



**Break**  
**(A company limited by guarantee)**

**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

Charity number 286650  
Company number 01699685

**Break**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

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## Break

### CHARITY REFERENCE AND ADMINISTRATIVE DETAILS YEAR ENDED 31 MARCH 2016

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Charity Registration Number: 286650  
Company Registration Number: 01699685  
Registered Office and  
Operational Address: Schofield House  
Spar Road  
Norwich  
Norfolk  
NR6 6BX

#### Board of Trustees

Mr A P K Roy (Chairman)  
Mr T J Brown CQSW, Dip MS (Deputy Chairman)  
Mr F M E Shippam FCA, DChA (Treasurer)  
Mr S Fowler TD, LLB  
Dr M Gardiner MSc, PhD  
Mr G Gildersleeve MA, DipSW  
Mrs A Joyce BSc  
Mrs S Martin  
Mr A Nicholls  
Ms A L Owens FCCA, DipIFR, MloD  
Mr J Sam MBCS, CITP, MloD  
Professor J Thoburn CBE  
Ms K Ward MSc, CIM

#### Presidents and Co-founders

Mrs J A Davison  
Mr G M Davison OBE  
Reverend Canon L J Morley BD, MTh, AKC

#### Chief Executive Officer

Mrs H B Richards MA, BA (Hons), DipSW, Diploma, PTA

#### Executive Team

Mr P D Goddard FCCA (Deputy Chief Executive)  
Ms R Cowdry BA (Hons), MA DipSW, Diploma (Director of Organisational Development)  
Mr M Hudson BSc, Chartered MCIPD (Director of Resources)

#### Company Secretary

Mr M Hudson BSc, Chartered MCIPD

#### Auditor

Lovewell Blake LLP, Bankside 300, Peachman Way, Broadland Business Park, Norwich, NR7 0LB

#### Solicitor

Butcher Andrews, 1 Old Post Office Street, Fakenham, Norfolk, NR21 9BL

#### Bankers

Lloyds Bank plc, The Undercroft, Queens Street, Norwich, NR2 4SG

## **Break**

### **REPORT OF THE BOARD OF TRUSTEES (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)**

#### **YEAR ENDED 31 MARCH 2016**

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The Trustees, who are also directors for the purposes of company law, present their report and the audited financial statements of the charity for the year ended 31 March 2016 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

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).

#### **Trustees of the charity**

The Trustees who have served during the year and since the year end are shown on page 1. Mr S George resigned on 2 April 2015. Ms K Ward, Ms A Joyce and Mr A Nicholls were appointed on 17 July 2015 and Ms C Pemberton resigned on the same date. Mr A Roy and Mr S Fowler were appointed on 20 August 2015. Mr C Lamb and Mr A J Mills resigned on 16 November 2015. All other Trustees served throughout the year.

#### **Objectives and Activities**

Break's charitable objectives and principal activities are:-

- The relief of the needs of persons who are sick, disabled (whether physically or mentally), disadvantaged, infirm or who have learning disabilities or other special needs and of children who come from poor or deprived backgrounds
- The advancement of the education and training of any persons who fall within the categories specified above
- The relief of the needs of persons who experience emotional and behavioural disorders
- The relief of the needs and the support of families of any persons falling into the categories specified

The objectives and aims are achieved by the implementation of individual unit and departmental business plans.

The objectives have been met by providing the following services:-

- Short Breaks – Nelson Lodge, Morley House, Fritton and Breakaway Fritton
- Family Assessments – Hazeldene
- Seven Children's Homes – (including Trafalgar Lodge which cares for children with learning disabilities)
- Families' House
- Fostering
- Moving On Team
- Unthank Family Centre (joined Break 1 October 2015)

Break's policy is to work in partnership with Local Authorities, Housing Associations, Norfolk NHS Commissioning Board and other relevant agencies. It maintains strong working connections with Norfolk County Council Children's Services and acknowledges funding from them for all its establishments excluding the Moving On Team.

## **Break**

### **REPORT OF THE BOARD OF TRUSTEES (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2016**

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#### ***Public Benefit Statement***

The Board have paid due regard to the Charity Commission's guidance on public benefit.

In the terms of the Charities Act 2011, Break's Objectives fall within two definitions of charitable activity, "the relief of those in need by reason of ill-health, disability or other disadvantage" and "the advancement of education". On both counts Break provides benefits, irrespective of their financial circumstances, to a number of distinct groups of the public including: children and young people; families; and young people with learning and physical disabilities.

Within the Annual Review there is significant information on the services that are provided, and the benefits which accrue to the service users.

#### **Strategic Report**

##### **a) Achievements and Performance**

This year has seen a significant number of changes at Break as we adapted to the challenges we face. We reshaped the senior management team and support services to create a more flexible structure to enable us to respond swiftly to the ever changing environment. Our Board has welcomed five new Trustees, including a new Chair; and we made changes to our governance and committee structure to ensure we are fit for the future.

##### ***Our Services***

We had continued success throughout the year winning new tenders, creating new partnerships and expanding the range of services we offer. We incorporated the Unthank Family Centre and Great Yarmouth Contact Service into our portfolio and opened our first Moving On House for young people leaving our care. Ofsted continue to highly rate all our regulated services. Outcomes for children, young people and families continue to be amazing across Break.

##### ***Young People in Care and Moving On***

We believe that young people should have the best possible start in life. Sometimes this means that they need to live away from their families.

We work with young people from a variety of backgrounds and experiences and offer a 'family' environment to support them in the next stage of their lives. We run six children's homes in Norfolk and Cambridgeshire and a Therapeutic Fostering Service offering single placements to young people.

