


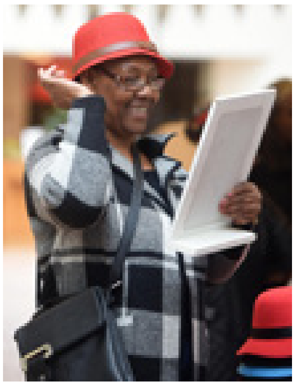
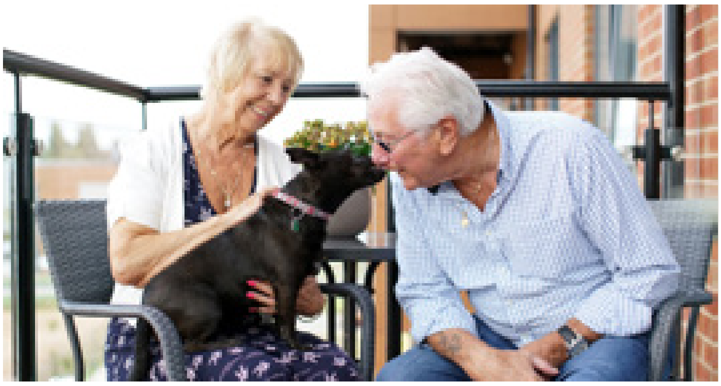

Better lives for older people

Annual Report and Accounts
31 March 2019

The ExtraCare
Charitable Trust

KEY FACTS 2018–19 (AS AT 31 MARCH 2019)

3,687
homes for older people

521
new homes completed

490
new homes in development

4,109
residents living better lives

All our villages and schemes are CQC
Good or **Outstanding***

*Outstanding locations are Lovat Fields, Reeve Court and Shenley Wood Villages

2
VILLAGES IN DEVELOPMENT

52
CHARITY RETAIL OUTLETS

14
VILLAGES

5
SCHEMES

The average age of our residents is

80

2,253

volunteers supporting our charity

1,289

staff working to a shared goal

Turnover:

£123.3M

Reserves:

£73.0M

Total Surplus
(before pension adjustment):

£19.1M

Awards

UK Housing Awards (UKHA):

Finalist in UKHA Landlord of the Year 2019.

The British Academy of Film and Television Arts (BAFTA):

Nominee for *Old People's Home for 4 Year Olds.*

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FOREWORD BY THE CHIEF EXECUTIVE

This Annual Review reflects our second year delivering ExtraCare's 2017/20 Corporate Plan which sets out a range of ambitious targets and commitments for the Charity. Whilst this review couldn't possibly do justice to every achievement made in the year, it does show the breadth and depth of progress made in our three main areas of focus:

1. **Developing new villages**
2. **Operating our villages and schemes**
3. **Supporting our villages and schemes**

As well as the key underpinning areas of:

4. **Our people, processes and technology**
5. **Our finances and governance**

In all we do, our ultimate aim is to create **better lives for older people** (our vision), by providing **homes older people want, lifestyles they can enjoy and care if it's needed** (our mission).

Development wise it was a busy year. Our ambitious £220M Development Programme continued and we will deliver the five villages promised in our 2017/20 Corporate Plan by the end of the first quarter of 2021. Following the opening of our 260 home Longbridge Village in July 2017, we have successfully opened two further villages in 2018: Hughenden Gardens in High Wycombe (opened May 2018) and Stoke Gifford near Bristol (opened November 2018). Both villages were delivered on time and budget and add an additional 521 homes to our portfolio. We also continued construction of our Wixams Village near Bedford (opened June 2019) and our Solihull Village (opens early 2021). These two villages will deliver a further 490 homes.

Operationally it was a challenging but successful year. At year end, all locations assessed by our care regulator the Care Quality Commission (CQC) held a 'good' or 'outstanding' rating. We started to embed our Bereavement Supporter Service across our locations (through a joint partnership with Cruse Bereavement and funding from the National Lottery Community Fund) and we also trained champions in each location to provide enhanced end-of-life care through the national Gold Standards Framework (GSF). Additionally, we recruited and inducted staff teams at our two new villages, whilst responsibility for seven locations was smoothly transferred back to their landlord Midland Heart with a further location transferred to Housing and Care 21 at the end of longstanding management contracts. I am particularly proud that we managed to deliver these operational achievements whilst improving satisfaction scores amongst both residents and staff.

Support for our villages and schemes is underpinned by our resident and staff volunteers, and the volunteers who work in the 52 ExtraCare Charity Shops. In addition to their time and commitment they have helped fundraise over £127K to support our vital care and well-being services.

The year also concluded with the launch of the latest research study into the benefits of our unique homes, lifestyle and care model. This study, conducted with Aston and Lancaster Universities, clearly validates the benefits in terms of physical and mental well-being, including combating loneliness. Our approach was further endorsed with the screening of the BAFTA-nominated Channel 4 series *Old People's Home for 4 Year Olds*, a heart-warming six part TV series filmed at our Lark Hill Village in Nottingham. It explored the mutual benefits of intergenerational activities between local nursery children and our residents. With 2.2 million viewers watching the first episode, the programme significantly raised our Charity's profile. It also created a lasting legacy: staff, residents and volunteers have been motivated to deliver a structured programme of intergenerational activities ranging from 'stay and play' groups to student placements.

Notwithstanding these achievements, the environment in which we operate remains challenging. There is escalating pressure on our care services, which our Charity currently absorbs. Pressures in the labour market mean recruiting and retaining staff is becoming more challenging, whilst increases in regulation mean more complex requirements need to be met by an already-stretched staff team. Against this background, I was particularly pleased that we exceeded both our operating and total surplus targets, continuing an upward trend in both since 2015/16.

I am very proud of our resident, staff and volunteer achievements in the second year of our 2017-20 Corporate Plan. These achievements have in many cases also been recognised and celebrated by others. For example this year, ExtraCare was shortlisted for Older People's Landlord of the Year at the prestigious 2019 UK Housing Awards (UKHA), just one example of recognition which lets us know we're on the right track.

I am confident that The ExtraCare Charitable Trust, through the collective effort of our Board, our Executive Leadership Team, around 1,250 committed colleagues and more than 2,200 active volunteers across our charity shops and all our locations, will continue to remain pioneers in the sector in order to achieve our vision of better lives for older people.

Mick Laverty
Chief Executive
The ExtraCare Charitable Trust

Looking forward to 2019/20, we will continue to focus on:

Financial sustainability
Ensuring all of our villages and schemes remain viable;

Environmental sustainability
Ensuring we work with residents to reduce our carbon footprint;

Maintaining a sustainable community balance
Ensuring our villages and schemes remain vibrant and diverse;

Innovation
Working with partners to trial, review and introduce innovative services and technology applications for the benefit of our residents; and

Expanding our fundraising, research and advocacy work
Ensuring we continue to raise our charitable profile.

LEGAL AND ADMINISTRATIVE INFORMATION

Charity Name	The ExtraCare Charitable Trust
Governing instrument	The Charity is a company limited by guarantee and not having a share capital. As such it is governed by its Articles of Association, which were last amended by special resolution on 18 November 2014. It was incorporated on 11 December 1987.
Registered Charity number	327816
Registered Social Landlord	4706
Company registered number	2205136
Members	The Directors of the Charity from time to time and such other persons admitted to membership of the company under the Articles. The number of members is unlimited.
Board of Trustees	**Paul Jennings** (Chair) **Richard Clarke** (Appointed 14 November 2018) **Guy Daly** (Appointed 18 March 2019) **Rebekah Eden** **Mike Higgs** (Senior Independent Director) **Carole Hodson** (Resigned 5 October 2018) **Ruth Hyndman** **Martin Leppard** **Dave Martin** (Resigned 18 March 2019) **Mary Martin** **David Mell** **Judith Mortimer Sykes** **Peter Roach**(Appointed 18 March 2019; resigned 24 June 2019) **Phil Riman** (Appointed as Interim Trustee 23 April 2019) **Martin Shreeve** (Retired 14 November 2018)
	Development Committee **Mike Higgs** (Chair), **Paul Jennings, Ruth Hyndman, Martin Leppard, Mary Martin** **Fundraising, Research and Advocacy Committee** **Martin Leppard** (Chair), **Rebekah Eden, David Mell, Guy Daly** Co-opted member: **Margaret Gardner** Former members: **Martin Shreeve, Dave Martin** **Nomination and Remuneration Committee** **Ruth Hyndman** (Chair), **Mike Higgs, Paul Jennings, Rebekah Eden** Former members: **Martin Shreeve** **Operations Committee** **Judith Mortimer Sykes** (Chair), **Paul Jennings, Richard Clarke** Former members: **Martin Shreeve, Dave Martin, Peter Roach** **Audit and Assurance Committee** **Mary Martin** (Chair), **Ruth Hyndman, Judith Mortimer Sykes, David Mell, Richard Clarke** Former members: **Peter Roach**
Company Secretary	**Matt Challoner**
Executive Leadership Team (principal members of staff)	**Mick Laverty** – Chief Executive **Angela Harding** – Executive Director Operations **Henriette Lyttle-Breukelaar** – Executive Director Marketing and Innovation **Chris Skelton** – Executive Director Corporate Resources **Kevin Willetts** – Executive Director Development, Sales and Procurement
Registered and principal office	7 Harry Weston Road, Binley Business Park, Coventry CV3 2SN
Principal Bankers	Lloyds Banking Group Plc
Solicitors	Shakespeares Martineau
Auditors	RSM UK Audit LLP

REPORT OF THE BOARD

The Board presents The ExtraCare Charitable Trust's ('ExtraCare') Annual Report and the audited financial statements for the year ended 31 March 2019.

Charitable Objectives and Public Benefit

ExtraCare was established in 1988 to provide services to older people and this is explicit in its Vision to deliver *'Better Lives for Older People'* and its Mission *'Creating sustainable communities that provide homes older people want, lifestyles they can enjoy and care if it's needed.'*

ExtraCare is a registered Charity and as such must carry out charitable purposes for the public benefit. ExtraCare's charitable purposes (its Objects) are set out in its Articles of Association and include:

— The business of providing (directly or indirectly) and managing the provision of housing, social housing and other accommodation (including, without limitation, nursing homes, sheltered homes, hostels and care homes), and assistance to help house people, and associated facilities and amenities or services, for people who are poor, or for people who are in need by reason of their age, physical disability, mental disability, learning disability, mental illness or chronic sickness;

— The provision of care, welfare, medical, nursing, community and other services, and associated facilities and amenities, for people who are poor, or for people who are in need by reason of their age, physical disability, mental disability, learning disability, mental illness or chronic sickness;

— The relief of sickness and the preservation and promotion of health of people who are poor, or of people who are in need by reason of their age, physical disability, mental disability, learning disability, mental illness or chronic sickness;

— The relief of financial hardship amongst elderly people; and

— Any other charitable object not prohibited for a company registered with the Regulator as a non-profit private registered provider.

