing Group

Arena Housing Group is one of the biggest providers of social housing in the North, managing 14,000 homes. Part of their remit is to provide homes for young people, including young mums' hostels and foyer housing for young people committed to continued education and training.

Trustees' Report *(continued)*

Brathay provides an integrated programme that brings together Arena managers and young people from their housing programmes to gain understanding of the challenges facing managers and young people and their differing perspectives and needs. Brathay worked with 80 participants in 2008/09. Outcomes have included young people reporting feeling more valued and supported by Arena, improved communication between managers within the organisation, increased motivation by the young people in foyer housing to engage with education and training, and an increase in young people's confidence to talk to and engage with adults in authority.

Journey of a Lifetime

Journey of a Lifetime brought together four partners: Brathay, G4S (the world's leading international security solutions group), Sefton Behavioural and Educational Support Team and the Mitrauquen Pehuenche Indian Community of Chile. The year-long project engaged with young people at risk of exclusion from school, culminating in six young people travelling to Chile with Brathay-trained volunteer mentors from G4S.

With the inspirational goal of travelling to Chile in mind, the mentors met the young people fortnightly over the course of six months. This coaching and mentoring period led to the young people fundraising and preparing for their 'Journey of a Lifetime', to work with indigenous communities in Chile. On this trip they showed significant improvements from their first team-building weekend at Brathay six months before.

The mentoring continued for a further five months as the young people readjusted to school life following the trip. Working with their mentors and being received by the Pehuenche Indians was a powerful, positive experience they can draw on as they face the challenges of inner-city life.

Mentors commented on the significant development of both the young people they worked with and themselves, with one reporting: "Shaun's motivation and communications skills have significantly improved, which have given him new confidence and a different view on life. I believe he will carry these skills with him through his future development and will have a positive impact on his friends as well. The journey has also taught Shaun to care about and look after other people, rather than thinking only of himself." And another mentor, of their own development: "I believe that this has truly made me a more caring and considerate person."

This partnership, bringing together young people, statutory agencies, the private sector and the third sector providing high quality interventions with challenging young people is a great example of how Brathay is able to use its networks and capabilities to enhance the lives of young people and the communities they live in.

Brathay's work with adults

The Trust works extensively with adults to empower them to make a positive contribution to their community or workplace. Brathay's work with adults is primarily with:

- The children's workforce; equipping any person who works with children, young people, families and carers to engage services users and deliver effective services to improve outcomes for young people and meet government policy.
- People in organisations within the public, private and third sectors. The emphasis is on the development of the individual.

Key projects during 2008 included:

National College for School Leadership

NCSL commissioned Brathay in 2007 to exclusively provide their Multi-Agency Team Development programme in the North of England, bringing together multi-disciplinary teams to work on a live project, with personal and team development input to support their effectiveness in providing better outcomes for young people. In 2008/09 the Trust delivered programmes to Cumbria, North Yorkshire, East Riding, Sefton and Warrington local authorities.

Greater Manchester Fire and Rescue

Greater Manchester Fire and Rescue (GMFR) established its vision in 2006: 'To make Greater Manchester a safer place by being a modern, community focused and influential Fire and Rescue Authority.' Brathay has developed a strong partnership with GMFR, providing a range of support to individuals, teams and trainees throughout the organisation.

Trustees' Report *(continued)*

In 2008, the programmes were provided for the brigade management team, including the Chief Fire Officer, and were aimed at building trust within the team and alleviating uniform/non-uniform issues. The programme has been cascaded within the brigade with both operational and support function teams. The relationship has now reached a point where Brathay is being asked to work again with the brigade management team in preparation for the new Chief Fire Officer, following the retirement of the current post holder after 40 years' service.

Brathay has supported the organisation in their objective of changing rapidly to meet increasing demand for their products.

Vestas Celtic Wind Technology Limited

Vestas Celtic Wind Technology Limited, based in Warrington, has been producing wind turbines for over 25 years and is currently experiencing unprecedented growth due to the pressure of environmental concerns and legislation leading governments to invest more in alternative and renewable sources of energy. They are expecting to have installed 7,000 wind turbines in the UK by 2020.

To support this growth, Vestas are working with Brathay to increase their capacity for strategic client management and service, critical to sustain long term public sector contracts. A series of team development programmes were delivered aimed at increasing openness, trust and awareness of personal leadership, learning and communication styles.

Howard Sloane, Operational Manager, People and Culture, stated: "My experiences with Brathay have shown that this organisation is able to consistently deliver development solutions to any business which focuses on change happening in real terms. Brathay understand organisations well and for any business that is making an investment in their people, structured development interventions must hold some certainty of a return on that investment. If you are serious about people, then I would recommend that you consider talking to Brathay."

Joint Services

Joint Services people development is a significant proportion of Brathay's adult work. The Trust's relationship with the armed services continues to thrive through a range of projects. In 2008, Brathay worked with the Armed Forces Careers Office, RAF Fairbourne Force Development Training Centre, and a number of RAF stations.

In addition to development funded within the services, Brathay, in partnership with a new charity, *Remount*, offered personnel leaving the services residential development programmes designed to provide a bridge between service and civilian life. The programme, which focuses on emotional and interpersonal development at times of change, is designed to supplement the practical support personnel receive on leaving the services. Independent evaluation has reported significant improvement to the wellbeing of participants, which has had a positive impact on their own lives, their ability to secure employment and their relationships with family and friends.

Research and evaluation

Brathay supports the delivery of high quality development programmes with research and development, which it utilises to improve the Trust's own practice and shares to inform policy and practice. During 2008/09 a number of projects and activities were supported, including investment in staff development through support of three Masters level qualifications in relevant disciplines, and ongoing support to PhD research focused on investigation of the effectiveness of Brathay programmes in achieving the Government's Every Child Matters policy framework. Brathay also contributed widely to conferences and advisory groups, including the National Lottery Public Involvement Conference, DCSF National Advisory Panel on Preventing and Reducing Violence (Weapons) by Young People, and the DCSF Empowerment stakeholder group. In addition, the Trust recruited Professor John Burgoyne of Lancaster University to the Trustee board. The Trust also began delivering a new MA in Coaching and Management Learning, accredited by University of Cumbria, aimed at raising standards and accrediting the practice of apprentice managers and Further Education lecturers working with young adults.

Health, safety and environment

Brathay has a robust and proactive approach to health, safety and environmental management. The adoption of a regional structure with five new teams of staff based away from Brathay will require the development of existing policies. In addition, the significant increase in community-based work will require new policies, procedures, training and monitoring to ensure the safety of participants and employees.