##### ***Children's Homes***

All of our services were rated as "Good" with "Outstanding" elements during 2015/16 and we are very proud of the achievements of our young people.

##### ***Fostering***

The team continue to support a range of children and young people in single placements across Norfolk. There have been few placement vacancies this year but the team continue to be inundated with referrals. They are always striving to expand the service and attract thoughtful families who want to take on the Therapeutic fostering challenge.

##### ***Moving On Team***

###### ***Transitions***

The team is fully funded each year by charitable income. Break believes that we all need additional support during periods of transition and young people leaving care are no exception. This year we have actively worked with 58 young people and are in touch with a further 79. The support ranges from ensuring young people are up in time to go to work to spending hours filling in benefit forms. One young person described his Transition worker as "an angel".

###### ***Mentoring***

The team continue to expand the mentoring service to help a wider range of people who use Break's services. We now offer 19 active Mentoring relationships and five more are available for matching. Regular recruitment campaigns result in a flow of new mentors to train and support.

## Break

### REPORT OF THE BOARD OF TRUSTEES (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2016

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#### Strategic Report (continued)

##### a) Achievements and Performance (continued)

###### ***Children and Young People with Disabilities***

We have continued to develop our services to children and young people with disabilities and their families in the last year. From our specialist children's home to our residential short break services to our youth club, the feedback has been exceptional. Our staff are passionate about opening up as many opportunities to the young people as possible.

###### ***Families in Need of Support***

We have worked with over 1,000 families in the last 12 months and continue to find innovative and exciting ways to reach families who would not otherwise receive a much needed service.

2015 saw the Unthank Family Centre (UFC) join Break. The UFC has many years of offering therapeutic and social work services to families in Norfolk through work with individuals, families and through schools. The team complements our Family Support services run from Families' House.

###### ***Children at Risk***

In the last 12 months our Family Assessment Service has worked with over 30 families assessing the parenting capacity and quality of attachments to determine whether the family is able to stay together. The assessments are usually commissioned by the Family Court before the families in crisis come to the centre. The team ensure that the families have time and space to reflect on their past experiences and learn new responses to life's stresses.

###### ***Fundraising Operations***

Break retail continues to thrive despite a very challenging environment on the High Street, which includes increased competition, the introduction of the National Living Wage and depressed rag prices. The 51 charity shops continue to offer high quality goods at competitive prices. We strive to ensure all customers receive a warm welcome from any of our staff and 900 volunteers.

The Break fundraising team delivered the amazing GoGoDragons! Project in Norwich which raised over £370,000 to help Break change young lives. The trail also provided an estimated boost of £2.5m for the Norwich economy and delivered over 8 million visitor hours to the city.

These operations are critical in our ability to maintain the high quality of services we offer. The Board of Trustees would like to acknowledge the support of all Break's donors.

###### ***Principal Risks and Uncertainties***

- Upcoming tenders
- Cashflow
- Incident/Damage to reputation
- Competition

The above risks have been identified and measures have been put in place to reduce any impact these may have on the quality of service that Break provides, these have been agreed by the Board of Trustees. The risk analysis is monitored through related KPI's, Care Services, Human Resources, Finance, Health and Safety/Maintenance and IT, and reviewed by the Board of Trustees on a quarterly basis.

## **Break**

### **REPORT OF THE BOARD OF TRUSTEES (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2016**

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#### **Strategic Report (continued)**

##### **b) Financial Review**

###### ***Results***

Net expenditure in unrestricted funds amounted to £334k, before transfers from restricted funds of £247k and gains on revaluation of fixed assets of £67k, with net income of £257k in respect of restricted funds, before transfers to unrestricted funds of £247k. The unrestricted fund balance at 31 March 2016 amounted to £2,833k (including designated funds of £330k).

###### ***Reserves Policy***

The Board of Trustees maintains that holding large cash balances, whilst also holding mortgage debt, is an inefficient use of capital. This has to be balanced against ensuring that Break always has adequate cash to fund its operations. Thus, it is the Board's policy to hold one month's payroll costs in reserve. This sum is currently assessed as £600,000, and will be reviewed annually.

At 31 March 2016, Break had no free reserves with unrestricted current liabilities exceeding unrestricted current assets by £246k. This includes designated current assets of £330k. Restricted reserves amounted to £109k.

The Board carefully monitors cash flow and net asset values which it believes are critical performance indicators. The Board has also set up a borrowing facility with Lloyds Bank plc which will provide an additional cash buffer should the need arise.

###### ***Funding Sources***

Break has three main funding sources: service level agreements and spot purchase contracts from Norfolk County Council and other local authorities; retail; and fundraising.

###### ***Investment Policy***

The investments included in the balance sheet comprise quoted and unquoted shares. The Board recognises the need to manage these assets effectively and keeps its Investment Policy under review.

Short-term surplus cash earns a competitive rate of deposit interest.

##### **c) Plans for Future Periods**

###### **Key objectives for 2016-19:**

- To provide a range of dynamic, high quality, integrated services for Children, Young People and Families
- To maintain a sustainable financial profile
- To maximise the contribution from our commercial and fundraising activities
- To maintain and develop Break as a great place to work with a highly effective workforce that embodies our values
- To ensure that Break has the organisational flexibility and effective partnerships to succeed in the evolving market

**Break**

**REPORT OF THE BOARD OF TRUSTEES (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)  
FOR THE YEAR ENDED 31 MARCH 2016**

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**Structure, Governance and Management**

***Governing Document***

The organisation is a charitable company limited by guarantee, incorporated on 15 February 1983 and registered as a charity on 6 May 1983. The company's Memorandum of Association establishes the objects and powers of the company which is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

***Recruitment and Appointment of Trustees***

The directors of the company are Trustees for the purpose of charity law.