ExtraCare delivers its charitable objectives through the development and management of retirement communities – either large retirement villages or smaller housing schemes – each typically made up of individual one and two bedroom homes, which are available for purchase, shared ownership or social rent, together with extensive communal facilities. In each of its villages and schemes ExtraCare provides personal care and support to those residents who need it and offers a wide range of opportunities for healthy, active and fulfilling lifestyles. A small number of our locations are owned by another Housing Association with ExtraCare providing management and care services for residents, but in recent years the approach has generally been to develop retirement villages which the Charity both owns and manages.

Through its offering of mixed tenures (purchase, shared ownership and social rent), ExtraCare seeks to promote balanced communities which are accessible to all older people regardless of their background. ExtraCare's award-winning Enriched Opportunities Programme® (EOP) supports residents with dementia and dementia-related conditions and is partly funded by ExtraCare through its charitable fundraising. Where ExtraCare charges for the other services it provides to residents and other beneficiaries, it aims to maintain its charges at an affordable level and, in doing so, Trustees have due regard to the public benefit guidance published by the Charity Commission.

The Equalities Act 2010, which generally prohibits discrimination on the grounds of a protected characteristic such as age, contains an exemption allowing charities to limit the group of people they help or to target benefits to a particular group provided this is clearly stated in their objects and the benefits are provided in a proportionate way, either to tackle a particular disadvantage or need related to that group or to pursue a legitimate aim, such as a reasonable social policy objective. The Board is satisfied that the activities of ExtraCare fall within this exemption given that:

— The provision of quality one and two bedroom homes allows older people to vacate larger homes making such homes available for families;
— The provision of safe and secure communities with a wide range of activities helps to reduce the loneliness and isolation increasingly faced by older people; and
— The promotion of well-being and healthy lifestyles not only improves the health of the individual but reduces the impact on limited NHS and other publicly-funded services.

In making these statements, the Trustees have had due regard to the Equality Act guidance published by the Charity Commission.

Foreword by the Chief Executive
Legal and administrative information
Report of the Board
Strategic Report
The Board's responsibilities
Auditor's report and accounts

Corporate Governance

ExtraCare is a registered charity and a private company limited by guarantee. ExtraCare has no shareholders and all of its surpluses are reinvested back into the Charity. It is led by a Board of Trustees, all of whom are directors for the purposes of the Companies Act 2006.

ExtraCare is monitored and supervised by external regulators and trade bodies including the Regulator of Social Housing, the Care Quality Commission, the Charity Commission, the Information Commissioner's Office and our trade body the Associated Retirement Community Operators (ARCO).

Board of Trustees

The Board of Trustees is collectively accountable to ExtraCare's members and other stakeholders for the long-term success of the Charity. ExtraCare's members generally comprise past Trustees and Executive Directors and new members may be appointed by the Board in accordance with the Charity's Membership Policy. The Board is responsible for setting the vision, mission and values of the Charity, holding the Executive Directors to account for the Charity's performance, standards of conduct and corporate governance. The Board is also responsible for ExtraCare's compliance with all relevant legislative and regulatory requirements.

All Trustees are members of the Charity. In accordance with the Articles of Association, Trustees may not be paid for their services nor may they be employees of the Charity and as such they act in a non-executive capacity.

Board Composition

The number of Trustees is limited by the Charity's Articles of Association to 12. During the year there were a number of changes to the Board's membership, following the resignation/retirement of some Trustees. Trustees come from a range of backgrounds, including public bodies, the housing sector and the private sector.

Details of the Trustees are shown below and biographies are provided on the Charity's website www.extracare.org.uk/about-us/our-trustees-directors

Board Changes

Appointment as a Trustee is for three years, subject to a maximum of three terms (9 years). At the AGM in November 2018 David Mell and Richard Clarke were appointed for a term of three years, with David Mell previously appointed as an interim Trustee on 1 February 2018. Guy Daly and Peter Roach joined the Board on 18 March 2019 as interim Trustees (Peter Roach resigned on 24 June 2019 due to other commitments), and Phil Riman was appointed as an interim Trustee from 23 April 2019. Margaret Gardner attends meetings of the Board as an observer under the Articles of Association. All will be eligible for election as full Trustees at the AGM in November 2019.

Chair of Trustees

Paul Jennings is the Chair of the Board of Trustees having been appointed on 18 September 2017.

Board Meetings

The powers of the Trustees are set out in the Charity's Articles of Association and the Board may exercise all powers conferred on it by the Articles and in accordance with the Companies Act 2006, the Charities Act 2011 and other applicable legislation.

The Board has four (quarterly) scheduled meetings each financial year. Trustee attendance for the year ended 31 March 2019 is shown below:

Trustee	Actual Board meetings	Virtual Board meetings*	Committee meetings
Paul Jennings (Chair)	4 of 4	4 of 4	8 of 10
Richard Clarke**	2 of 2	3 of 3	3 of 3
Guy Daly***	0 of 1	0 of 0	0 of 0
Rebekah Eden	4 of 4	4 of 4	2 of 4
Michael Higgs	2 of 4	3 of 4	5 of 9
Carole Hodson****	1 of 2	0 of 0	1 of 2
Ruth Hyndman	4 of 4	4 of 4	10 of 10
Martin Leppard	4 of 4	4 of 4	8 of 8
Dave Martin	3 of 4	4 of 4	7 of 8
Mary Martin	4 of 4	4 of 4	6 of 8
David Mell	3 of 4	4 of 4	8 of 8
Judith Mortimer Sykes	4 of 4	4 of 4	8 of 8
Peter Roach*****	1 of 1	0 of 0	0 of 0
Martin Shreeve******	2 of 2	0 of 1	5 of 7

* Decisions made electronically.
** Appointed 14 November 2018.
*** Appointed 18 March 2019.
**** Resigned 5 October 2018.
***** Appointed 18 March 2019, resigned 24 June 2019.
****** Retired 14 November 2018.

The Board has a formal schedule of matters specifically reserved for its approval which cannot be delegated. Other specific matters have been delegated to its Committees and these are clearly defined within each Committee's terms of reference.

Board Committees

Throughout the year the work of the Board was supported by Board committees:

- Development Committee;
- Operations Committee;
- Fundraising, Research and Advocacy Committee;
- Audit and Assurance Committee; and
- Nominations and Remuneration Committee.

Each committee has written terms of reference which are approved by the Board. Committees comprise of between 4–6 Trustees including Committee Chairs and membership of each was determined in light of individual's skills and experience.

With the exception of the Nominations and Remuneration Committee which meets as required, Committees meet quarterly and minutes of meetings are submitted to the subsequent Board meeting. Committee Chairs also provide written assurance reports on the work of the Committee to the Board.

Governance Arrangements

ExtraCare has adopted the National Housing Federation's (NHF) Code of Governance; Promoting board excellence for housing editions (2015 edition) ('the Code'). Under the Code the Charity is required to publish an annual statement of compliance with the Code in the annual financial statements, and make a reasoned statement about any areas where they do not comply. The Board has reviewed the self-assessment carried out by the Company Secretary. As at 31 March 2019, the Charity fully complied with the Code.

The Governance and Financial Viability Standard ('the Standard') of the Regulator of Social Housing (RSH – formerly Homes and Communities Agency) requires registered providers to assess their compliance with the Standard at least once a year and certify their compliance in the annual accounts. We have fully assessed ourselves against both the Governance and Financial Viability requirements with the aim of being a G1V2 organisation. The assessment showed that we have some improvements to make before we can demonstrate that we are operating at a G1V2 level.

We have a detailed action plan to manage these improvements; an experienced project manager focussing on delivery of this action plan; and have engaged David Tolson Partnership (DTP) to give us expertise and guidance. The actions are monitored quarterly by the Audit and Assurance Committee (for Economic Standards) and Operations Committee (for Consumer Standards) and monthly via a project group chaired by our Chief Executive. One of the specific requirements of the Standard is that registered providers shall have governance arrangements which ensure that they adhere to all relevant law. The Charity is satisfied that it has appropriate measures in place to ensure legislative and regulatory compliance.

Trustee indemnity insurance is in place for the financial year.

Going Concern

The accounts comply with all the current statutory requirements and with the requirements of the Charity's Articles of Association. After making all reasonable enquiries, the Board have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. In coming to this decision, the Board have considered on-going financial performance data, compliance with all banking covenants and any actual or potential future liabilities. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Finances and Governance

Against a background of challenging economic conditions, ExtraCare's finances are strong. We remain very aware that this is due to the support our residents give to us through their payments for regular services. A key factor contributing to our financial performance are the development profits we make from opening a new village, with both Hughenden Gardens and Stoke Gifford Villages opening during 2018/19 and generating £21.9M alongside a further £3.5M for Longbridge Village profits. In addition, property resales continue to grow in excess of the levels that we'd anticipated and reached £5.7M for 2018/19.

Financial Performance

In total our operating surplus increased from £12.1M to £21M and our total surplus position (prior to a pension adjustment) improved from £10.2M to £19.1M. The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 44. Turnover increased from £94M to £123.3M. Our new retirement villages at High Wycombe and Stoke Gifford contributed £2.6M and £1.5M of this respectively.

The balance sheet was strengthened further during the year as a result of the positive financial results, with total reserves increasing from £60.4M to £73M.

Completed housing property fixed assets have increased from £129.6M to £172.9M with total tangible assets increasing by £24.4M to £206.3M. Work in progress of £79M relates to that element of expenditure to date on villages in development for properties that will be sold to our future residents.

To support this, total loan finance of £149M was drawn at the year end. Our borrowing facility with Lloyds Banking Group is £120M and we negotiated an extension to a further £10M temporary facility (subject to finalisation of legal agreement), taking our loan facility to £130M until May 2021. £50M of our financing from Lloyds is a Revolving Credit Facility (RCF) which is due to expire in May 2021 when our additional £10M facility also ends. We are therefore in the process of commencing a revisit of our financing arrangements well in advance of this so that funds are secured for all developments before they start on site. In addition we have our private placement with BAE Pensions totalling £42.5M. Without the support of our funders, our ambitious expansion programme would not be possible.

We continued to work hard to reduce our loan to value ratios (in line with our corporate plan commitment) and have targeted for it to fall again in the next 12 months. We have commissioned a revaluation of our assets to ensure our valuations remain reflective of current market conditions. In addition, we have an unencumbered asset, with our Solihull Village development not being in charge with our lenders.