Trustees' Report *(continued)*

Brathay is following a process of environmental management system development with Cumbrian Business Environmental Network (CBEN), who operate a system of assistance and awards for organisations wishing to manage the impact on the environment resulting from their activities. The award scheme is based upon the formal environmental management system standards BS8555 and ISO14001. Brathay achieved the CBEN Bronze award in December 2008 and is on track to achieve the Gold award within two years. This award has supported the ongoing development of more sustainable operating approaches, including: exploring the viability of 'green' innovations in operations; striving to use energy efficiently; generating emissions that are controllable and of the least harmful types; maximising the use of resources; working towards the reduction/elimination of waste; saving waste products for recycling either internally or externally and disposing of waste in as environmentally-friendly manner as possible; and endeavouring to purchase goods/services locally whenever possible to help reduce Brathay's carbon footprint.

In particular, the Trust has invested in supporting the development of healthier eating by participants on Brathay programmes. This strategy will continue in 2008/09, with the development of menus and the increasing use of locally sourced produce. Brathay's aim is to obtain the 'Food for Life Catering Mark' accreditation by the Soil Association. This mark has been launched in response to public concern about the implications of 'cheap food' for health, animal welfare and the environment. It gives caterers a way of proving their commitment to freshly prepared, ethically sourced food. It will give the Trust recognition in its aim of contributing to changing eating and dietary habits within society.

PLANS FOR THE FUTURE

2009/10 is the first year of a three year plan to raise Brathay's profile as a children's charity offering a range of interventions to achieve its mission of 'empowering young people to make a positive contribution'. The Trust's plan reflects the backdrop of difficult economic times and is designed to enable Brathay to work with more young people.

Brathay's work with children and young people*Youth Sector Development Fund*

In January 2009, the Department for Children, Schools and Families announced that Brathay had been selected as one of 13 third sector organisations to receive a share of some £30 million of capacity building funding to enable them to rapidly increase their ability to support the public sector in their local plans for children and young people in England. Brathay was awarded £2.5 million between January 2009 and March 2011. As a result of the funding, Brathay will establish six regional operating units in London, the West Midlands, Merseyside, Yorkshire and Humberside, Cumbria and North Lancashire, and the North East, and grow work with young people based in the communities in which they live. This builds on good practice in the North West, where Brathay has developed an integrated approach to youth development, combining targeted youth work with intensive experiential learning in a residential setting. The outcomes achieved for young people exceed normal partnership-working because of Brathay's unique ability to provide consistent, high quality input that engages young people in the community, builds on the youth work practice during residential programmes, and then continues to provide consistent support following their return to their communities. High levels of recorded and accredited outcomes are able to be achieved with this consistency of intervention. Brathay's programme will address, in particular, the reduction of first time entrants into the justice system and the reduction of NEET (Not in Education, Employment or Training) in young people between 13 and 19 years old.

This is an exciting opportunity for the Trust. At the end of the funding period, the objective is to be working with significantly more young people, providing high quality youth development programmes both in the community and in a residential setting. The challenge for the Trust is to sustain the level of funding provided by YSDF after the funding period, and plans to achieve this sustainability were implemented by the end of the financial period. The new regional network will provide the foundation of Brathay's work with children and young people.

Brathay's work to build stronger links across communities

The Trust's work with children, young people and families does not just benefit the individuals Brathay engages with directly. Regional operations will enable Brathay to offer a more comprehensive range of services to support local authorities in achieving their local plans. Drawing on relationships with the third sector, the private sector and communities, Brathay programmes will support people to lead change within their own community.

Trustees' Report *(continued)*

A key project in achieving this continues to be the Greater Manchester Challenge. Further primary and secondary schools across Greater Manchester will benefit from Brathay's expertise in children's workforce development. Brathay will work with some 500 head teachers and staff during the next 12 months. Moreover, the experience gained in Manchester will enable Brathay to take its services to other local authorities across the country to raise standards in the education sector. This capability has also enabled the new regional teams to offer workforce development as part of their portfolio.

Brathay's work with adults

The Trust's work with the children's workforce and with people in organisations within the public, private and third sector continues to be an important part of its impact on improving outcomes for young people and the wider community. In 2000/10, the Trust aims to develop its approach to leadership and team development, focusing on the changing environment within children's services and the impact of the recession on people in employment.

Research and evaluation

The Trust's strategy includes a significant contribution from research. Action research to learn about key issues affecting young people and adults will enable Brathay to raise the quality of programmes, develop a leadership proposition to support work with young people and adults, and offer research expertise to other organisations with aligned interests. The Trust's integrated approach to community and residential youth work will also be fully evaluated by an independent academic, Professor John Pitts, Vauxhall Professor of Socio-Legal Studies from the University of Bedfordshire.

Fundraising

Additional investment has been made which now gives Brathay the opportunity to establish a sustainable fundraising function providing increased profile for the charity and higher levels of revenue from fundraising activity. The Trust will continue to develop existing and create new relationships with grant making trusts. Activity will focus on generating funds to support its new integrated programmes, core residential programmes at Brathay Hall and 'Community' projects.

A strategy to generate funds to support research at Brathay has been developed and implemented. This funding will be directed to specific research projects that will enhance the Trust's ability to evidence the effectiveness of its programmes.

The new lodges have been a welcome addition to the Brathay Hall accommodation and the next phase of the building project has been planned, with the centrepiece a distinctive new young people's centre to provide high quality accommodation and working space for the most vulnerable groups Brathay works with. A coordinated strategy to fund this exciting new development is underway.

In May 2008, the Trust's trading subsidiary, Brathay Hall Services Limited, organised and hosted the second *Brathay Windermere Marathon* and *10 Marathons in 10 Days* events. 15 runners took part in the *10 in 10*, completing the Windermere course over successive days. Over 1,000 entrants joined the *10 in 10* runners for the finale, along with some 3,000 spectators and visitors to Brathay Hall for the annual open day. These events have become a highlight of the Brathay year and form the backdrop to a growing regional profile in Cumbria and the North West as a children's charity, and for fundraising for Brathay's work with children and young people. In 2008, some £36,000 in donations was raised, all of which was directed to supporting programmes for children and young people. The event is now firmly established in the 'running calendar', and is expected to develop further in the future as an important part of Brathay's fundraising strategy.

FINANCIAL REVIEW

Review of the period

The Trust changed its accounting year-end to 31 March to align itself with the financial periods of its main client partners. Accordingly, the Statement of Financial Activities and Summary Income and Expenditure Account cover a 15-month period. Historically the Trust has found that activity in the first quarter of a calendar year is relatively low compared with other quarters, so the inclusion of two such periods in the 15 months on which the Trust is reporting has inevitably had a disproportionately adverse effect on the results.