It is the Board of Trustees' collective responsibility to ensure that the organisation is fit for purpose and to determine and support its strategic direction in order to enable it to attain its stated objective. The charity follows the Code of Governance for the Voluntary and Community Sector.

New appointments to the Board are made after completion of a Trustee skills gap analysis and an open recruitment process to attract volunteers with appropriate skills.

The maximum term of office for a Trustee is three years at which point they must resign or seek re-election.

***Trustee Induction and Training***

All Trustees receive a full induction pack and training needs are assessed periodically.

***Organisational Structure***

The Board may delegate any of its powers to any committee consisting of one or more members of the Board or Executive Officers.

Break has sub-committees on Finance and Remuneration and Terms of Service, Fundraising and Retail, and Care Services; chaired by Board members and involving executive officers and the wider staff team.

The Governance and Management Structures operate under the shared principles of:

- Working together with a common purpose, values and goals
- Adhering to the charitable objectives
- No small group or one individual dominating the decision making
- Adhering to the principles of openness, honesty, integrity, objectivity, accountability and clear leadership

***Pay policy for key management personnel***

The key management personnel are paid on grades 1-3 of a 7 point ranking that is used for all managerial and administrative support staff. The grades all have a scale with a minimum appointment rate, standard job value and maximum job rate. Progress towards the top of the scale is through performance not service.

An executive pay committee with Trustee input determines any performance related pay increases for grades 3-7 and pay increases for the CEO and Directors (Grades 1 and 2) are determined solely by the Trustees and limited by the confines of the scales that are transparently published within the organisation.

No bonuses are paid to key management and employer pension contributions are set at 5% of salary for all eligible Break employees.



## **Break**

### **REPORT OF THE BOARD OF TRUSTEES (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)**

**FOR THE YEAR ENDED 31 MARCH 2016**

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## **Structure, Governance and Management (continued)**

### ***Risk Management***

The Board of Trustees confirm that the major risks to which the charity is exposed have been identified, reviewed and assessed in order for systems to be established to mitigate those risks and in order to achieve the charitable objectives.

### **Staff, employees and volunteers**

In accordance with the charity's equal opportunities policy, Break has long established fair employment practices in the recruitment, selection, retention and training of staff, including those with disabilities. Full details of the policies are available from Head Office.

Break's volunteers continue to provide invaluable support across the organisation. As a conservative estimate their contribution to the organisation is equivalent to £731,000 of paid salary hours.

### **Responsibilities of the Board of Trustees**

The Board of Trustees (who are also directors of Break for the purposes of company law) are responsible for preparing the Report of the Board and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Board of Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income or expenditure, of the charitable company for the year. In preparing these financial statements, the Board of Trustees are required to:

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

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

### **Auditor**

Lovewell Blake LLP shall be deemed to be re-appointed under section 487(2) of the Companies Act 2006.

**Break**

**REPORT OF THE BOARD OF TRUSTEES (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)  
FOR THE YEAR ENDED 31 MARCH 2016**

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**Disclosure of information to the auditor**

We, the directors of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the company's auditor is unaware; and
- we have taken all the steps that we ought to have taken as directors to make ourselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The Board of Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In approving the Trustees' Annual Report, we also approve the Strategic Report in our capacity as company directors.

Approved by the Board of Trustees on 18 July 2016 and signed on its behalf by:

Alastair Roy

**Break**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS**

### **FOR THE YEAR ENDED 31 MARCH 2016**

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We have audited the financial statements of Break for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

#### **Respective responsibilities of Trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 8, the Board of 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 (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **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 2016 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 the information given in the Report of the Board of Trustees (including the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 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.

Bankside 300  
Peachman Way  
Broadland Business Park  
Norwich  
Norfolk  
NR7 0LB

MARK PROCTOR FCA DChA (Senior Statutory Auditor)  
For and on behalf of LOVEWELL BLAKE LLP  
Chartered Accountants and Statutory Auditor

18 July 2016

**Break****STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)****FOR THE YEAR ENDED 31 MARCH 2016**

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	Notes	Unrestricted funds £000	Restricted funds £000	2016 total £000	2015 total £000
<b>Income from:</b>					
Donations and legacies	2	1,378	110	1,488	434
Charitable activities	3	6,017	173	6,190	6,016
Other trading activities	4	3,671	-	3,671	3,568
Investments	5	11	-	11	19
Other		<u>-</u>	<u>4</u>	<u>4</u>	<u>1</u>
<b>Total</b>		<b>11,077</b>	<b>287</b>	<b>11,364</b>	<b>10,038</b>
<b>Expenditure on:</b>					
Raising funds	6	4,090	-	4,090	3,144
Charitable activities	6	<u>7,298</u>	<u>30</u>	<u>7,328</u>	<u>7,072</u>
<b>Total</b>	6	<b>11,388</b>	<b>30</b>	<b>11,418</b>	<b>10,216</b>
Net losses on investments	12	<u>(23)</u>	<u>-</u>	<u>(23)</u>	<u>(214)</u>
<b>Net expenditure</b>		<b>(334)</b>	<b>257</b>	<b>(77)</b>	<b>(392)</b>
<b>Transfers between funds</b>	10	247	(247)	-	-
<b>Other recognised gains / (losses):</b>					
Gains on revaluation of fixed assets	11	<u>67</u>	<u>-</u>	<u>67</u>	<u>-</u>
<b>Net movement in funds</b>		<b>(20)</b>	<b>10</b>	<b>(10)</b>	<b>(392)</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>2,853</u>	<u>99</u>	<u>2,952</u>	<u>3,344</u>
Total funds carried forward	18	<u>2,833</u>	<u>109</u>	<u>2,942</u>	<u>2,952</u>

The statement of financial activities includes all gains and losses in the year. All income and expenditure derives from continuing activities.