Our financial performance over the last four years is as follows:

	2018/19	2017/18	2016/17	2015/16
Operating surplus	£21M	£12.1M	£9.4M	£6.9M
Total surplus	£19.1M	£10.2M	£7.3M	£5.5M
Turnover	£123.3M	£94.0M	£85.8M	£81.8M
Reserves	£73M	£60.4M	£50.7M	£43.4M

Managing Key Risks and Uncertainties

At this time of demographic, political, social and economic change and uncertainty, it is important to us to review and strengthen our approach to risk with a clear tone set on the importance of risk management.

Our Board has reviewed the major risks to which the Charity is exposed and these are recorded on the Board Assurance Framework (BAF) which maps our risks to the key controls and assurances. The BAF is the primary document reviewed by the Board as it identifies our key controls and assurances to operate effectively and indicates whether these assurances are independent (e.g. from internal audit). The BAF has been in place for 2018–19 and is the primary document used to review our risk, control and assurances for key business risks.

Standard risk reports, which include the Board Assurance Framework (BAF), were submitted to the Executive Leadership Team (ELT) and Trustees and are supported by our:

- **Corporate Risk Dashboard** – this includes a risk heat map, links risks to key targets, outlines the distribution of risks across Directorate portfolios, and compares our current risk to the Board's risk appetite; and
- **Watching Brief** – this records any emerging risks/issues which, whilst not yet confirmed as a risk, need monitoring as part of our wider horizon-scanning activities as these may at some point crystallise as a risk to us.

ELT review corporate risks at their monthly meetings including receipt of the BAF. Risk is a standing agenda item for all Committees with the Audit and Assurance Committee reviewing the full BAF and other Committees (Development, Operations, and Fundraising, Research and Advocacy) receiving and reviewing BAF extracts for risks pertinent to their areas of responsibility. The Board receive the full BAF at each meeting.

Details of our six key risks from the detailed BAF, along with details of some of the key controls that manage these, are as follows:

RISK	KEY CONTROLS
Cashflow – Access to sufficient cash is vital to continued operations. If existing loan facilities are not sufficient to support our funding needs, this may result in failure to deliver on developments, lack of stakeholder confidence and a poor regulatory viability grading.	Significant loan facilities have been agreed (including £130M from Lloyds). There is regular cashflow forecasting (both short and long term), there is an active programme to get development properties into charge and regular review and oversight. Stress testing of our cashflow is undertaken.
Legislative/Regulatory breach – Legal and regulatory compliance is a key component for ensuring the safety of our staff, residents and volunteers. Additionally, if there is a significant regulatory or legal breach, this may result in prosecution, regulatory action, and financial penalty and may adversely affect stakeholder confidence.	Legal and statutory responsibilities are referenced within the policy framework. Staff receive mandatory/statutory training. Oversight is provided by the Company Secretary who also delivers the annual regulatory/legislative Board Report.
ExtraCare culture – Where there is a culture of non-compliance with day to day operational policies/controls, this will impact upon the efficacy of the risk management and control framework.	ExtraCare values are defined and commitment is signalled in the Corporate Plan. Desired actions and behaviours are encouraged through staff training, a regular appraisal process and an established policy framework.
Reliance on Sales Income – ExtraCare's business model is dependent on property sales. A significant or sustained fall in property prices, or a material decline in demand would adversely affect our ability to ensure profitable village opening and secure resales profits which are crucial to financial viability.	New village scoping and sales policies have been developed. There is regular (monthly) finance reporting of development profits against budget, forecasting of resales and oversight by executive director. In addition, there are weekly sales reports and monthly cashflow reviews. Stress testing of our reliance on sales income is undertaken.
No Deal Brexit Disruption – In the event of a no deal Brexit, there could be significant disruption to operations (e.g. supplies), developments/sales (e.g. reductions in demand), finances (e.g. access to finance) and human resources (e.g. staff recruitment).	Actions have been taken across many areas, including: the development of a formal operations plan, where possible the use of fixed price contracts and a variety of stress testing analysis.
Fire – Compliance with fire safety regulation is important to ensure safety. Lack of compliance could potentially result in serious detriment to residents and staff and lead to fines, enforcement action, prosecution, reputational damage and breach of the RSH Home Standard.	There is a fire safety policy and building specific fire strategy documents exist at each development. Regular fire risk assessments are conducted and there are local emergency preparedness plans.

For all of the key risks detailed above, action plans exist to further strengthen controls and reduce the exposure for ExtraCare.

BDO provide our internal audit function and provide assurance and reports to the Audit and Assurance Committee. The annual opinion from our Internal Auditor concluded the design of controls to be 'suitably designed' and their operational effectiveness to be 'operating with sufficient effectiveness to provide reasonable, but not absolute assurance.'

During the year, work commenced on developing a new Strategic Risk Register for the Board which was made up of the most significant strategic risks facing the Charity. The Board performed a top-down risk assessment to identify the strategic risk themes that inform the new strategic risk register. The following six key themes were identified:

— Cashflow;
— Legislative and Regulatory compliance;
— People and Culture;
— Sales;
— Funding Streams; and
— Development.

The new Strategic Risk Register will be in place for 2019/20.

Safety Management

The Board is committed to providing a safe environment for its employees, residents, volunteers and visitors and to complying fully with legislative requirements. Our Chief Executive is appointed as the 'Health and Safety Director' and is supported by the Corporate Health and Safety Group. The Health and Safety Manager has been appointed as the Charity's competent person in accordance with Regulation 7 of the Management of Health and Safety at Work Regulations 1999 to assist in undertaking the measures required to comply with the requirements imposed by health and safety, fire safety and to assist in the further development of the occupational health and safety management system.

Our Charity recognises health and safety as a major risk to the delivery of its strategic objectives. We are making positive improvements to how we manage health and safety working in partnership with all staff, volunteers, residents and contractors to deliver a safe and healthy environment in which to live and work. We have produced a detailed Corporate Fire Safety and Prevention Strategy which has been approved by the Board. We have also implemented a new Mobility Scooter policy to remove the risk scooters may pose when stored in escape routes. Our Charity has also initiated a programme of detailed fire door and compartmentalisation surveys to give us full assurance of the fire safety standards of our properties and that these standards are fitting with our stay put policy.

During the year we also reviewed our suite of health and safety policies and put in place a new property compliance tool to manage key health and safety risks. This gives greater assurance of legal and regulatory compliance on the 'big six' safety issues, and compliance is reported at Board level each quarter.

In new developments we have employed a fire safety specialist to give greater assurance from design to completion stage on the fire safety of new build properties and we have proactively monitored sector wide issues with fire safety doors and ensured that we now fit doors with at least one hour's protection against fire in all new developments.

Fundraising

Our Charity greatly benefits from the generosity and kindness of those who donate time, goods and money to us. Their donations enable us to deliver services which would otherwise not be financially sustainable and which are vital in helping us create better lives for older people.

Our charitable income in 2018/19 was largely generated through ExtraCare Retail Limited, our wholly owned trading subsidiary which operated 52 charity shops in the reporting year. In addition, we launched our fundraising strategy, which is delivered by a new fundraising team. The team have worked on diversifying our charitable fundraising activity, focusing not only on grants from Trusts and Foundations, but also putting in place the infrastructure for regular (online) giving, Gift Aid recovery, corporate donations, in memory donations and legacies. In addition, a number of fundraising events raised valuable funds for the Charity. The participation of our Chief Executive in the Virgin London Marathon in April 2019, for example, generated over £30K in 2018/19, and a further £26K in 2019/20.

We do not employ professional fundraising agencies and do not solicit donations through door to door visits, telephone or SMS channels as we feel strongly that people should never in any way be harassed or pressured into giving. From August 2018, we are registered with the Fundraising Regulator and adhere to its Code of Fundraising Practice. We also act in accordance with all regulations governing charity fundraising.

Our fundraising activities are monitored by our Fundraising, Research and Advocacy Committee. In 2018/19 no complaints were raised with regards to our fundraising activities.

Value for Money

What VfM means to ExtraCare

Value for money (VfM) is at the core of the way we deliver our vision, mission, and the targets and commitments in our Corporate Plan. We have pursued our VfM Strategy (approved by Board in 2017) to embed VfM within the routine management culture of ExtraCare. The VfM Strategy has been updated for 2019/20 to reflect our progress, learnings and evolving priorities, and to meet the requirements of the Regulator for Social Housing (RSH)'s Value for Money Standard.

In this section we will set out our VfM objectives and how they mirror our corporate objectives; present our progress against internal targets and the VfM metrics set by the RSH; analyse our performance compared to peers; and explain the areas of our operations that we have identified for improvement.

VfM Objectives 2018/19

Our core objective is to ensure that we develop and operate villages and schemes that:

— Are financially sustainable now and in the future;
— Have a sustainable community balance; and
— Become increasingly environmentally sustainable.

Our Corporate Plan 2017-20 lists 20 targets and 25 commitments to ensure all areas of our operations strive to meet the objective. We approach VfM in delivering the Corporate Plan by understanding our costs and building a clear strategic framework to ensure VfM is integral to decision making.

a. The table shows our performance across VfM objectives aligned to the corporate plan for 2018/19.

ExtraCare VfM Targets	2020 Target	2019 Target		2019 Performance	2018 Performance
Arrears (reduce value of payments due)	3.0%	3.5%	✓	**Achieved: Arrears reduced to 3.26%**	4.0%
Operating* Surplus *defined in this context as the surplus attributable to Operations	£1–3M	£1–3M	✓	**Achieved: £2.4M**	£3.7M
Loan to Value	65%	65%	✓	**Achieved: 57.0%**	64.3%
CQC rating Good or Outstanding	100%	100%	✓	**Achieved: Five locations inspected during the year; two achieved 'Outstanding' overall, three achieved 'Good' overall with 'Outstanding' in one area**	100%
Resident experience rating at villages	80%	77%	✓	**Achieved: Villages: 80.7% Schemes: 92.5%**	73.8%
Reduce energy usage	10%	-5%	✓	**Achieved: Combined electricity and gas consumption reduced by 5% against 2016/17 baseline**	-3%
All our residents will be paying us electronically	100%	95%	✓	**Achieved: 98% of regular payments**	95% (est.)
				All 2019 targets achieved	

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b. This table shows how ExtraCare performed across the Regulator VfM metrics, and includes comparison with other providers of Housing for Older People (HfOP).