Trustees' Report *(continued)*

The Summary Income and Expenditure Account (page 20) shows an operating deficit of £176,000 (2007 – 12 months: deficit £243,000). This improvement in performance resulted from increased operating income and tighter cost control. After taking account of realised losses on investments, income from investments and other financing income and charges, the deficit on ordinary activities was £87,000 (2007 – 12 months: £141,000). An exceptional charge of £277,000 was incurred in the period following a review of the expected economic life of tangible fixed assets. Following this review, the depreciation periods for various categories of tangible fixed assets were changed (mainly reduced). The principal change was a reduction in the expected economic life of improvements to short leasehold property from the life of the lease to the lesser of 25 years or the life of the lease. The exceptional item is the additional depreciation which would have been charged in the financial statements up to 31 December 2007 if existing tangible fixed assets had been depreciated at the revised rates from their dates of acquisition. As fixed assets are held in the capital asset fund, the adjustment has no effect on the general fund.

The unaudited management accounts for the 12 months to 31 December 2008 show an operating deficit of £30,000, an improvement of £213,000 when compared to the operating deficit of £243,000 shown in the Summary Income and Expenditure Account for the year ended 31 December 2007.

The Statement of Financial Activities (page 19) shows a net decrease in funds, before other recognised gains and losses and the exceptional item referred to above, of £76,000 (2007 – 12 months: decrease £145,000). In addition the downturn in global stock markets saw a reduction in the value of investments of £536,000 (2007 – 12 months: reduction £42,000). Of this amount, £97,000 arose from the disposal of investments in the period and the remainder from changes in market value.

The Trust's principal funding sources are awards received from grant-making trusts and statutory bodies and amounts invoiced to clients for training, education and development activities. The Trust received £495,000 during the period (2007 – 12 months: £389,000) in grants and donations to support children and young people's programmes. Fees from clients during the period rose to £3.3 million (2007 – 12 months: £2.2 million).

Although trading activity increased during the period, the Trust felt the effects of the wider economic climate, particularly during the second half of the period. Specifically, there was a significant reduction in the amount of higher-margin corporate activity. The Trust was able to balance incoming and outgoing resources from operating activities in the last three quarters of 2008, with the deficit on operating activities mainly attributable to the traditionally reduced activity levels in the first quarters of 2008 and 2009.

The Trust saw a net cash inflow during the period of £359,000 (2007 – 12 months: outflow £12,000) as a result of increased activity and payments in advance by clients. It was not necessary to draw down cash from the strategic reserve portfolio in the period (2007 – 12 months: £200,000).

Phase 1 of the *Building for the Future* project was completed during the period, with three new lodges being opened in May 2008. Total expenditure on this phase of the project was £1.099 million, comprising £1.045 million on the build and £54,000 on contents. The early stages of planning for Phase 2 have started, and professional fees of £16,000 were expended on this work during the period.

The Balance Sheet shows net current liabilities of £202,000 (2007: net current assets £662,000). The change is principally due to capital expenditure on the *Building for the Future* project during the early part of 2008, which utilised £442,000 of cash specifically held on the balance sheet at 31 December 2007 for that purpose. It should be noted that the net current liabilities figure at 31 March 2009 includes a £876,000 liability in respect of deferred income relating to ongoing programme fees invoiced in advance. This does not represent an impending cash outflow. The Trustees, therefore, consider that the Trust has adequate working capital for its continuing operations.

Investment performance

The investments comprise an endowment portfolio and a strategic reserve portfolio. The Trust's investment policy is relatively risk averse, particularly with respect to the strategic reserve portfolio, with a significant proportion of funds held in fixed interest stocks. Fund manager remuneration is a percentage fee on the value of investments, met in part by commission charged on transactions during the period. Any deficit is invoiced as a management fee, which is deducted from portfolio cash balances.

The purpose of the endowment portfolio is to generate income in furtherance of the objectives of the Trust. The income requirement is decided on an annual basis, with no ongoing commitments to third parties. The strategy is to maximise income over the long term. Income from the endowment portfolio during the period was reinvested in the strategic reserve portfolio.

Trustees' Report *(continued)*

The strategic reserve portfolio forms part of the unrestricted funds of the Trust and has the principal objective of supporting the charity in the event that income from primary sources of funding is insufficient. It is considered that capital maintenance of the fund – rather than its income generating ability – is of most importance, especially in the event of a downturn of the UK economy. The portfolio, therefore, has a relatively low risk tolerance with no ethical or social restrictions. However in light of changing markets, the Trustees will continually review the investment strategy to ensure it can generate the best return.

The effect of the recession and the serious downturn in financial markets during the period has reduced the value of the Trust's investments considerably. The value of the endowment portfolio fell by 39.7% from £1.014 million to £612,000, while the value of the strategic reserve portfolio fell by 7.4% from £688,000 to £637,000. However, if the reinvested income figure of £89,000 is taken into account, the true fall in value of the strategic reserve portfolio is in the region of 20%. The better relative performance of the strategic reserve portfolio compared to the endowment portfolio reflects its more risk-averse strategy and its higher relative holding of fixed interest stocks.

The Trustees are currently reviewing investment policy.

Funds and reserves

The Balance Sheet at 31 March 2009 (page 21) shows total funds of £2,836,000 (2007: £3,725,000), comprising £1,789,000 in the capital asset fund (2007: £1,361,000), £380,000 in restricted funds (2007: £1,048,000), £612,000 in the endowment fund (2007: £1,014,000) and £55,000 in reserves (2007: £302,000). Reserves (as defined by SORP 2005) comprise a designated strategic reserve fund, a designated research fund and an unrestricted general fund. The balance on the strategic reserve fund at 31 March 2009 was £637,000 (2007: £688,000), the research fund stood at £10,000 (2007: £nil), and there was a deficit on general fund of £592,000 (2007: deficit £386,000).

The deficit on general fund has arisen as a result of poor trading conditions over the past few years, exacerbated by the economic downturn in 2008. The Trustees believe that expansion into the regions, which will be supported by the YSDF grant of £2.5 million from the Department for Children, Schools and Families over the period January 2009 to March 2011, will ultimately produce the necessary income streams to eliminate the deficit and build up a surplus on the general fund.

The Trustees have adopted a reserves policy that identifies the working capital requirements of the following year and the level of support the charity would need in the event of a downturn in revenue generation. It is the Trustees' objective to maintain reserves equating to three months' operating expenditure for the Trust. Whilst the actual net balance on reserves is currently well below that threshold, the Trustees are confident that the continuing focus on implementing operational efficiencies, increasing marketing activities, improving fundraising and expanding into the regions will address the issues which have impacted adversely on reserves and return them to the target level.

Subsidiary activities

The Trust has one wholly-owned subsidiary company, Brathay Hall Services Limited. This company runs a licensed bar and small shop at Brathay Hall for the benefit of participants, provides accommodation to individuals and conference delegates, runs some activity days for groups, and organises the *Brathay Windermere Marathon*.