The notes on pages 13 to 24 form part of these financial statements.

Break

**BALANCE SHEET**

AS AT 31 MARCH 2016

COMPANY NUMBER: 01699685

	Notes	2016 £000	2015 £000
<b>Fixed assets</b>			
Tangible assets	11	3,592	3,738
Investments	12	<u>55</u>	<u>322</u>
		<u>3,647</u>	<u>4,060</u>
<b>Current assets</b>			
Debtors	13	360	393
Cash at bank and in hand	14	<u>124</u>	<u>761</u>
		<u>484</u>	<u>1,154</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	15	<u>(621)</u>	<u>(1,588)</u>
<b>Net current liabilities</b>		<u>(137)</u>	<u>(434)</u>
<b>Total assets less current liabilities</b>		3,510	3,626
<b>Long-term liabilities</b>			
Creditors: amounts falling due after more than one year	16	<u>(568)</u>	<u>(674)</u>
<b>Total net assets</b>		<u>2,942</u>	<u>2,952</u>
<b>The funds of the charity</b>			
Restricted funds	18	109	99
Unrestricted funds			
Designated funds	18	330	297
General funds	18	2,075	2,153
Revaluation reserve	18	<u>428</u>	<u>403</u>
		<u>2,942</u>	<u>2,952</u>

Approved by the Board of Trustees on 18 July 2016

Alastair Roy

Frank Shippam

The notes on pages 13 to 24 form part of these financial statements.

**Break****CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 MARCH 2016**

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	<b>Note</b>	<b>2016</b> <b>£000</b>	2015 £000
<b>Cash flow from operating activities</b>	<b>22</b>	(740)	143
Interest paid		<u>(27)</u>	<u>(26)</u>
<b>Net cash flow from operating activities</b>		(767)	117
<b>Cash flow from investing activities</b>			
Payments to acquire tangible fixed assets		(104)	(262)
Receipts from sales of tangible fixed assets		81	2
Receipts from sales of investments		244	793
Interest received		2	1
Dividends received		-	-
Rental income received		<u>9</u>	<u>18</u>
<b>Net cash flow from investing activities</b>		232	552
<b>Cash flow from financing activities</b>			
Repayment of mortgage		<u>(102)</u>	<u>(255)</u>
<b>Net cash flow from financing activities</b>		<u>(102)</u>	<u>(255)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<u>(637)</u>	<u>414</u>
<b>Cash and cash equivalents at 1 April 2015</b>		<u>761</u>	<u>347</u>
<b>Cash and cash equivalents at 31 March 2016</b>		<u>124</u>	<u>761</u>
<b>Cash and cash equivalents consist of:</b>			
Cash at bank and in hand		123	437
Short term deposits		<u>1</u>	<u>324</u>
<b>Cash and cash equivalents at 31 March 2016</b>		<u>124</u>	<u>761</u>

The notes on pages 13 to 24 form part of these financial statements.

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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### 1. Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

#### (a) Basis of preparation

The accounts (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 United Kingdom and Republic of Ireland (FRS 102), and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

#### (b) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS102 the restatement of comparative items was required.

No restatements were required.

#### (c) Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from approving these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

#### (d) Group financial statements

The results of the charity's subsidiary company to 31 March 2016 were not material and have therefore not been consolidated.

#### (e) Income

All income is included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. Income is allocated as unrestricted and restricted in accordance with fund accounting rules. Analysis of restricted funds is detailed in note 18. The following specific policies are applied to particular categories of income:

- Income from donations and legacies includes grants and donations and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Legacies are included in the Statement of Financial Activities when the charity becomes aware of its entitlement to the gift and the amount involved can be quantified.
- Clothing and other items donated for resale through the charity's shop are included as income within other trading activities when they are sold.
- Income from investments is included when receivable.

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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### 1. Accounting Policies (continued)

#### (e) Income (continued)

- Income from other trading activities is accounted for when earned.
- Income from grants, where related to performance and specific deliverables, is accounted for as the charity earns the right to consideration by its performance.

#### (f) Expenditure

Expenditure is recognised on an accrual basis as a liability is incurred, split between unrestricted and restricted funds. An analysis of restricted funds is detailed in note 18.

- Expenditure on raising funds comprises the costs associated with attracting donations and legacies and the costs of other trading activities including the charity's shops.
- Expenditure on charitable activities comprises those costs incurred in the delivery of services to beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs are those associated with meeting the constitutional and statutory requirements of the charity including the audit fees and costs linked to the strategic management of the charity.
- Identifiable direct costs are allocated between expenditure categories of the Statement of Financial Activities on an actual basis, all other costs are allocated on a departmental 'head count' basis.

#### (g) Freehold Property

The Board have adopted a policy of revaluing freehold property as permitted by FRS 102. The Board have elected to conduct a periodic revaluation of the Charity's properties by a professionally qualified valuer.

Freehold property is not depreciated on the basis that it relates to properties which have a very long useful life and the residual value is likely to be not materially different from the carrying amount. Annual impairment reviews are carried out.