Metric Name	**2020 Target**	**2019 Target**	**ExtraCare Performance 2019**	**ExtraCare Performance 2018**	**HfOP Median Performance 2018**
Reinvestment	10%	15%	12.8%	12.8%	5.8%
New supply delivered, social housing	6.8%	23%	23.4%	10.4%	0.2%
New supply delivered, non-social housing	6.8%	23%	23.4%	18.7%	0.0%
Gearing	70%	75%	67.7%	80.8%	32.2%
EBITDA MRI	170%	225%	376.5%	249.9%	268%
Headline Social Housing Cost per unit	£4,591	£4,712	£4,926	£4,833	£5,530
Operating Margin	15%	17.5%	17%	12.9%	18.1%
Operating Margin (social)	14.5%	17.0%	16.8%	23.3%	22.6%
Return on Capital Employed (ROCE)	4.5%	6%	7.6%	4.6%	4.3%

The RSH VfM Summary Report 2018 analysed the results for providers with more than 1,000 social housing units so ExtraCare data is not included. However, the analysis noted that organisational size had little clear relationship with headline social housing cost and a complex relationship to the other metrics.

The upper quartile average for New Supply (Social) was 2.2% (units of existing stock) and Reinvestment 8.6% (value of existing stock). Housing for Older People (HfOP) providers tend to have higher reinvestment, primarily in existing stock.	We are consistently one of the highest investors in new stock in the sector via our ambitious development programme, which is conversely why our gearing measure appears high. In 2018/19 we developed 521 new apartments; a significant proportion of the development costs fell into the previous financial year which has resulted in the re-investment figure remaining at 12.8% rather than showing an increase.
HfOP and Supported Housing similarly have lower operating margins and return on capital employed, reflecting the higher support costs and broader range of activities they undertake.	ExtraCare's result for EBITDA shows a big swing upwards reflecting the income of new unit sales, which has similarly increased our ROCE. Operating Margin is below the sector averages but broadly in line with other HfOP providers.
HfOP providers tend to have higher costs than general needs providers (median £5,530 and £3,290 respectively) due to a range of service levels and facilities.	Our Headline Social Housing Cost per unit has increased each year, in 2017/18 it was £1,543 higher than the overall sector median, yet less than the average for an HfOP provider.

Understanding our Costs

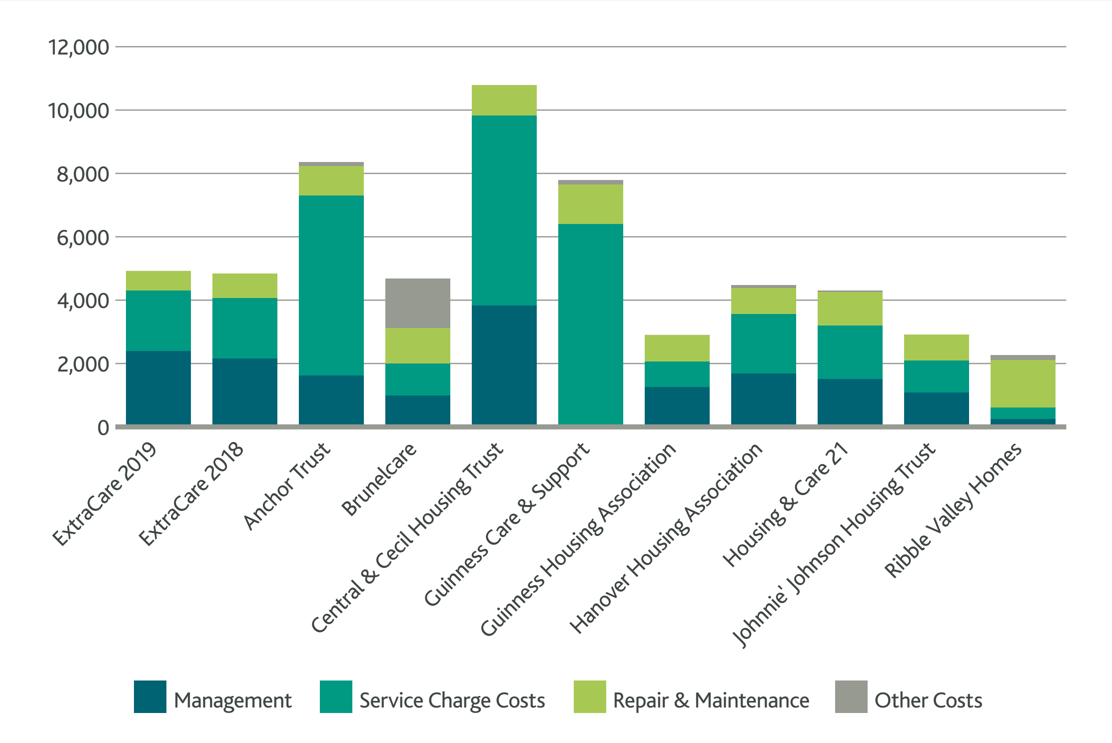
External benchmarking and in-depth analysis of costs and benefits continues to increase our understanding of where our activities add value, and highlight areas that do not generate appropriate value to justify the resources, such as void properties and business travel. As a result, we have made efficiency savings and improved the effectiveness of our operations which is explained below. We will continue to use external advisers for independent analysis and to ensure that our systems and processes are modern, economical and efficient, and that our culture is open to innovation and improvement.

The chart below shows the wide variance in Headline Social Housing Costs between HfOP providers (Global Accounts 2018), and the key cost areas. These providers have been selected because more than 50% of their properties is allocated to HfOP.

The ExtraCare Headline Social Housing Cost for 2019 is 1.9% higher than 2018, and the chart shows management overhead to be the highest cost area. The Board approved a 2.5% pay award for 2018/19 – of which, 1.5% was awarded to staff and the remaining 1% was used to invest in our People Strategy – covering how ExtraCare recruit, develop, organise and recognise the best people to achieve our vision, mission and values. VfM activities therefore focussed on efficiency improvements and non-pay costs, the priority areas and key activities are described below.

1. Voids
— We are to implement changes to the Voids and Lettings process to reduce void losses which were £262K in 2017/18.
— The Voids and Lettings Policy has been substantially revised to ensure a clear ExtraCare definition of a rental void and to set out our priorities and process for getting applicants into empty properties.
— Our new Customer Portal system will improve reporting and enable us to more accurately track housing management performance.

2. Arrears
— By the end of 2018/19 we had reduced the value of outstanding payments from 4% to 3.26% (collection rate 96.74%).
— The Sector Scorecard indicates the lower quartile rent collection rate for 280 participating landlords to be 99.31%, better than for all HfOP providers which range from 98.98 to 89.61%, suggesting that the range of additional services provided by HfOP organisations coupled with the age and well-being profile of residents impacts the collection rate.
— The Income Management Strategy clarifies our approach to working with residents to reduce payment arrears which includes switching cash payments to electronic means to reduce processing costs, increase accuracy and to improve the process for residents.

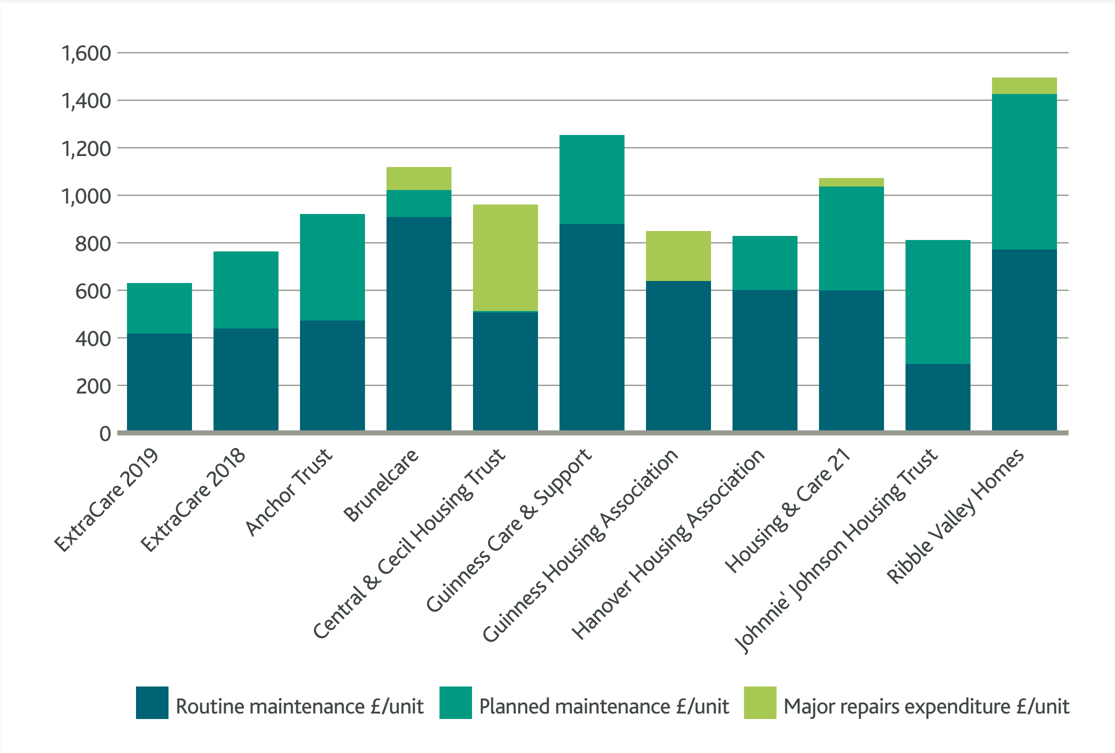


3. Information Technology (IT)
— Our IT Strategy is being implemented to ensure that our systems and services support secure and efficient operational activity, are suitably integrated, and optimise our use of technology.
— We continue to review the cost and performance of our outsourced IT contracts which accounted for approximately 27% of non-pay corporate overheads in 2017/18.

4. Travel
— We are working to avoid unnecessary travel expenses and optimise staff time, with mileage expenses for 2018/19 totalling £280K.
— We have invested £30K in video conferencing equipment to reduce the need for our staff to travel between locations, therefore a 10% mileage reduction would save approximately £28K year, in addition to more efficient use of time and reducing our carbon footprint.

5. Asset Management
— Our Asset Management Strategy sets out our approach to budgeting for responsive maintenance, preventative maintenance and investment into existing properties.
— In 2018/19 we put additional resources into the Facilities and Maintenance team to better manage over 400 contractors, to ensure quality of services and cost management, alongside a focus on compliance.
— The total spend per unit on repair and maintenance costs fell by 17% due in part to lower costs at our new villages.
— We launched a major project for 2019/20 to support the implementation of the new strategy and ensure we understand the costs and build the processes to deliver it, this will include adopting standard definitions for repair and maintenance activities to enable more accurate performance monitoring and benchmarking between our locations, and against other housing providers.