A charging structure has been agreed between the Trust and the subsidiary so that the Trust is paid a reasonable sum for the resources used. The company's profits are covenanted to the Trust in accordance with Gift Aid rules. During the period Brathay Hall Services Limited covenanted £17,000 to the Trust (2007: £13,000) as a result of its activities.

STRUCTURE, GOVERNANCE AND MANAGEMENT*Trustees*

The Board of Trustees has responsibility for setting and monitoring performance of the Trust against the strategic objectives. Trustees are appointed following an interview with the Chair and Chief Executive and a meeting with the Board of Trustees. Trustees, staff and other interested parties may nominate a person for consideration. The candidate is then considered by reference to a Board capability matrix. Trustees appointed by the Board in this manner hold office until the next AGM, whereupon they are eligible for re-election for a term of two years, followed by up to two further terms of four years.

Trustees' Report *(continued)*

On appointment, Trustees complete an induction programme that includes familiarisation with the purposes and operation of the Trust, appreciation of current issues and guidance on relevant policies such as conflict of interest and child protection. There is currently no training and development programme for Trustees.

The Trustees have no interest in the Trust's surplus or assets, and receive no remuneration.

Individual Trustees serve on a number of committees to consider specific issues in greater detail and make recommendations on those issues to the Board as a whole. The committees currently operated by the Trustees are:

- **Research and Academy Committee** – This committee supports, steers and monitors the realisation of the vision for the Brathay Academy of beneficially influencing society through research and development in experiential learning.
- **Finance and Investment Committee** – This committee undertakes the annual audit review and monitors the performance of the investment managers. It reviews, recommends and reports to the Board on issues of financial reporting, reserves management, investment management, internal financial controls, financial risk management of the charity and the monitoring of compliance with relevant law, regulations and good practice.
- **Health, Safety and Environment Committee** – This committee monitors health and safety practice within the Trust to ensure that Brathay continues to apply best practice in the management of safety in the field of outdoor development, as well as safeguarding the health of its staff and users and protecting the environments in which it operates. The committee also fosters a culture of proactive risk management.
- **Remuneration Committee** – This committee advises the Board on the remuneration package of the Chief Executive and senior managers, and sets the overall remuneration policy of the Trust.

The Trustees who served during the period and up to the date of signing of the financial statements were as follows:

J A Lee		Chair of the Board of Trustees
V J Bayliss		Chair of the Research and Academy Committee, member of the Finance and Investment Committee
T P E Bowman		Honorary Treasurer, Chair of the Finance and Investment Committee
J H Burdon-Bailey	<i>Appointed 19 July 2008</i>	Member of the Finance and Investment Committee
Prof J Burgoyne	<i>Appointed 6 December 2008</i>	Member of the Research and Academy Committee
Dr R Dawson	<i>Resigned 17 May 2008</i>	
Dr K B Everard		Member of the Research and Academy Committee and the Health, Safety and Environment Committee
G M Hill		Chair of the Health, Safety and Environment Committee
P Jackson		Member of the Remuneration Committee
I F Lewis		Member of the Research and Academy Committee
S Redding Mixer	<i>Appointed 19 July 2008</i> <i>Resigned 7 February 2009</i>	
S R Woodeson-Barr		Chair of the Remuneration Committee

Scott Redding Mixer was appointed to bring fundraising experience to the board. He made a significant difference to the Trust's understanding of and approach to fundraising before his business responsibilities caused him to have to step down. A new Trustee with similar experience will be appointed in 2009/10.

Board performance review

The Board has developed and introduced a systematic process for reviewing its own performance to assess the value that it adds collectively to the organisation. This is separate from its normal review of the performance of the organisation as a whole.

Trustees' Report *(continued)**Review of mission*

A review of the mission of the Trust was undertaken during the period. Trustees reviewed the Founder's intent and reported that the Trust's activities and direction remained consistent with the original intent of Francis Scott, its founder. The board agreed the subject should be reviewed every 10 years, or sooner if circumstances merited it. The main operational conclusions of the meeting were: that action should be taken on securing funding for research, so that this activity might be established as a more significant function within today's Brathay; that the environment of Brathay should continue to be a core part of the Brathay offering; that Brathay should take a 'holistic' approach to the development of young people; that the links with alumni should be strengthened; and that staff development should be given greater priority.

Senior management team

The day-to-day affairs of the Trust are delegated to the Chief Executive and a senior management team.

Monthly reports are provided to Trustees and the Chief Executive, and members of the senior management team attend meetings of the Board of Trustees. The Chief Executive is responsible to the Board of Trustees for the financial performance and charitable impact of the Trust.

The senior management team comprises:

G C Owen	Chief Executive
P Andell	Programme Director, Community
J Anderson	Head of Programmes, Quality and Performance
M D A Birtwistle	Head of Finance and Administration
P U M Lernelius	Head of Marketing and Sales

Risk and internal control

The Trustees have overall responsibility for ensuring that the Trust has an appropriate system of controls in health and safety and other areas, and for taking suitable steps to safeguard the Trust's assets.

The Trustees are aware that any system of control can provide only reasonable and not absolute assurance against material misstatement or loss. Together with senior management, the Trustees have set policies on risk management and internal control. As part of the Trust's management process, the Trustees review a risk register prepared by management with the objective of responsibly and proactively managing the major risks that have the potential to impact upon the Trust's activities. The review, which is undertaken annually, and on an ongoing basis at times of significant change as far as is reasonably practical, covers areas such as health and safety, human resources, environmental issues, commercial activities, financial controls, information systems and the overall control environment.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial period. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Trust and of the surplus or deficit of the Trust for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

Trustees' Report *(continued)*

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Trust, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

In so far as the Trustees are aware:

- there is no relevant audit information of which the Trust's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

A resolution to re-appoint Lamont Pridmore as auditors of the Trust for the ensuing year will be proposed at the annual general meeting.

By order of the Board of Trustees



T P E Bowman

Member of the Board of Trustees

Approved by the Board of Trustees on 27 August 2009

Independent Auditor's Report to the Members of Brathay Hall Trust

We have audited the financial statements of Brathay Hall Trust (a charitable company limited by guarantee) for the 15 months ended 31 March 2009, which comprise the Statement of Financial Activities, Summary Income and Expenditure Account, Balance Sheet, Cash Flow Statement and related Notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Trust's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

The Trustees' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Trust has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

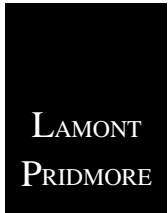
- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Trust's affairs as at 31 March 2009 and of its deficit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the financial statements.