It is the policy of the Board to maintain all properties to a very high standard with all maintenance and refurbishment costs being charged to the Statement of Financial Activities.

#### (h) Depreciation

Depreciation is calculated to write off the cost or valuation less estimated residual values of tangible fixed assets, excluding freehold property (see above), over their estimated useful lives using the following rates:

Leasehold property	Over the period of the lease
Office furniture and fittings	15% reducing balance
Care homes furniture	20% straight line
Computer equipment and software	33 <sup>1</sup> / <sub>3</sub> % straight line
Motor vehicles	25% reducing balance

The expenditure on furnishing new care homes is capitalised and depreciated over five years. Expenditure on the replacement of furniture, fixtures and fittings is written off in the year the cost is incurred.



**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

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**1. Accounting Policies** (continued)

**(i) Investments**

Investments in unquoted securities are included at a valuation estimated by the Board. Any gains or losses arising on revaluation are included in the Statement of Financial Activities.

Investments in quoted securities are stated at market value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

**(j) Hire Purchase and Leasing**

Assets held under hire purchase and finance leases are capitalised and depreciated using the rates set out in (f) above. The resultant obligations are included in creditors. Operating rentals are charged to the profit and loss account over the period of the lease.

**(k) Pension Schemes**

Break operates two defined contribution schemes. The assets of the schemes are held separately from those of Break in independently administered funds. The charge in the Statement of Financial Activities is the contribution payable by Break to the funds for the year.

**(l) Fund accounting**

- Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.
- Designated funds are funds that have been set aside by the Trustees for particular purposes.
- Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

**(m) Stock**

The fair value of donated stock has not been included in these accounts on the basis that it is impractical to obtain a fair value due to the volume of low-value items received and the absence of detailed stock control systems and records.

**(n) Redundancies**

Where an obligation to make a redundancy or termination payment exists, the costs incurred by the charity are accounted for on an accruals basis and included within employee benefits.

**(o) Taxation**

The charity is exempt from corporation tax as surplus income and gains are applied for charitable purposes.

**Break****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2016****2. Income from donations and legacies**

	<b>Unrestricted £000</b>	<b>Restricted £000</b>	<b>2016 £000</b>	2015 £000
Go Go Dragons event	1,091	-	1,091	-
Donations	287	110	397	404
Legacies	-	-	-	30
	<u>1,378</u>	<u>110</u>	<u>1,488</u>	<u>434</u>

Income from donations and legacies in 2015 included £114k attributable to restricted funds. Please refer to Note 6 for associated costs.

**3. Income from charitable activities**

	<b>Unrestricted £000</b>	<b>Restricted £000</b>	<b>2016 £000</b>	2015 £000
Fees for care services	5,955	173	6,128	5,948
Training income	62	-	62	68
	<u>6,017</u>	<u>173</u>	<u>6,190</u>	<u>6,016</u>

Income from charitable activities in 2015 included £166k attributable to restricted funds. Please refer to Note 6 for associated costs.

**4. Income from other trading activities**

	<b>Unrestricted 2016 £000</b>	Unrestricted 2015 £000
Retail income	3,671	3,568
Retail costs	<u>(3,021)</u>	<u>(2,858)</u>
Surplus	<u>650</u>	<u>710</u>

All goods sold in Break's shops have been donated.

**5. Income from investments**

	<b>Unrestricted 2016 £000</b>	Unrestricted 2015 £000
Rental income	9	18
Interest receivable	2	1
	<u>11</u>	<u>19</u>

Break

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

6. Analysis of Total Expenditure

	Fundraising	Young People Retail	Young People in Care	Children with Disabilities	Family Support	Children at Risk	Governance Costs	Total 2016	Total 2015
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Staff costs (note 8)	178	1,799	2,661	1,753	679	540	42	7,652	7,394
Provisions	-	6	59	33	1	3	1	103	108
Residents	13	-	73	17	6	1	-	110	127
Postage and telephone	5	29	19	10	9	3	1	76	75
Printing and stationery	4	24	9	7	4	4	1	53	56
Motor and travel	3	38	68	26	24	4	3	166	156
Training	2	24	22	16	9	5	-	78	48
Repairs and renewals	9	55	63	51	15	13	1	207	180
Cleaning and household	2	64	12	14	7	3	1	103	103
Professional fees – general	8	54	51	38	52	9	3	215	240
Professional fees – IT costs	4	27	26	19	26	4	2	108	91
Publicity and events costs	58	12	3	1	1	-	1	76	63
Sundries	6	11	10	-	-	-	-	27	26
VAT not claimable	9	14	33	24	9	7	2	98	110
Light and heat	2	65	21	17	6	3	1	115	114
Rent and rates	17	635	51	56	19	57	6	841	808
Insurance	7	51	43	25	9	6	4	145	144
Bank interest and charges	2	23	6	5	2	1	-	39	37
Bad debts written off	-	-	-	-	38	-	-	38	-
Contract hire	-	29	26	18	1	5	1	80	104
Depreciation	2	61	42	76	9	6	-	196	195
Impairment	-	-	-	33	-	-	-	33	-
Audit and accountancy	-	-	-	-	-	-	12	12	15
Mortgage interest	-	-	15	4	-	-	-	19	24
Loss/(profit) on disposal of fixed assets	-	-	-	40	-	-	-	40	(2)
Go Go Dragons event expenditure	738	-	-	-	-	-	-	738	-
Movement in provisions									
Redundancies	-	-	-	-	-	-	38	38	-
Dilapidation	-	-	-	-	-	-	12	12	-
	<u>1,069</u>	<u>3,021</u>	<u>3,313</u>	<u>2,283</u>	<u>926</u>	<u>674</u>	<u>132</u>	<u>11,418</u>	<u>10,216</u>
Restricted	-	-	19	10	1	-	-	30	232
Unrestricted	<u>1,069</u>	<u>3,021</u>	<u>3,294</u>	<u>2,273</u>	<u>925</u>	<u>674</u>	<u>132</u>	<u>11,388</u>	<u>9,984</u>
Total 2016	<u>1,069</u>	<u>3,021</u>	<u>3,313</u>	<u>2,283</u>	<u>926</u>	<u>674</u>	<u>132</u>	<u>11,418</u>	<u>10,216</u>
	Raising funds £4,090k		*	Charitable expenditure £7,328k			*		
Total 2015	<u>286</u>	<u>2,858</u>	<u>3,403</u>	<u>2,214</u>	<u>688</u>	<u>664</u>	<u>103</u>	<u>10,216</u>	
	Raising funds £3,144k		*	Charitable expenditure £7,072k			*		
Resources expended include:								<b>2016</b>	<b>2015</b>
								<b>£000</b>	<b>£000</b>
Depreciation - owned assets								196	195
Impairment of assets								33	-
Operating lease rentals land and buildings								573	683
Trustees' indemnity insurance								4	4
Auditor's remuneration – current year - statutory audit								12	10
Auditor's remuneration – re previous years								<u>4</u>	<u>4</u>