The chart below shows the cost per unit for repair and maintenance activities for HfOP providers (Global Accounts 2018).



Organisation and Approach to embedding VfM

New strategies launched during the year provide more focus for activities to improve efficiency and performance:

The People Strategy recognises the importance of staff satisfaction and includes changes to the team structure, policies and procedures to better support the organisation.

The IT Strategy will ensure that IT systems and services support secure and efficient operational activity and increase our digital maturity.

The Volunteering Strategy builds on the value that volunteering presents to residents and the local community as well as reducing the cost of services.

The Retail Strategy outlines a clear shops model, sets growth targets for Gift Aid and identifies our aspirations.

The Fundraising Strategy sets out focus areas for fundraising and highlights that we are a registered charity.

The Commercial Strategy is driving better management of costs and performance to reduce losses and increase income for the charity from commercial services.

The Income Management Strategy is driving process improvements to reduce arrears and improve the service for residents.

The Asset Management Strategy sets out how we value and manage our property portfolio, defining our approach to sub-categories of responsive and planned maintenance, alongside investment and modernisation aims.

Strategies for launch in 2019/20 which will further enhance our approach to VfM are:

The Treasury Management Strategy will clarify our approach to managing our funding sources and associated risks will be clearly signalled.

The Development Strategy will explain how the Board will determine why, when and where to develop new facilities.

The Procurement Strategy will establish the direction of how procurement should be organised in order to achieve better value from external providers.

New posts were established in 2018/19 across the organisation with a particular focus on driving VfM:

- The VfM Manager leads our approach to achieving VfM, which includes monitoring and reporting against targets and educating the wider workforce on what our drive for VfM means;
- The Catering Manager post is designed to address loss-making catering services; in 2018/19 catering performance was £57K better than 2017/18;
- The Procurement function was expanded to increase support to teams to deliver compliant, VfM contracts. During the year the team achieved:
  - Cashable and efficiency savings of £722K against a target of £500K; and
  - Over £30K of Social Value benefits from suppliers.

- Lifestyle Managers have also been recruited at villages to strengthen commercial activities; and
- The Finance and People teams have adopted a Business Partner model to better support the organisation by providing expert advice regarding financial and staff management. Internal benchmarking is also used to present expenditure between locations, drive best practice and identify high costs for further investigation.

We employed a consultant to map our core processes, particularly care and new village commissioning, as well as office based functions. Improvements have already been made to internal communications and recruitment, and the research has been integral to the development of the new strategies.

A Project Management Office (PMO) has been established as a gateway function to assess the viability and potential value of project proposals to ExtraCare, and to provide guidance and templates for project management. The PMO reviewed over 60 project proposals to compare and rank the anticipated net value, identifying duplications, contrary objectives, and resource requirements. Previously such projects were reviewed within the lead directorate with minimal cross-functional consideration; the new way of working will significantly improve the success rate and effectiveness of the projects taken forward.

Social and Environmental value

We commissioned Aston and Lancaster Universities to research the value of our model on lifestyle; the resulting report demonstrates how our approach to integrated housing, care and support improves older people's lives delivering measurable positive health outcomes, and significant cost savings for the social and health care system. New ExtraCare residents were monitored over a 3-year period, alongside a comparable group of volunteers living in independent dwellings and standard sheltered accommodation.

Key findings of the study:

Our residents cost the NHS **38% less per annum**

(46% less GP visits, less and shorter hospital stays from 8–14 days to 1–2 days)

Exercise by ExtraCare residents **increased by 75%**

Linked to this, frailty can be delayed or reversed and the risk of falls **reduced by 18%**

Anxiety symptoms **decreased by 23%** while memory **improved by 24%** amongst ExtraCare residents

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85.5% of residents never or hardly ever feel lonely

These findings are vital in informing our future investment and service design decisions, and we believe they will be invaluable to policy makers and in assisting those who make decisions about their own housing and that of their older relatives or friends.

Volunteering is one the areas proven to benefit the individual, as well as the community. Volunteers work in a diverse range of roles including in our shops, manning village receptions and serving in village bistros. At the end of March 2019 we had 2,253 active registered volunteers contributing £4.3M in value to the Charity (based on number of hours worked at the lowest hourly rate paid).

The five-year programme to convert traditional light bulbs to efficient LED lighting is half way through, and as a result of these and other energy saving initiatives, we have reduced our annual energy consumption by 5% compared to 2016/17. Annual spend for 2018/19 for electricity and gas was £3.3M; this year energy prices will rise by approximately 16% which will directly impact our residents so it is vital we continue to work with residents to reduce total consumption.

We recycle 50% more commercial waste (generated by ExtraCare activities such as catering, office, maintenance) than in 2017. A survey of residential waste and recycling in 2017 identified a total capacity of 22million tonnes per annum, 32% of which was allocated for recycling. A similar survey is in progress to understand how our waste is shared between general and recyclable materials, and whether we are on target to increase recycling by 15%.


Rooftop patio at Hughenden Gardens

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Capital Structure

The Charity is a company limited by guarantee and does not have share capital. As such it is governed by its Memorandum and Articles of Association. It was incorporated on 11 December 1987.

Treasury policy

It is the Charity's policy to take out long term loans at fixed rates of interest, whilst limiting the exposure to interest rate fluctuations on any development funding. During the year we extended our revolving credit facility with Lloyds Banking Group by £10M until December 2019 and in May 2019 further extended this to May 2021 (subject to finalisation of legal agreement). Interest rate caps remain in place to protect us against any interest rate increases on the revolving credit facility. All other borrowings are at fixed rates of interest.

The Trustees approved an updated Treasury Management Policy in September 2018: this requires a minimum headroom between available facilities and borrowings of 10% from the opening of Hughenden Gardens in June 2018 and 15% in July 2019 (based upon the planned opening date of Wixams Village in Bedford). This allows for a more substantial buffer against any unexpected events. Our Treasury Management Strategy signals our intention to further increase this to 20% from 2021.

The Charity has achieved its objectives of holding adequate cash for all short term calls, whilst at the same time investing excess funds in UK banks. Credit rating criteria were used to approve the banks used whilst satisfactory investment returns were also achieved.

On its next update, our Treasury Management Policy will include a requirement for a Treasury Management Strategy to be produced each year outlining the key objectives for the coming years so that funding is always available for future developments.

Internal Financial Control

The Board is provided with an annual Financial Assurance Statement by the Executive Director Corporate Resources outlining the control measures that are in place to ensure that these financial statements accurately reflect the Charity's results. This is supported by an overall Assurance Statement from the Assurance Manager. A rolling internal audit programme is one of the measures that helps provide assurance to the Board and the Internal Auditor also provides the Board with a summary annual report and overall opinion on the design and operational effectiveness of controls.

A corporate Balanced Scorecard is used to provide the Board and its Committees with details of performance against the targets and commitments included in our 2018/19 Business Plan. Key highlights during the year were:

- We achieved our target to develop 521 apartments (High Wycombe (260) and Stoke Gifford (261)) and have further developments on site at Bedford Wixams (230) and Solihull (260). Earlsdon Park 2 (60) and Bedford Wixams 2 (72*) are both Board approved and ready to go on-site;
- At year end, all our locations achieved a (minimum) CQC 'Good' (including all transferring LIFFT locations) and three locations reviewed in-year achieved 'Outstanding' in at least one of the five key questions: safe, effective, caring, responsive and well led, with Shenley Woods and Reeve Court Villages receiving 'Outstanding' overall;
- We met our resident satisfaction target for schemes (target of 90%) and for villages (target of 77%); and
- We achieved our staff satisfaction target of 75% of our employees being satisfied with ExtraCare as an employer and 90% of our employees being fully committed to ExtraCare.

The Charity has delegated authority for overseeing the adequacy and effectiveness of the internal control systems to the Audit and Assurance Committee. Our Internal Auditor (BDO) attends each Audit and Assurance Committee meeting along with our External Auditor (RSM). Quarterly management accounts are also presented to the Board.

* Likely to be reduced to 60 units.

The work of the external auditors provides some assurance through the interim and final audit visits and the provision of an audit report and management letter. Regular meetings are held with the external auditors to provide an update on changes in the Charity and to discuss strategic and technical matters.

Independent Auditor

A resolution for the re-appointment of RSM UK Audit LLP as auditor will be proposed at the annual general meeting. In so far as each of the directors is aware:

- There is no relevant audit information of which the group's auditor is unaware; and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the Trustees:

Paul Jennings
Chair
16 September 2019

STRATEGIC REPORT

Sector Outlook

This year marked a demographic turning point in the UK. As the baby-boom generation (now aged between 53 and 71) entered retirement, for the first time since the early 1980s there were more people either too old or too young to work than there were of working age.[1]

By 2040, nearly one in seven people is projected to be aged over 75. The Office for Budget Responsibility projects total public spending excluding interest payments to increase from 33.6% to 37.8% of GDP between 2019/20 and 2064/65 – equivalent to £79 billion in today's terms – due mainly to the ageing population.[2]

Yet, in England, only 7% of the older population live in specialised housing[3] to meet their health and care needs, and the overall UK retirement housing sector remains modest in size, with private retirement housing units making up only 0.6% of the UK's total housing stock, at 162,000 units. However, the sector continues to grow as the market matures and the potential for long term income is more widely recognised. As a consequence, a wider range of investors have now entered the market.

The positive impact of specialised, integrated housing solutions for the older population are increasingly recognised, both in terms of benefits to individuals' health and independence, but also in terms of cost savings for local services.

In March 2019, ExtraCare launched the results of an independent study with Aston and Lancaster Universities, into its integrated Homes, Lifestyle and Care Model. The report demonstrated reduced loneliness, improved exercise levels and reduced anxiety amongst the Charity's residents. It follows 2015 research with Aston University (cited in the Knight Frank Retirement Housing Marketing Update report 2018) where the Model demonstrates significant NHS savings.

Integrated care services will be increasingly important as a relative shift develops away from acute illness towards chronic conditions, cognitive impairments and long-term frailty. This will put pressure on health and care systems to adapt to meet these changing demands. New and emerging technologies have the potential to support this change in care needs, supporting people for longer in their own homes[4].

As a result, ExtraCare will continue to research and develop assistive technology solutions that improve residents' quality of life, reduce personal risk and maintain social connectivity, whist reducing dependency on unneeded care intervention.

This will be particularly important as the operating costs associated with care increase due to regulatory requirements and with challenges associated in recruiting high quality staff.