Independent Auditor's Report to the Members of Brathay Hall Trust *(continued)*

Lamont Pridmore

Lamont Pridmore
Chartered Accountants and Registered Auditors
136 Highgate
Kendal
Cumbria
LA9 4HW

18 September 2009



Statement of Financial Activities

for the 15 months ended 31 March 2009 (comparative figures for the year ended 31 December 2007)

	Notes	Unrestricted funds £'000	Restricted programme funds £'000	Restricted fixed asset funds £'000	Endowment funds £'000	Total 2009 £'000	Total 2007 £'000
Incoming resources	3						
From generated funds							
Voluntary income		168	495	91	-	754	544
Activities		239	-	-	-	239	113
Brathay Hall Services Limited		17	-	-	-	17	13
Investment income		82	11	14	-	107	114
From charitable activities		3,282	-	-	-	3,282	2,236
Other		1	-	-	-	1	1
Total incoming resources		3,789	506	105	-	4,400	3,021
Resources expended	4						
Costs of generating funds							
Voluntary income		198	-	-	-	198	164
Activities		63	-	-	-	63	55
Investment management		2	-	-	4	6	5
Charitable activities		3,561	566	-	-	4,127	2,859
Governance costs	4	58	-	-	-	58	50
Other		8	-	16	-	24	33
Exceptional item	6	277	-	-	-	277	-
Total resources expended		4,167	566	16	4	4,753	3,166
Net incoming/(outgoing) resources before transfers		(378)	(60)	89	(4)	(353)	(145)
Gross transfers between funds		697	(2)	(695)	-	-	-
Net incoming/(outgoing) resources		319	(62)	(606)	(4)	(353)	(145)
Other recognised gains/losses							
Gains/(losses) on investments	10	(138)	-	-	(398)	(536)	(42)
Net movement in funds		181	(62)	(606)	(402)	(889)	(187)
Reconciliation of funds							
Fund balances brought forward at 1 January 2008		1,663	226	822	1,014	3,725	3,912
Fund balances carried forward at 31 March 2009		1,844	164	216	612	2,836	3,725

Unrestricted investment income includes £49,000 arising from investments held by endowment funds.

There are no recognised gains or losses other than those recorded in the Statement of Financial Activities above.

Summary Income and Expenditure Account

for the 15 months ended 31 March 2009 (comparative figures for the year ended 31 December 2007)

	<i>Notes</i>	2009 £'000	2007 £'000
Operating income		4,292	2,906
Expenditure		(4,468)	(3,149)
Operating deficit	5	(176)	(243)
Exceptional item	6	(277)	-
Net gains from disposal of tangible fixed assets		1	1
Net gains/(losses) from disposal of fixed asset investments	10	(15)	2
Income from fixed asset investments		89	77
Other interest receivable and similar income		18	37
Interest payable and similar charges	7	(4)	(15)
Net expenditure for the period		(364)	(141)

The Summary Income and Expenditure Account above is derived from the Statement of Financial Activities on page 19. It comprises incoming resources, resources expended and realised gains and losses on investments for the Trust's income funds (restricted and unrestricted). It excludes unrealised gains and losses on investments

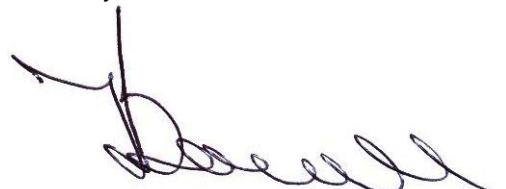
All activity has arisen from continuing operations.

Balance Sheet

at 31 March 2009 (comparative figures at 31 December 2007)

	Notes	2009 £'000	Restated 2007 £'000
Fixed assets			
Tangible assets	9	1,789	1,361
Investments	10	1,249	1,702
		3,038	3,063
Current assets			
Stocks	11	3	20
Debtors	12	414	663
Investments	13	400	-
Cash at bank and in hand		358	442
		1,175	1,125
Creditors: amounts falling due within one year	14	(1,377)	(463)
Net current assets/(liabilities)		(202)	662
Net assets		2,836	3,725
Funds			
Restricted funds	15		
Endowment funds		612	1,014
Restricted income funds		380	1,048
		992	2,062
Unrestricted income funds	15		
Revaluation reserve		(124)	(2)
Other unrestricted income funds		1,968	1,665
		1,844	1,663
Total funds		2,836	3,725

These financial statements were approved by the Board of Trustees on 27 August 2009, and were signed on its behalf by:



T P E Bowman
Director and Member of the Board of Trustees

Cash Flow Statement

for the 15 months ended 31 March 2009 (comparative figures for the year ended 31 December 2007)

	<i>Notes</i>	2009 £'000	2007 £'000
Net cash inflow from operating activities	16	1,207	81
Returns on investment and servicing of finance	16	103	99
Capital expenditure and financial investment	16	(947)	(190)
Management of liquid resources	16	(400)	-
Financing	16	(4)	(2)
Decrease in cash in the period	16	(41)	(12)

Notes to the Financial Statements

for the 15 months ended 31 March 2009 (comparative figures for the year ended 31 December 2007)

1 COMPANY STATUS

Brathay Hall Trust ('the Trust') is a charitable company limited by guarantee. The liability in respect of the guarantee, as set out in the Memorandum of Association, is limited to £1 per member of the company. The members of the company are the Trustees (who are also the directors).

2 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in respect of items which are considered material in relation to the Trust's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention – with the exception of investments which are included at market value – and in accordance with applicable accounting standards and the Statement of Recommended Practice *Accounting and Reporting by Charities* (revised 2005) issued by the Charity Commission for England and Wales ('SORP 2005').

Group financial statements

The Trust and its wholly owned trading subsidiary, Brathay Hall Services Limited, comprise a medium-sized group as defined by the Companies Act 1985. The Trust has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group financial statements. The profits of Brathay Hall Services Limited are covenanted to the Trust.

Fund accounting

Unrestricted income funds are available for use at the discretion of the Trustees in furtherance of the Trust's general objectives. Designated funds are unrestricted income funds which have been set aside by the Trustees for specific purposes – the designation is purely administrative, and does not legally restrict the Trustees' discretion to apply the fund as they see fit.

Restricted funds are funds subject to restrictive conditions imposed by donors or with their authority (eg in a public appeal). They comprise restricted income funds and endowment (restricted capital) funds. Restricted income funds may be applied by the Trustees in furtherance of specified objectives. The Trust distinguishes in its Statement of Financial Activities between restricted income funds to be used for the Trust's charitable activities (restricted programme funds) and those raised for capital expenditure (restricted fixed asset funds). Endowment funds are held for the benefit of the Trust as capital funds. The Trustees may apply the income from endowment funds at their discretion, but the fund capital is usually maintained indefinitely and can only be expended under specified conditions (Note 15). Movements on endowment funds are therefore excluded from the Summary Income and Expenditure Account in accordance with paragraph 423 of SORP 2005.

Transfers are made from restricted fixed asset funds to a designated 'capital asset' fund when relevant fixed assets are purchased or relevant expenditure is capitalised.