**Break****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2016****7. Interest payable**

	<b>2016</b>	2015
	<b>£</b>	£
On bank overdraft wholly repayable within five years	8	2
On mortgages not wholly repayable within five years	<u>19</u>	<u>24</u>
	<u>27</u>	<u>26</u>

**8. Staff Costs**

	<b>2016</b>	2015
	<b>£</b>	£
Wages and salaries	6,583	6,379
National Insurance costs	488	481
Pension contributions and life insurance	343	317
Other staff costs	<u>238</u>	<u>217</u>
	<u>7,652</u>	<u>7,394</u>

The figure for staff costs includes taxable benefits of £34k (2015: £28k).

The average number of employees, excluding board members, during the year was as follows:

	<b>2016</b>		2015	
	<b>Full-time</b>	<b>Part-time*</b>	Full-time	Part-time*
Executive	3	1	3	-
Fundraising	3	2	3	3
Care services	140	62	136	57
Retail	49	39	50	39
Corporate services	<u>11</u>	<u>12</u>	<u>10</u>	<u>14</u>
	<u>206</u>	<u>116</u>	<u>202</u>	<u>113</u>

\* Full time equivalent

The number of higher paid employees whose emoluments exceeded £60,000 fell within the following bands:

	<b>2016</b>	2015
	<b>No.</b>	No.
£70,000 to £79,999	1	1

Pension contributions of £4k (2015: £4k) were made to a defined contribution scheme in respect of the higher paid employee.

Redundancy payments of £38k were accrued in the year and are included in provisions.

**9. Trustees' and key management personnel remuneration and expenses**

No members of the Board received any remuneration during the year.

One member of the Board received expenses in the course of their duties during the year in respect of travelling and subsistence totalling £228 (2015: one member, £115).

The total amount of employee benefits received by key management personnel is £245k. The Trustees consider the key management personnel to be the CEO, Deputy CEO and the two Directors.

## Break

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 MARCH 2016

#### 10. Transfers between funds

The transfers between funds represent £247k relating to the allocation of expenditure to restricted funds.

Note 18 also shows £200k redesignated from the Go Go Gorillas fund to the Moving On Team designated fund, £353k surplus from Go Go Dragons! also designated towards the Moving On Team, £227k of expenditure allocated towards the Moving On Team, £81k released from the maintenance reserve back to general funds, and £42k released from the revaluation reserve on the sale of Westward Ho!

#### 11. Tangible fixed assets

	Freehold property £000	Leasehold property £000	Furniture, fixtures and fittings £000	Computer equipment and software £000	Motor vehicles £000	Total £000
<b>Cost or valuation</b>						
At 1 April 2015	3,284	573	1,068	492	147	5,564
Additions	-	14	-	67	23	104
Disposals	-	(104)	(120)	-	(32)	(256)
Depreciation eliminated on revaluation	(185)	-	-	-	-	(185)
Revaluation	67	-	-	-	-	67
Impairment	(33)	-	-	-	-	(33)
At 31 March 2016	<u>3,133</u>	<u>483</u>	<u>948</u>	<u>559</u>	<u>138</u>	<u>5,261</u>
<b>Depreciation</b>						
At 1 April 2015	185	293	839	420	89	1,826
Charge for the year	-	42	65	73	16	196
Depreciation eliminated on revaluation	(185)	-	-	-	-	(185)
Disposals	-	(23)	(120)	-	(25)	(168)
At 31 March 2016	<u>-</u>	<u>312</u>	<u>784</u>	<u>493</u>	<u>80</u>	<u>1,669</u>
<b>Net book value</b>						
At 31 March 2016	<u>3,133</u>	<u>171</u>	<u>164</u>	<u>66</u>	<u>58</u>	<u>3,592</u>
At 31 March 2015	<u>3,099</u>	<u>280</u>	<u>229</u>	<u>72</u>	<u>58</u>	<u>3,738</u>
<b>Cost or valuation</b>						
At 31 March 2016						
Cost	3,430	483	948	559	138	5,558
Valuation	(80)	-	-	-	-	(80)

All fixed assets are held for charitable purposes.