In 2019, the Government passed legislation to improve clarity around Event Fees or Assignment Fees; legislation will centre on making fees fair and transparent. ExtraCare welcomes this and will work closely with its trade body, ARCO, to ensure legislation is properly enacted to meet its customers' expectations.

The ExtraCare Model makes a surplus for the purpose of meeting its charitable objectives, objectives that have been reinvigorated amongst its external stakeholders, residents, staff and volunteers during the past 12 months. As such, we will continue to offer and propagate a mixed tenure model which serves both self-funders as well as those for whom the state pays. In this way it will continue to create dynamic and diverse communities of scale.

1. A world without retirement | Membership | The Guardian
2, 3, 4. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/535187/gs-16-10-future-of-an-ageing-population.pdf

Our integrated model

Our mission is creating sustainable communities that provide homes older people want, lifestyles they can enjoy and care if it's needed.

Our unique model is based on homes, lifestyle and care:

Homes

Our locations offer comfortable, high-quality, typically one and two bedroom apartments for anyone over the age of 55; each home is fully accessible with its own front door, hallway, living room, one or two bedrooms, kitchen and shower room. Most homes have a balcony or patio.

The mix of social rented, shared ownership and full ownership homes in our locations results in diverse communities. In many ways, these communities resemble the demographics of the local area, rather than being defined by income bracket or care need. In 2018/19, our Welfare Benefits Advisors helped residents receive over £4.7M in benefits to support their housing-related costs. £1.4M of this sum was previously unclaimed.

Lifestyle

Our locations offer a range of health and leisure facilities which promote an active and healthy lifestyle. Facilities typically include a café bar, a restaurant/bistro, a bar, a gym, greenhouse, craft and hobby rooms and village hall for events and performances.

Facilitated by location staff, activities are diverse and wide-ranging and may include: Zumba, choir singing, wheelchair aerobics, writing workshops, intergenerational activities across all age groups, sociable outings and entertainment.

Volunteering is at the heart of our Charity's ethos, providing opportunities for people to use their skills, whilst reducing potential isolation and loneliness. Resident and external volunteers provide invaluable support, helping run activities and facilities, or supporting fundraising within our communities or ExtraCare Charity Shops.

Our locations are vibrant social hubs welcoming people from the wider community. Visitors include children and young people, schools, universities and other community groups. Additionally, visitors can use our facilities and gyms as part of an affordable membership that supports our charitable income.

Care

Approximately 20% of our residents require personal care to support temporary or long-term care needs. Each of our locations offers a 24/7 on-site care service which is assessed and delivered by ExtraCare's own staff. Our service is carefully scrutinised by both residents and our statutory partners; at year end, all of our locations were rated 'Good' or 'Outstanding' by the Care Quality Commission (CQC).

In addition, every location offers:

A Well-being Service: Operated by a team of Well-being Advisors, this award-winning service offers preventative health advice and promotes healthy life choices to enhance well-being and prolong independence.

An 'Enriched Opportunity Programme' (EOP): Operated by specialist staff called 'Locksmiths', the programme employs a cognitive approach, supporting people with dementia, low mood or anxiety to live a more independent and enriching life within our communities.

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Progress against Corporate Plan targets and objectives

Our Corporate Plan 2017/20 contains 20 Targets and 25 Commitments. Each of these are captured in our annual Business Plans, setting out anticipated achievements in the 12 month period. Progress against all targets and commitments is captured in our Balanced Scorecard which is reported to our Board Committees at every meeting.

We have five key targets for the three years of our Corporate Plan and 2018/19 performance against these is shown overleaf:

OUR FIVE KEY TARGETS:

T1 — D — Develop

Develop circa 1,300 apartments in five new villages.

T5 — Cq — Care quality

Provide a CQC rated 'good' quality care service in all our locations.

T6 — S — Satisfaction

Improve our resident satisfaction scores.

T13 — Sf — Staff satisfaction

Improve our staff satisfaction scores.

T18 — Su — Surplus

Generate both operating and total surpluses each year.

	Corporate Plan Reference	2018/19 Business Plan Target	Progress
D T1	We will develop five new villages and complete one village extension during the life of this corporate plan delivering circa 1,300 new apartments.	521 apartments developed – Hughenden Gardens (260) and Stoke Gifford (261), plus 550 apartments on site – Bedford Wixams (230), Solihull (260) and Earlsdon 2 (60). A new village/extension will also be identified and contracted.	**Develop: Achieved** High Wycombe (260) opened May 2018, Stoke Gifford (261) opened November 2018. Bedford Wixams (230) and Solihull (260) – both on site. Earlsdon Park 2 (60) and Bedford Wixams 2 (72*) both Board approved and ready to go on-site. *Likely to be reduced to 60 units.
Cq T5	Each location will achieve a minimum CQC 'Good' rating overall – with at least a third of our locations, by the end of this corporate plan period, having achieved 'Outstanding' in one of the five key questions: safe, effective, caring, responsive and well led.	Applies to all locations inspected during 2018/19.	**Care Quality: Achieved** As at year end, all locations achieved a (minimum) CQC 'Good' (incl. all transferring LIFFT locations) and three locations reviewed in-year achieved 'Outstanding' in at least one Key Line of Enquiry, with Shenley Woods and Reeve Court Villages receiving 'Outstanding' overall.
S T6	We will achieve a resident experience rating of 80% or above in all villages and 90% or above in all schemes by the end of the corporate plan period.	Target of 75% in villages and 90% in schemes	**Resident Satisfaction: Achieved** Schemes (92.5%) scored 2.5% above their 90% business plan target, villages (80.7%) scored 3.7% above their 77% business plan target.
Sf T13	We will achieve the following staff satisfaction scores: 75% of our employees will be satisfied with ExtraCare as an employer and 90% of our employees will be fully committed to our vision.	Annual survey in 2018 shows an improvement from 63% to 70% for staff satisfaction and from 81% to 85% for commitment to our vision.	**Staff Satisfaction: Achieved** The level of overall satisfaction (I am satisfied with ECCT as an employer) rose from 63% to 75% against a target of 75%, whilst staff commitment (I am fully committed to ExtraCare) rose from 81% to 91% against a target of 90%.
Su T18	We will generate an overall Operating surplus* of between £1–3M each year and a Total surplus in excess of £10M each year. *defined in this context as the surplus attributable to Operations	Applies during 2018/19.	**Surpluses: Achieved** Operating surplus was c£2.4M** against a target range of 'between £1-3M'. Total surplus was c£12.6M*** against a target of 'in excess of £10M' (nb: Total surplus was less than budgeted surplus). (**following creation of a £0.45M provision. ***following recognition of £6.95M defined benefit pension costs).

Developing villages

Developing high quality, accessible and attractive villages with homes older people want is an essential component of the overall success of our Charity. Income from (re)sales and rental is a major contributor to the overall surplus which underpins our ability to offer a range of high quality charitable services and to ensure our buildings are maintained to a high standard.

Portfolio Development

This reporting year has seen the successful continuation of our ambitious growth programme. We expanded our portfolio of villages by constructing and opening an additional 521 units in 2018/19. This is made up of:

260 apartments in Hughenden Gardens Village, High Wycombe (May 2018)

261 apartments in Stoke Gifford Village, South Gloucestershire (November 2018)

In addition, we commenced and progressed the construction of an additional 491 apartments. This is made up of:

230 apartments in Wixams Village, Bedford (opened June 2019)

261 apartments in Solihull Village (opens early 2021)

Approval has been given for two village extensions:

60 apartment extension at Earlsdon Park Village in Coventry, which started in June 2019

72* apartment extension at Wixams Village in Bedford, which is planned to start in Autumn 2019

We continue to look for new development opportunities through working closely with local authorities, developers, housebuilders and construction partners resulting in a number of new village sites and extensions coming forward. We will continue to build on our clustering methodology by developing sites which allows us to maximise our operating efficiencies.

Construction and Building Innovation

We are continually exploring ways to improve our approach to construction and are investigating the benefits of modern methods of construction, such as panelised and modular build, with a view to reducing the time on site and the impact of noise and disruption to existing residents without compromising quality. This is particularly important for locations where we invest in extensions to existing villages.

Our innovation strategy continues to drive change within our villages and ensures our buildings meet our current and future customers' expectations. Recent innovations include our tablet-based call system technology and to integrate two smart apartments at all new villages. The aim of our 'smart apartments' is to empower residents to make informed choices regarding the way technology applications could enhance their quality of life.

Environmental performance

We construct our new villages and extensions in line with Fabric First principles to minimise the energy demand of our new buildings. We continue to explore alternative green energy solutions including solar power and ground source heat pumps.

Sales and re-sales

2018/19 has been a record sales year for ExtraCare. Sales programmes are ongoing in five locations:

- Bournville Cottages – 14 of 16 sales completed (88%);
- Longbridge Village – 204 of 208 sales completed (98%);
- Hughenden Gardens – 127 of 185 sales completed (69%);
- Stoke Gifford – 51 of 180 sales completed (28%); and
- Wixams Village – 85 properties (46%) were reserved at year end.

Property sales for new villages in 2018/19 generated a total value of £61.7M. This compares to £36.5M in 2017/18 and £30.6M in 2016/17.

By 31st March 2019, 571 out of the 773 properties (74%) in new villages were reserved, had exchanged contracts or completed.

* Likely to be reduced to 60 units.

Bournville Cottages
14 of 16 sales completed

Longbridge Village
204 of 208 sales completed

Hughenden Gardens
127 of 185 sales completed

Stoke Gifford
51 of 180 sales completed

Wixams Village
85 reserved properties at the end of 2018

Resales

Our resales surplus target for 2018/19 was £4.0M and our final accounts position showed we achieved £5.6M. 128 resales were completed during the year, which was an increase of 39% from 2017/18. The surplus of £5.6M was up by £1.4M from the previous year – an increase of 24%. The number of properties we held in stock was reduced by a third over the course of the financial year, from 40 to 27. This reduced the value of property held in stock from £6.2M to £4.0M.

Operating villages

Operating our villages and schemes is key to developing and offering the setting in which our residents can enjoy an active and fulfilling lifestyle in the reassuring knowledge they can access good quality care as and when they need it in the comfort of their own home.

Village Profile

Communities work best if they engage a mix of different people, each making different contributions to the community's overall dynamic. We want the communities in our retirement villages to be as sustainable and vibrant as they can be. This is important when a new village opens, and can become even more critical as villages mature and the average age and associated care needs of their population increases. Achieving and sustaining the optimal community dynamic requires managing the balance between a number of components, such as age, occupancy status (single or multiple), care requirement, gender and tenure (tenancy or (shared) ownership.