Incoming resources

Voluntary income is recognised either on receipt or (if sooner) when it is promised or pledged in writing, there are no conditions attached (other than restrictions on its use), receipt is virtually certain, and the amount of the income is quantifiable. Gifts in kind are included at their estimated market value.

Investment income is recognised when it becomes due.

Incoming resources from charitable activities are recognised to the extent that the Trust has performed the activities to which they relate. Incoming resources received in advance of such performance are deferred.

Resources expended

Expenses are recognised on an accruals basis.

Governance costs are costs associated with the Trust's constitutional and statutory obligations. They include the cost of audits, statutory accounts, Trustee meetings, legal advice to Trustees and strategic management.

Notes to the Financial Statements (continued)

2 ACCOUNTING POLICIES (continued)

Resources expended (continued)

The costs of fundraising, charitable activities and governance include an element of indirect support costs. Support costs include the costs of budgeting, accounting, payroll administration, general legal advice, human resources, information technology and general management. They have been apportioned between the costs of fundraising, charitable activities and governance on an equitable basis, as explained in Note 4.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated so as to write off the cost of each asset on a straight-line basis over its expected economic life, as follows:

Improvements to leasehold property	–	the lesser of 25 years or the life of the lease
Equipment, fixtures and fittings and motor vehicles	–	3-5 years

A review of the expected economic life of tangible fixed assets was carried out during the period, and as a result the depreciation periods for various categories of fixed assets were changed. The principal such change was the reduction of the expected economic life of improvements to leasehold property from the life of the lease to the lesser of 25 years or the life of the lease. An exceptional item has been put through (see Note 6) which represents the extra depreciation which would have been charged up to 31 December 2007 if existing tangible fixed assets had been depreciated at the revised rates from their dates of acquisition.

Investments

Investments are stated at market value. Movements in unrealised gains and losses on revaluation of fixed asset investments are included under 'gains/(losses) on investments' in the Statement of Financial Activities.

Restatement of comparative figures

Amounts invoiced in advance were divided in the 31 December 2007 financial statements into those invoices which had been paid by the balance sheet date, which were shown as deferred income, and those invoices which had not been paid, which were deducted from trade debtors. All amounts invoiced in advance have been shown as deferred income in these financial statements so that the trade debtors figure better reflects contractual reality. The comparative figures for debtors, trade debtors, creditors falling due within one year and deferred income have therefore been restated accordingly.

Comparative figures for the revaluation reserve and other unrestricted income funds have been restated to show the correct split.

3 INCOMING RESOURCES

	2009	2007
	£'000	£'000
Voluntary income		
For charitable programmes	495	389
For equipment	-	12
For the <i>Building for the Future</i> project	91	50
For general purposes	49	-
Donated services – leasehold property	119	93
	754	544
Activities for generating funds		
Rents receivable	61	43
Miscellaneous	178	70
	239	113
Income from Brathay Hall Services Limited	17	13

Notes to the Financial Statements *(continued)*

3 INCOMING RESOURCES *(continued)*

	2009	2007
	£'000	£'000
Investment income		
Dividends receivable	35	30
Interest receivable		
Fixed asset investments	44	47
Short-term bank deposits	28	37
	<u>107</u>	<u>114</u>
Fees from charitable activities		
Training, education and development		
Children and young people	1,542	945
Adults	1,740	1,262
Conferences	-	29
	<u>3,282</u>	<u>2,236</u>
Other incoming resources	<u>1</u>	<u>1</u>
Total incoming resources	<u>4,400</u>	<u>3,021</u>

During the period the Trust was awarded a £2.5 million grant by the Youth Sector Development Fund of the Department of Children, Schools and Families as part of the latter's programme to build the capacity of Third Sector Organisations within the English youth sector to sustain and grow their provision. The grant is payable in quarterly instalments between January 2009 and March 2011. One instalment of £93,000 was received during the period, and this has been accounted for in the figure for voluntary income for charitable programmes shown above. Further instalments are dependent upon specific programme expenditure and the attainment of specified performance outcomes, so the balance of the award has not been accounted for as incoming resources.

4 RESOURCES EXPENDED

Total resources expended by activity

	Direct costs	Support costs	Total 2009	Total 2007
	£'000	£'000	£'000	£'000
Cost of generating funds				
Voluntary income	147	51	198	164
Activities	52	11	63	55
Investment management	6	-	6	5
	<u>205</u>	<u>62</u>	<u>267</u>	<u>224</u>
Cost of charitable activities				
Training, education and development				
Children and young people	2,386	330	2,716	1,616
Adults	1,240	171	1,411	1,215
Conferences	-	-	-	28
	<u>3,626</u>	<u>501</u>	<u>4,127</u>	<u>2,859</u>
Governance costs	<u>28</u>	<u>30</u>	<u>58</u>	<u>50</u>
Other resources expended	<u>16</u>	<u>8</u>	<u>24</u>	<u>33</u>
Exceptional item	<u>277</u>	<u>-</u>	<u>277</u>	<u>-</u>

Notes to the Financial Statements *(continued)*

4 RESOURCES EXPENDED *(continued)*

	Direct costs £'000	Support costs £'000	Total 2009 £'000	Total 2007 £'000
Total resources expended	4,152	601	4,753	3,166

Analysis of support costs

	General management £'000	Finance and legal £'000	Human resources £'000	IT £'000	Total 2009 £'000	Total 2007 £'000
Voluntary income	27	12	3	9	51	13
Activities for generating funds	7	4	-	-	11	4
Charitable activities						
Children and young people	44	205	27	54	330	151
Adults	23	106	14	28	171	99
Governance	27	3	-	-	30	25
Other	7	1	-	-	8	-
	135	331	44	91	601	292

Basis of support cost allocation

The basis of allocation of each type of support cost is as follows:

- General management – estimate of time spent
- Finance and legal – *pro rata* with direct costs
- Human resources – number of staff
- Information technology – number of staff with computers

After support costs have been allocated on the above basis to charitable activities, they are further allocated between children and young people and adults on the basis of billable days.

Governance costs

	Direct costs £'000	Support costs £'000	Total 2009 £'000	Total 2007 £'000
Annual review	6	-	6	4
Audit	10	-	10	8
Legal costs	-	-	-	2
Trustee indemnity insurance	10	-	10	9
Trustee meeting costs	2	-	2	2
Staff and office costs	-	30	30	25
	28	30	58	50

5 OPERATING DEFICIT

The operating deficit for the period is stated after charging:

	2009 £'000	2007 £'000
Auditors' remuneration – for the audit of the Trust's financial statements	10	8
Depreciation – owned assets	160	78

Rates of depreciation have been changed during the period as detailed in Note 2. If rates had remained the same, depreciation for the period would have been £116,000.