All freehold property is non-depreciable.

The Trustees sought advice from Strutt and Parker LLP (a FRICS registered valuer) to form an opinion on the valuation of the non-specialist freehold properties as at 31 March 2014. Subsequently a valuation of the two specialist freehold properties was carried out by Howards Surveyors as at January 2016. As a result one of the properties was revalued upwards and the other incurred an impairment loss. The Trustees consider the valuations at each year end and review the need for a professional valuation in future years.

On an historical cost basis, the cost and depreciation of these properties would have been as follows:

	Cost	2016 Depreciation	Cost £000	2015 Depreciation £000
Freehold property	3,431	432	3,431	435
Leasehold property	<u>483</u>	<u>312</u>	<u>532</u>	<u>305</u>

**Break****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2016****12. Fixed Asset Investments**

<b>Investment holdings</b>	<b>Quoted investments £000</b>	<b>Unquoted investments £000</b>	<b>2016 £000</b>	<b>2015 £000</b>
Market value at 1 April 2015	48	8	56	52
Gains / (losses) on revaluation	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>4</u>
Market value at 31 March 2016	<u>47</u>	<u>8</u>	<u>55</u>	<u>56</u>

**Quoted investments**

The investments comprise a mixed portfolio of equity investments and the holdings which represent more than 5% of the value of the portfolio are:

	<b>2016 £000</b>	<b>2015 £000</b>
Charifund - Equity Investment Fund	<u>47</u>	<u>48</u>

**Unquoted investments**

Subsidiary undertaking:

Break Trading Company Limited	-	-
Helpcards Holdings Limited (3.33% holding)	<u>8</u>	<u>8</u>
	<u>8</u>	<u>8</u>

The investment of £100 in Break Trading Company Limited, a company incorporated in England, represents 100% of the issued share capital of that company. The Company has remained dormant throughout the year. The aggregate amount of net assets attributable to Break is £nil (2015: £nil). As at 31 March 2016 the company owed £456 (2015: £456) to Break.

In the opinion of the Board, on the basis of income received, the value of the investments in Helpcards Holdings Limited is unchanged from 2015.

<b>Investment properties</b>	<b>2016 £000</b>	<b>2015 £000</b>
<b>Cost or valuation</b>		
Carrying value at 1 April 2015	266	1,012
Disposal proceeds	(244)	(794)
Net loss on disposal	(22)	(218)
Transfer from fixed assets	-	266
Net loss on revaluation	<u>-</u>	<u>-</u>
Carrying value at 31 March 2016	<u>-</u>	<u>266</u>
<b>Losses on investment assets</b>	<b>2016 £000</b>	<b>2015 £000</b>
Losses/(gains) on revaluation of investment holdings	(1)	4
Net loss on disposal of investment properties	(22)	(218)
Net loss on revaluation of investment properties	<u>-</u>	<u>-</u>
	<u>(23)</u>	<u>(214)</u>

**13. Debtors**

	<b>2016 £000</b>	<b>2015 £000</b>
Fees debtors	114	79
Other debtors	107	168
Prepayments and accrued income	<u>139</u>	<u>146</u>
	<u>360</u>	<u>393</u>

Break

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

14. Cash at bank and in hand

	2016 £000	2015 £000
Current accounts	26	301
Restricted Funds designated bank account	75	116
Treasury and other deposits	1	324
Cash in hand and imprest accounts	<u>22</u>	<u>20</u>
	<u>124</u>	<u>761</u>

15. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Mortgages	104	101
Trade creditors	85	6
Tax and national insurance costs	126	126
Accruals and deferred income	163	196
Payments received in advance	<u>143</u>	<u>1,159</u>
	<u>621</u>	<u>1,588</u>

Secured creditors included above are as follows:

Mortgages and overdraft: Secured by fixed charges over the charity's freehold properties	<u>104</u>	<u>101</u>
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Deferred income included above is as follows:

Brought forward	112	39
Released during the year	(112)	(28)
Deferred during the year	<u>21</u>	<u>101</u>
Carried forward	<u>21</u>	<u>112</u>

Deferred income relates to donations to be carried forward to 2016/17 and income relating to 2016/17 lettings.

16. Creditors: amounts falling due after more than one year

	2016 £000	2015 £000
Mortgages - secured by fixed charges over the charity's freehold properties	<u>568</u>	<u>674</u>
Mortgages are analysed as follows:		
Between one and two years	107	103
Between two and five years	236	279
Over five years	<u>225</u>	<u>292</u>
	568	674
Within one year	<u>104</u>	<u>101</u>
	<u>672</u>	<u>775</u>

Mortgages include a loan of £205k drawn from Lloyds Bank plc in April 2012, repayable over 10 years at a variable rate of 2% above the Bank of England Base Rate, a loan of £292k drawn from Lloyds Bank plc in September 2011, repayable over 15 years at a variable rate of 2.25% above the Bank of England Base Rate, and a loan of £176k drawn from Lloyds Bank plc in June 2013, repayable over 10 years at a variable rate of 2.34% above the Bank of England Base Rate. The mortgages are secured on various freehold properties.

Break

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

### 17. Operating lease commitments

At 31 March 2016 the charity had total commitments under non-cancellable operating leases as set out below.