Engaging customers/resident satisfaction

Residents have an extensive menu of involvement and influence options at ExtraCare, both locally and nationally. Residents can influence the local management of their services through Residents' Associations, as well as through 'We're Listening' feedback surveys, recruitment panels, monthly street meetings, local groups and volunteering. Corporately, they influence ExtraCare's policies via our Residents' Forum, topic groups and scrutiny exercises.

The Residents' Forum acts as the principal representative body for the purpose of consultation with residents by the ExtraCare concerning service delivery, performance and strategic plans. Based on feedback from residents we have made some changes to the Forum this year. These changes more clearly define its remit, how we will consult the Forum on key policy changes and ensure a formal link with Residents' Associations.

We continue to monitor resident satisfaction, via 'We're Listening' real-time feedback surveys. Resident satisfaction this year have risen and is now above our ambitious Business Plan Target of 90% satisfaction in schemes and 77% in villages.

Resident satisfaction

Schemes:
92.5%
(2.5% above the 90% business plan target)

Villages:
80.7%
(3.7% above the 77% business plan target)

Care Quality

The challenging targets set for the quality of our care, in spite of increasingly difficult conditions in the care market have been achieved. We are very proud that at year end 17 locations were rated 'Good' or 'Outstanding' by the CQC. Our two newer villages, Hughenden Gardens and Stoke Gifford, have not received their inspections.

CQC inspections 2018-19

Outstanding:	2
Good overall:*	3

*Outstanding in one of the CQC domains of inspection

In 2018/19 five of our locations were inspected by the Care Quality Commission. Two of our locations – Shenley Wood Village in Milton Keynes and Reeve Court Village in St. Helen's – achieved 'Outstanding' overall. The other three locations were rated 'Good' overall, with all achieving an 'Outstanding' against one of the CQC's five domains of inspection. This means we are on track to achieve our corporate plan target.

Clustering

As outlined in our Corporate Plan we have developed clusters of our schemes and villages to aid operational efficiency. This year, the Board approved our Cluster Strategy which sets out our approach to seizing opportunities for sharing resources, ideas, facilities, activities, and good practice, all of which should improve our operational efficiency and financial sustainability. We've built on our focus on staffing and operational issues, with further sharing of staff and the co-ordination of functions. Our Birmingham

Cluster of five villages continues to find its identity and was strengthened this year with the addition of the Bournville Gardens care service to that already shared between Hagley Road and Longbridge Villages. We've also worked closely with the University of Birmingham to foster a fruitful educational partnership.

Location Staffing Review

Following extensive consultation with colleagues working in our locations, we reviewed how we could best invest in location resources to support our local teams. The outcome has resulted in extra support for our care services in terms of recruitment, staffing and organisation. Furthermore, in response to our Village Managers' concerns about their workload, we have created the new position of Lifestyle Manager in most villages. Reporting to the Village Manager, this colleague is responsible for village centre facilities and services, thus relieving the Village Manager of too many direct reports and giving them more space to concentrate on operational performance and resident relations. These appointments in particular bring a commercial focus to catering, events, fitness, and retail outlet offerings, to help ensure that our villages are financially sustainable for the future.

Location Surpluses

Historically, our overall financial performance has benefited to a great extent on surpluses generated by the development and sale of our properties. It is important, however, to reduce our reliance on sales/resales and to ensure our locations are financially sustainable in their own right. This year we have therefore focused on operational financial viability in all our locations, recognising that the variation in population circumstances means some may find it harder to achieve a surplus than others. The collective surplus was £2.3M which was £0.2M below budget.

Environmental Performance

Our locations continue to focus on increasing recycling and reducing energy usage. A temporary Energy Project Officer was appointed to lead specific improvement projects and to provide advice and technical support to staff and residents, which has resulted in the establishment of resident energy groups, more recycling points and key energy-saving initiatives including installing movement sensors to activate/deactivate lighting as required.

All new villages from Hughenden onwards have included the installation of LED (Light Emitting Diode) lighting, while our five-year LED programme to replace all traditional lighting in the older villages is ahead of schedule. For the 2018/19 year our energy bills evidenced a steady reduction in consumption of over 5%. This shows good progress towards achieving our Corporate Plan target to reduce energy usage by 10% by 2020.

A survey of waste and recycling in 2017 identified that 32% of waste capacity was allocated for recycling. A similar survey is now in progress to understand how our waste is shared between general and recyclable materials, and whether we are on target to increase recycling by 15%.

The proportion of commercial waste capacity (i.e. generated by ExtraCare activities such as office, restaurants, maintenance) allocated to recycling increased from 30% to 45% which shows an impressive shift to dispose of materials in the most environmentally-friendly manner.

Modernisation Programme

We have introduced a rolling major modernisation programme to improve and renovate our older locations. Lovat Fields in Milton Keynes was our first village to be modernised and this was completed in 2018. This coming year will see the modernisation of Pannel Croft in Birmingham, which will include some significant reconfiguration of space, particularly with regard to our catering offering and the opportunity to pilot a Health and Well-being Hub.

Transfer locations to Midland Heart

The number of locations and small-scale schemes we operate on behalf of other landlords decreased further this year as the final locations transferred back to Midland Heart (seven locations) and Housing and Care 21 (one location). This was part of a programme agreed in 2015, whereby all 14 locations would be transferred by August 2018. All transfers were completed as planned in a smooth fashion, with all locations carrying with them a Care Quality Commission 'Good' rating and novated care contract from the respective local authority.

The locations we transferred in 2018/19 are:

- April 2018: Broadway Gardens, James Beattie House and Bushfield Court, Wolverhampton;
- June 2018: St Crispin Village and Imperial Court, Northamptonshire; and
- July 2018: Seagrave Court, Nottingham, and Princethorpe Court and Willowbrook, Coventry.

Supporting villages

Charitable performance

We are proud of our charitable status and re-invest any surpluses we make back into our Charity to help deliver vital care and well-being services which are not self-funding. This is key to ensuring our services continue to be affordable and available to all of our residents, regardless of their background and circumstances.

The dedication of our donors, residents, staff and community volunteers, and our external supporters has played a vital role in maintaining and developing these services. Their support and generosity is greatly appreciated.

Volunteering: Volunteering is one of the main conduits through which the principles and values of ExtraCare communities are developed, implemented and sustained. A wide variety of roles include: supporting ExtraCare's Charity Shops, volunteering in location receptions, gyms, shops and bistros, running entertainments and outings, and even advocating the Charity's work in the media or on the conference platform. In 2018/19, our 2,253 volunteers helped us offer quality services on a scale that would not otherwise be possible or affordable.

ExtraCare Charity Shops: ExtraCare Retail Ltd, through its 52 charity shops, generated a £153K profit in 2018/19 which is to be donated to the Charity. This was a strong result, particularly in view of challenging conditions in the (charity) retail environment. ExtraCare Retail Ltd also invested in developing a furniture collection service, placing donation pods in several of our villages, and in rebranding and refurbishing a number of shops.

Fundraising Activity: The Charity raised £127K in 2018/19 through trusts, foundations, challenge appeals and our corporate donations. Our Chief Executive ran the Virgin London Marathon in April 2019 in support of ExtraCare. This campaign received significant sponsorship from our suppliers and partners, including Galliford Try Partnerships, as well as from residents, friends of ExtraCare and staff. The campaign raised over £30K in 2018/19 and will continue into 2019/20, expecting to raise over £56K in total for the Charity.

Distribution of Funding: In 2018/19, funds raised through volunteering support, ExtraCare Charity Shops (ExtraCare Retail Ltd) and fundraising activity was used to reduce our funding shortfall with respect to the following services:

- Our Well-being Service which helps residents make healthy lifestyle decisions. In 2018/19, this service cost the Charity over £525K;
- Our Enriched Opportunities Programme (EOP), which supports residents living with dementia or mental health conditions. In 2018/19, the programme cost the Charity over £446K;
- Our End of Life Care training and accreditation, which enables us to deliver high quality and consistent end of life care provision in all our locations in accordance with the Gold Standards Framework. In 2018/19, this programme cost the Charity £75K; and
- Our Care Service, which is available to all residents when they need it. Local authority funding often doesn't cover the full cost of care and our Charity has supported the service with over £3M in 2018/19.

Corporate Communications and Marketing

We put significant emphasis on creating a better understanding of our Charity's work amongst our stakeholders.

We launched a campaign named 'It's not all about age' and successfully combined the Charity's promotional activities into a narrative around the health and lifestyle benefits of ExtraCare's well-being model. The campaign enabled the Charity to make significant and positive contributions to national conversations around ageing, as follows:

- In April 2018, we launched a project with CPL Productions and Channel 4 to deliver its BAFTA-nominated *Old People's Home for 4 Year Olds*. Filmed at Lark Hill Village, the TV series involved 10 residents (aged 81-102) and 10 local children sharing daily activities, all monitored by experts. Loneliness, frailty, confidence and mental well-being were highlighted across six one-hour episodes; physical, mental and social benefits were clearly identified by the experts. The first episode attracted 2.2 million viewers and increased visits to our website five-fold. Increased profile has supported fundraising and volunteering activity and has increased sales applications to both existing and new ExtraCare locations. Residents and children have sustained mutual contact linked to the series' legacy with further intergenerational projects being set up across the Charity; and
- In March 2019, we released findings from ExtraCare's longitudinal research with Lancaster and Aston Universities (see Research and Innovation section below). The research launch was timed to coincide with a refreshed website and Housing LIN's Annual Conference. Attended by 300 housing, health and social care professionals, the conference brought ExtraCare residents, staff and researchers onto the platform and into the media to highlight the benefits of its Well-being Service and intergenerational activity.
- In June 2018, we launched *Workplace by Facebook*, an internal communications channel to engage staff in charity-wide news, policy updates, achievements and live-streaming events. Over 60% of staff are now enrolled with monthly engagement reaching over 80%; and
- We ran our Charity Roadshows, for a second year, across our locations for both residents and staff to ensure residents and staff are clearly informed about the Charity's news and consulted on the development of our 2020-23 Corporate Plan.

Research and Innovation

In line with our charitable ethos, we have the aspiration to constantly improve our 'offer' to current and future residents and to society as a whole. A focus on research and innovation is a vital part of making this aspiration a reality.

Research: In 2018/19, we remained committed to researching the efficacy of our model, primarily to test and improve the care and well-being services we deliver to our residents.