Notes to the Financial Statements *(continued)*

6 EXCEPTIONAL ITEM

	2009 £'000	2007 £'000
Depreciation	277	-

As explained in Note 2, depreciation rates were changed following a review of the expected economic lives of tangible fixed assets. The exceptional item above represents the additional depreciation that would have been charged up to 31 December 2007 if the revised rates had been applied from the dates of acquisition. The split of the above figure between categories of tangible fixed assets is shown in Note 9.

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £'000	2007 £'000
Bank interest payable	4	15

8 TRUSTEE AND STAFF INFORMATION

Trustees' remuneration and expenses

Trustees received no remuneration during the period (2007: £0).

Expenses reimbursed to Trustees amounted to £1,979 (2007: £1,683). These expenses related to travel and subsistence for 3 (2007: 4) Trustees.

Professional indemnity insurance

The Trust has a professional indemnity policy for £2 million, including Trustees' liability cover, for which the premium was £10,303 (2007: £8,831).

Staff costs

	2009 £'000	2007 £'000
Wages and salaries	2,100	1,540
Social security costs	200	150
Pension costs	109	94
	2,409	1,784

The Trust operates a flexible pay scheme. The majority of employees opted for a 5% (2007: 5%) employer's contribution to their defined personal pension scheme.

Employees earning over £60,000

	2009 No	2007 No
£80,000 – £90,000	1	-
£60,000 – £70,000	2	1

The Trust contributed a total of £10,881 (2007: £6,093) to defined contribution pension schemes for the staff shown above.

The figures above for 2009 reflect earnings in a 15-month period. In the 12 months to 31 March 2009 only one employee earned in excess of £60,000, with earnings falling in the £70,000 – £80,000 band. The Trust contributed £3,535 to a defined contribution scheme for that employee in the same 12-month period.

Notes to the Financial Statements *(continued)*

8 TRUSTEE AND STAFF INFORMATION *(continued)*

Staff numbers

The average monthly number of employees, analysed by function, was:

	2009 No	Restated 2007 No
Fundraising and publicity	11	6
Charitable activities	56	59
Management and support	10	8
	<u>77</u>	<u>73</u>

9 TANGIBLE FIXED ASSETS

Analysis of movement in tangible fixed assets

	Assets under construction £'000	Improvements to short leasehold property £'000	Equipment, fixtures and motor vehicles £'000	Total £'000
Cost				
At 1 January 2008	316	1,243	732	2,291
Additions	-	729	136	865
Transfers	(316)	316	-	-
Disposals	-	-	(26)	(26)
	<u>-</u>	<u>2,288</u>	<u>842</u>	<u>3,130</u>
At 31 March 2009	-	2,288	842	3,130
Depreciation				
At 1 January 2008	-	362	568	930
Charge for the period	-	290	147	437
Disposals	-	-	(26)	(26)
	<u>-</u>	<u>652</u>	<u>689</u>	<u>1,341</u>
At 31 March 2009	-	652	689	1,341
Net book value				
At 31 March 2009	<u>-</u>	<u>1,636</u>	<u>153</u>	<u>1,789</u>
At 31 December 2007	316	881	164	1,361

The depreciation charge for the period is made up as follows:

	Improvements to short leasehold property £'000	Equipment, fixtures and motor vehicles £'000	Total £'000
Ordinary	98	62	160
Exceptional (see Note 6)	192	85	277
	<u>290</u>	<u>147</u>	<u>437</u>

Notes to the Financial Statements *(continued)*

9 TANGIBLE FIXED ASSETS *(continued)*

Capital commitments

Contracted but not provided for in the financial statements:

	2009 £'000	2007 £'000
<i>Building for the Future</i> project – phase 1	-	681

10 FIXED ASSET INVESTMENTS

Analysis of movement in investments

	Strategic reserve fund £'000	Endowment fund £'000	Total £'000
Market value at 1 January 2008	688	1,014	1,702
Investment income reinvested	40	49	89
Investment management costs	(2)	(4)	(6)
Other net monies invested/(disinvested)	-	-	-
Transfers between portfolios	49	(49)	-
Net gains/(losses) on investments	(138)	(398)	(536)
Market value at 31 March 2009	637	612	1,249

Historic cost of investments

	Strategic reserve fund £'000	Endowment fund £'000	Total £'000
At 31 March 2009	761	759	1520
At 31 December 2007	690	841	1,531

Analysis of investments by category

	Strategic reserve fund £'000	Endowment fund £'000	Total 2009 £'000	Total 2007 £'000
Listed investments				
Fixed interest	302	144	446	664
Equities	108	398	506	892
Alternatives	-	17	17	-
	410	559	969	1,556
Cash on deposit	227	53	280	146
	637	612	1,249	1,702

Notes to the Financial Statements *(continued)*

10 FIXED ASSET INVESTMENTS *(continued)*

Analysis of investments by location

	Strategic reserve fund £'000	Endowment fund £'000	Total 2009 £'000	Total 2007 £'000
Investments in the UK	637	557	1,194	1,549
Investments outside the UK	-	55	55	153
	<u>637</u>	<u>612</u>	<u>1,249</u>	<u>1,702</u>

Material investments

The value of the following investment exceeded 5% of the total market value at 31 March 2009:

	Proportion	Value £'000
UBS Global Asset Management Premier Resolution Fixed Interest Fund	7%	<u>89</u>

Net losses on investments

	Strategic reserve fund £'000	Endowment fund £'000	Total 2009 £'000	Total 2007 £'000
Realised losses based on historic cost	(15)	(82)	(97)	22
Movement in unrealised gains/losses	(123)	(316)	(439)	(64)
	<u>(138)</u>	<u>(398)</u>	<u>(536)</u>	<u>(42)</u>

11 STOCKS

	2009 £'000	2007 £'000
Consumable stock	<u>3</u>	<u>20</u>

12 DEBTORS

	2009 £'000	Restated 2007 £'000
Trade debtors	289	217
Amounts owed by subsidiary company	-	13
Other debtors	3	2
Prepayments	87	45
Accrued income	35	386
	<u>414</u>	<u>663</u>

13 CURRENT ASSET INVESTMENTS

	2009 £'000	2007 £'000
Short-term treasury deposits	<u>400</u>	<u>-</u>

Notes to the Financial Statements *(continued)*

14 CREDITORS

Amounts falling due within one year

	2009 £'000	Restated 2007 £'000
Bank overdrafts	-	43
Trade creditors	121	65
Amounts owed to subsidiary company	11	-
Taxes and social security	110	44
Other creditors	11	10
Accruals	234	116
Deferred income	890	185
	<u>1,377</u>	<u>463</u>

Analysis of deferred income

	Voluntary income £'000	Charitable activities £'000	Total £'000
Deferred income at 1 January 2008 (restated)	-	185	185
Income released during the period	-	(182)	(182)
Income deferred during the period	14	873	887
	<u>14</u>	<u>876</u>	<u>890</u>

Deferred voluntary income represents monies received during the period as sponsorship for participants in the *Brathay Windermere Marathon* in May 2009. Deferred income for charitable activities represents course fees invoiced in advance.