	Land & buildings 2016 £000	Land & buildings 2015 £000	Motor vehicles 2016 £000	Motor vehicles 2015 £000
Operating leases expiring:				
Within one year	24	2	4	26
Within two to five years	755	577	144	82
After five years	<u>2,720</u>	<u>3,048</u>	-	-
	<u>3,499</u>	<u>3,627</u>	<u>148</u>	<u>108</u>

### 18. Funds

	Balance 1 April 2015 £000	Income £000	Expenditure £000	Transfers between funds £000	Gains / (losses) £000	Balance 31 March 2016 £000
<b>Restricted funds</b>						
Centres Fund	56	86	(25)	(55)	-	62
Lord Cozens-Hardy Charitable Trust	10	-	(5)	-	-	5
Children in Need	3	42	-	(42)	-	3
Big Lottery Fund – Separating Successfully	30	131	-	(126)	-	35
Great Yarmouth Contact Centre Moving Forward	-	4	-	-	-	4
	-	24	-	(24)	-	-
<b>Total restricted funds</b>	<u>99</u>	<u>287</u>	<u>(30)</u>	<u>(247)</u>		<u>109</u>
<b>Unrestricted funds</b>						
<i>Designated funds</i>						
Families' House	4	-	-	-	-	4
Go Go Gorillas	208	-	(8)	(200)	-	-
Go Go Dragons	-	1,091	(738)	(353)	-	-
Moving On Team	-	-	(227)	553	-	326
Maintenance reserve	85	-	(4)	(81)	-	-
	<u>297</u>	<u>1,091</u>	<u>(977)</u>	<u>(81)</u>	-	<u>330</u>
Revaluation reserve	403	-	-	(42)	67	428
General funds	<u>2,153</u>	<u>9,986</u>	<u>(10,411)</u>	<u>370</u>	<u>(23)</u>	<u>2,075</u>
<b>Total unrestricted funds</b>	<u>2,853</u>	<u>11,077</u>	<u>(11,388)</u>	<u>247</u>	<u>44</u>	<u>2,833</u>
<b>Total funds</b>	<u>2,952</u>	<u>11,364</u>	<u>(11,418)</u>	-	<u>44</u>	<u>2,942</u>

The Centres Fund relates to all income restricted to spending on equipment etc. at the various care homes.

Lord Cozens-Hardy Charitable Trust – these monies in agreement with the Trust have been set aside for the Moving On Team, to help deliver this service to the Young People they support.

Children in Need – provides funding for our projects Time for Me which helps children aged 4-15 who are finding it difficult to cope with the effects of their parents' separation, and Fun for Me, which offers holiday activities to vulnerable families who require support in accessing community resources and promoting closer family ties.

Big Lottery Fund – a grant for Families' House to assist with a project to prevent family relationship breakdown by providing on-going support, including supervised or supported contact for families where there are high levels of need which cannot be met elsewhere.

Great Yarmouth Contact Centre – funds transferred on the acquisition of this entity.



**Break****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016****18. Funds (continued)**

Moving Forward – funding from the Norfolk Community Foundation to support children and care leavers practically and emotionally to make positive life decisions.

Families' House – funds agreed to be designated towards Families' House on Break's acquisition of Families' House.

In 2013/14 the Board agreed to designate £200,000 of income generated by the Go Go Gorillas project towards the relocation of Families' House. Despite significant efforts, no suitable property was located and the £200,000 was therefore redesignated towards the Moving On Team in 2015/16.

The income generated by the Go Go Dragons project was also designated towards the Moving On team during the year.

The purpose of the maintenance reserve was to fund any major maintenance work that had not been budgeted for. During 2015/16 the maintenance reserve was released into General funds.

**19. Analysis of net assets between funds**

	Unrestricted general fund £000	Unrestricted designated funds £000	Restricted funds £000	Total £000
Tangible fixed assets	3,592	-	-	3,592
Investments	55	-	-	55
Current assets	45	330	109	484
Current liabilities	(621)	-	-	(621)
Long term liabilities	<u>(568)</u>	<u>-</u>	<u>-</u>	<u>(568)</u>
Total net assets	<u>2,503</u>	<u>330</u>	<u>109</u>	<u>2,942</u>

**20. Company status**

Break is a company limited by guarantee and has no share capital. The members of the charity total 14 and comprise the current Trustees and the three founder members. Each of the members undertakes to contribute such amounts (not exceeding £1) as may be required in the event of a winding up.

**22. Reconciliation of net expenditure to net cash flow from operating activities**

	2016 £000	2015 £000
Net expenditure for the year	(77)	(392)
Dividends received	-	-
Rental income	(9)	(18)
Interest receivable	(2)	(1)
Interest payable	27	26
Losses on investments	23	214
Loss / (profit) on disposal of tangible fixed assets	40	(2)
Depreciation	196	194
Decrease / (increase) in debtors	33	(31)
(Decrease) / increase in creditors *	<u>(971)</u>	<u>153</u>
Net cash flow from operating activities	<u>(740)</u>	<u>143</u>

\*The large reduction in creditors relates to a reduction in deferred income from Norfolk County Council as at 31 March 2016. Usually the service level agreement income for April – June is received in March. In 2016 it was received in April.

**Break**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

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**23. Contingent liability**

When two of the founders of Break retired in late 2002 and early 2003 respectively, Break entered into separate agreements with them to make an annual payment of £3,500 each, for the duration of their lives. This agreement allowed for a 50% payment to the surviving spouse. With inflationary uplifts these annual payments are now £4,361 each. Based on standard actuarial assumptions, Break calculates the value of the future potential liability at £127k. This arrangement was agreed by the Charity Commission.

**24. Related party transactions**

During the year the charity received sales proceeds and sponsorship income towards the Go Go Dragons trail from Trustees and companies controlled by Trustees amounting to £32,200.