15 FUNDS

Summary of fund movements

	Opening Balance £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains and losses £'000	Closing balance £'000
Unrestricted income funds						
Designated funds						
Capital asset fund	1,361	-	-	428	-	1,789
Strategic reserve fund	688	89	(2)	-	(138)	637
Research fund	-	10	-	-	-	10
	<u>2,049</u>	<u>99</u>	<u>(2)</u>	<u>428</u>	<u>(138)</u>	<u>2,436</u>
General funds	(386)	3,690	(4,165)	269	-	(592)
	<u>1,663</u>	<u>3,789</u>	<u>(4,167)</u>	<u>697</u>	<u>(138)</u>	<u>1,844</u>
Restricted income funds						
Programme funds	226	506	(566)	(2)	-	164
Fixed asset funds	822	105	(16)	(695)	-	216
	<u>1,048</u>	<u>611</u>	<u>(582)</u>	<u>(697)</u>	<u>-</u>	<u>380</u>
Total income funds	<u>2,711</u>	<u>4,400</u>	<u>(4,749)</u>	<u>-</u>	<u>(138)</u>	<u>2,224</u>
Restricted capital funds						
Endowment fund	1,014	-	(4)	-	(398)	612
Total funds	<u>3,725</u>	<u>4,400</u>	<u>(4,753)</u>	<u>-</u>	<u>(536)</u>	<u>2,836</u>

Notes to the Financial Statements *(continued)***15 FUNDS** *(continued)***Fund information***Capital asset fund*

The capital asset fund is a designated fund that holds the Trust's tangible fixed assets. When assets are purchased or capitalised, appropriate amounts are transferred into the capital asset fund from the general fund or restricted fixed asset funds. As fixed assets are depreciated or disposed of, appropriate amounts are transferred from the capital asset fund into the general fund.

Strategic reserve fund

The strategic reserve fund is a designated fund that has been set aside by the Trustees with the objective of supporting the charity in the event that income is insufficient to support the Trust's charitable activities, or to support working capital in the event of a downturn in the economy. It is represented in the balance sheet by fixed asset investments.

Research fund

The research fund is a designated fund which has been set up by the Trustees for investigation and research into questions affecting the education of young people in accordance with one of the Trust's objectives. It is represented in the balance sheet by net current assets.

General funds

General funds represent the balance of monies in unrestricted income funds which are undesignated. They are represented in the balance sheet by net current assets or, if they are in deficit, by net current liabilities.

Restricted income funds

Programme funds comprise a number of funds with similar restrictions, namely that they must be used for the Trust's charitable activities. Fixed asset funds comprise several funds whose application is restricted to one or more activities – including fundraising, feasibility studies, project planning, repairs and maintenance, and capital expenditure – connected to the purchase, construction or renovation of tangible fixed assets. Restricted income funds are represented in the balance sheet by net current assets.

Endowment fund

The endowment fund was established to provide an income to support the general objectives of the Trust, and that income is expendable at the discretion of the Trustees. The capital value is maintained at no less than the value, in real terms, as at the date of the fund's original creation. The Trustees have discretion to expend any capital in excess of that level, but do not intend to do so under normal circumstances. The fund is represented in the balance sheet by fixed asset investments.

Analysis of net assets by type of fund

Funds at 31 March 2009 comprise:

	Unrestricted income funds £'000	Restricted income funds £'000	Endowment funds £'000	Total £'000
Tangible fixed assets	1,789	-	-	1,789
Fixed asset investments	637	-	612	1,249
Net current assets/(liabilities)	(582)	380	-	(202)
Net assets	1,844	380	612	2,836

Revaluation reserve

Unrestricted income funds include a deficit on revaluation reserve of £124,000 (*2007 restated: deficit £2,000*) which represents the net unrealised loss on investments held by the strategic reserve fund.

Notes to the Financial Statements *(continued)*

16 CASH FLOW INFORMATION

Reconciliation of net incoming/outgoing resources to net cash flow from operating activities

	2009 £'000	2007 £'000
Net outgoing resources	(353)	(145)
Net outgoing resources on endowment funds	4	2
Investment income	(107)	(114)
Interest payable	4	15
Depreciation	437	78
Gain on disposal of tangible fixed assets	(1)	(1)
(Increase)/decrease in stocks	17	1
(Increase)/decrease in debtors	249	348
Increase/(decrease) in creditors	957	(103)
Net cash inflow/(outflow) from operating activities	1,207	81

Analysis of cash flows

	2009 £'000	2007 £'000
Returns on investment and servicing of finance		
Dividends received	35	30
Interest received	72	84
Interest paid	(4)	(15)
	103	99

Capital expenditure and financial investment

Purchases of tangible fixed assets	(865)	(329)
Sales of tangible fixed assets	1	11
Net monies (invested in)/disinvested from fixed asset investments	(83)	128
	(947)	(190)

Management of liquid resources

Payments into short-term deposits	(400)	-
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Financing

Payments from endowment funds – investment management costs	(4)	(2)
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Analysis of movement in net cash and liquid resources

	Opening balance £'000	Cash Flows £'000	Closing balance £'000
Cash at bank and in hand	442	(84)	358
Bank overdraft	(43)	43	-
Net cash	399	(41)	358
Current asset investments	-	400	400
Net cash and liquid resources	399	359	758

Notes to the Financial Statements *(continued)*

17 TRADING SUBSIDIARY

The Trust has one trading subsidiary, Brathay Hall Services Limited ('BHS') – a company incorporated in England and Wales. On 24 March 2009 the Trust purchased the entire issued share capital of BHS, being four £1 ordinary shares, from two individuals who previously held them as nominees for the Trust. The investment in BHS is recognised in the accounts of the Trust at nominal value, as BHS does not retain any profits and has no tenure to operate independently of the Trust.

BHS operates a bar and small shop at Brathay Hall for the use of participants on training courses delivered by the Trust. It also provides accommodation and facilities at Brathay Hall, runs activity days on the estate and organises the annual *Brathay Windermere Marathon*. A charging structure has been agreed between the Trust and BHS so that the Trust is paid a reasonable sum for the resources used. All the profits of BHS are covenanted to the Trust.

Assets and liabilities

The aggregate amount of assets and liabilities of BHS is as follows:

	2009 £'000	2007 £'000
Assets	33	29
Liabilities	(33)	(29)
Net assets	-	-

Summary profit and loss account

The summary profit and loss account of BHS for the period is as follows:

	2009 £'000	2007 £'000
Turnover	237	116
Cost of sales	(213)	(98)
Gross profit	24	18
Administrative expenses	(7)	(5)
Profit for the period	17	13
Donation to the Trust	(17)	(13)
Retained profit	-	-