Findings from our 2015-18 independent study into healthy ageing carried out by Aston and Lancaster Universities were released in March 2019. They showed that residents living within ExtraCare's communities:

— Are more physically active (75% increase in exercise);
— Are less anxious (23%);
— Have an increased walking speed;
— Are 'never or hardly ever' lonely (86.5%);
— Have improved autobiographical (24%) and memory (17%) recall; and
— Can delay or reverse the onset of frailty.

This latest research has helped inform the development of a resilience tool to measure how resilient residents are in terms of physical and cognitive health. The tool is being rolled out during 2019/20 and will be used to reassess residents who have already been identified as frail to determine if personal goals and targets are helping them to become more resilient. There are also plans to roll the tool out to other retirement housing providers and generate further income for the Charity.

The study followed the Charity's 2012-15 research with Aston University which revealed a 14.8% reductions in depressive symptoms amongst residents after three years, and annual NHS savings of 38% per person per annum.

Digital Technology: In recent years, there has been an expansion in smart digital technology and its potential to support older people in a community setting is significant. Digital technology can be used to remind residents to take medication or to promote an activity or event. It also has the power to reduce social isolation; the rise of digital technology can connect residents to family and friends wherever they are and whenever they want. In 2018/19 we:

— Established a Knowledge Transfer Partnership with the University of West England (UWE)'s Bristol Robotics Laboratory, with the help of funding from Innovate UK. This is helping us monitor and analyse the barriers and drivers of technology take-up among our residents; and
— Set up an Innovation Apartment with the UWE team at our Longbridge and Stoke Gifford Villages (which opened to residents in November 2018). These 'Show Homes' has more than fifteen innovative devices for people to touch and try out. All of the smart equipment installed can assist older people with day-to-day living tasks and includes: A body dryer, smart kettle, bed occupancy sensor, video doorbell, electric blinds, smart light bulbs and smart speakers.

Findings from our 2015-18 independent study into healthy ageing carried out by Aston and Lancaster Universities showed these benefits for ExtraCare residents:

75% experienced an increase in physical activity

23% feel less anxious

Have an increased **walking speed**

86.5% are 'never or hardly ever' lonely

Have improved **autobiographical (24%)** and **memory (17%) recall**

Can **delay or reverse** the onset of **frailty**

Routine and regular GP appointments for ExtraCare residents **reduced by 46%** after a year

NHS costs for ExtraCare residents were **cut by 38%** over 12 months compared with when they first arrived

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People, processes and technology

People

The strength of ExtraCare lies in the quality and commitment of our workforce and volunteers. Creating the right environment for our customers depends on the collective effort of every single one of our colleagues. We value our staff and wish to be known as an employer of choice. We first achieved 'Investors in People' in 1997, gained Silver status in 2012 and Gold status in 2016. We'll be reassessed during summer 2019 to maintain our Gold Status.

Our 2018/19 staff survey showed that we have achieved both key targets a year earlier than anticipated. Our key targets are:

- 75% of our employees will be satisfied with ExtraCare as an employer (2017/18 – 63%); and
- 90% of our employees will be fully committed to our vision. (2017/18 – 81%).

The 2018/19 survey was predominantly conducted online, although we did introduce the option to complete a paper based survey in the final week to encourage responses. The response rate was 52% compared to 29% the previous year.

In response to our staff survey we have revisited our communication channels during the year to ensure consistency and regularity. Key elements include launch of Workplace by Facebook for internal communication; our annual Executive-led Charity Roadshows through which staff are informed about the Charity's news and consulted on development of our plans; and commencement of regular and routine communication via Directorate meetings, including updates on performance against our key Corporate Plan Targets and Commitments. These steps have enabled for us to ensure that consistent messages is are communicated across the Charity.

Our drive for Value for Money (VfM) has played a key role in engaging our employees with continuous improvement initiatives. We have an employee suggestion scheme, which recognises a winner each month, and staff are encouraged to drive efficiency and effectiveness where they can.

In a year of record levels of employment, our overall staff turnover increased from 22.5% in 2017/18 to 30.4% in 2018/19. This reflects increased employment opportunities in a competitive market. Work continues to improve our employee proposition. We introduced a pay increase of 5% for all frontline non-supervisory staff in April 2019 and 2.5% for all other employees. A number of interventions ranging from an improved Performance & Development Review (PDR) system to enhancements to annual leave entitlement are amongst the steps we have taken to improve staff attraction and retention in a challenging market and sector.

Disabled Employees

Our Charity currently has 23 staff who have declared a disability which is equivalent to 1.75% of our workforce. It is not mandatory for individuals to declare disabilities under the Equality Act, so the number may be higher than our statistics show.

All our staff are treated equally and fairly as part of any recruitment process and all applicants invited for interview are offered support to assist them with the process. This may include access to buildings or assistance with tests where applicable. We will, wherever possible, support any individual who becomes disabled during the course of their employment by further training or adaptations to allow them to continue in their role. If the nature of the disability means this is not possible, i.e. an individual who becomes physically disabled and is unable to carry out a physically demanding role, then consideration will be made as to whether it is possible for us to provide re-training for them to carry out an alternative role if one exists.

Disabled employees are able to access support through Access to Work and can apply for specialist equipment to assist them to continue in their job, with our Charity contributing towards the costs.

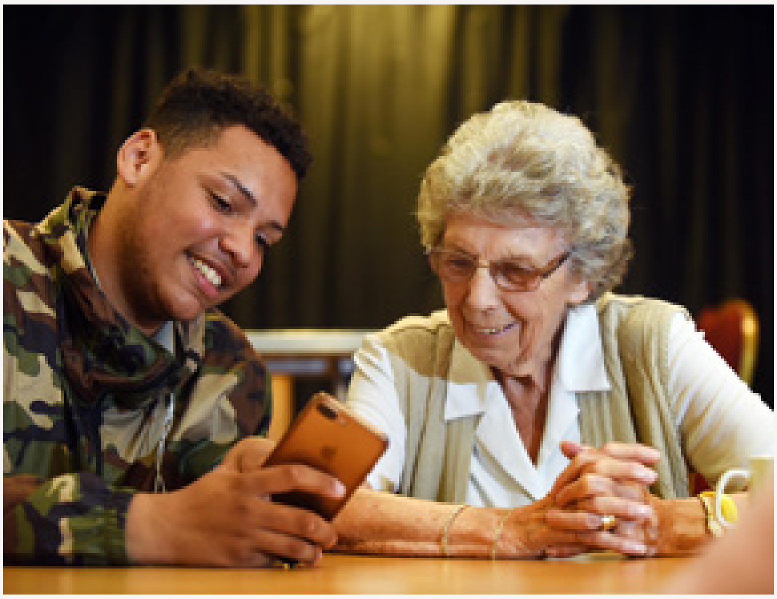
Digital

In 2018 a new IT Strategy was developed and approved; and work is now underway to deliver against the Strategy. The Strategy initially focuses on putting in place robust foundations for us to continue to build upon.

Over the past 12 months we have made some further improvements around information security. We have achieved the external accreditation of Cyber Essentials Plus, and we have invested in some simulated phishing exercises to promote awareness around security and fraudulent behaviour. We are also working to support secure 'flexible working', by implementation of a Multi Factor Authentication solution.

In order to assist with our drive towards becoming a more digitally mature organisation, we now provide WiFi and Broadband in each apartment at new villages; and we have installed WiFi in communal areas for existing owned locations, providing access to both residents and visitors.

Our Corporate Plan commits us to improving our digital maturity and progress was made in this respect during 2018/19. In the year, a plan was developed and approved by the Fundraising Research and Advocacy Committee. We developed a single digital database for customers and volunteers and we made progress to transforming our locations into cashless environments and we invested in developing the digital skills of our residents. We will continue to step up our investment in digital maturity throughout this Corporate Plan.



On behalf of the Trustees:

Paul Jennings
Chair
16 September 2019

THE BOARD RESPONSIBILITIES IN THE PREPARATION OF ACCOUNTS

The Board as trustees (who are also the directors of The ExtraCare Charitable Trust for the purposes of company law) are responsible for preparing the Report of the Board and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company, housing and charity law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and the group and of the income and expenditure of the group for that period. In preparing those accounts, the trustees are required to:

a. select suitable accounting policies and then apply them consistently;
b. observe the methods and principles in the Statement of Recommended Practice 'Accounting by Registered Housing Providers Update 2015;
c. make judgements and estimates that are reasonable and prudent;
d. state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
e. prepare the accounts on the going concern basis unless it is inappropriate to presume that the company and group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the accounts comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the ExtraCare Charitable Trust website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE EXTRACARE CHARITABLE TRUST

Opinion

We have audited the financial statements of The ExtraCare Charitable Trust Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the Consolidated Statement of Comprehensive Income, the Group and Charity Statements of Financial Position, the Group and Charity Statement of Changes in Reserves, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2019 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Board have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Report of the Board.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Respective responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 40, the Trustees (who are also the directors of the 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

KEITH WARD (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

24/9/2019

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Turnover	3	123,256	94,037
Operating expenditure	3	(102,268)	(81,949)
Operating surplus		**20,988**	**12,088**
Gain on disposal of tangible fixed assets	5	1,227	1,435
Interest receivable		332	5
Interest and financing costs	6	(3,477)	(3,291)
Surplus before tax	9	**19,070**	**10,237**
Taxation	28	-	-
Surplus for the year		**19,070**	**10,237**
Other comprehensive pension expenditure	23	(3,830)	-
Defined benefit pension costs recognised in other comprehensive income	23	(2,661)	-
Total comprehensive income for the year		**12,579**	**10,237**

The results for both years are wholly attributable to continuing activities.

The notes on pages 48 to 73 form part of these financial statements.

These financial statements were approved by the Board of Directors on 16 September 2019 and signed on its behalf by:

Paul Jennings – Chair

Mary Martin – Trustee

STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	Group 2019 £'000	Group 2018 restated £'000	Charity 2019 £'000	Charity 2018 restated £'000
Fixed Assets					
Intangible assets	10	198	264	198	264
Tangible fixed assets	11, 12	206,296	181,919	206,296	181,919
		206,494	**182,183**	**206,494**	**182,183**
Current Assets					
Stocks and assets held for disposal	14	4,166	6,344	4,046	6,239
Work in progress	15	79,423	85,183	79,423	85,183
Trade and other debtors	16	3,917	5,803	3,839	5,852
Cash and cash equivalents		2,715	252	2,656	119
		90,221	**97,582**	**89,964**	**97,393**
Creditors: Amounts falling due within one year	17	(19,364)	(17,085)	(19,124)	(16,913)
Net current assets		**70,857**	**80,497**	**70,840**	**80,480**
Total Assets less Current Liabilities		**277,351**	**262,680**	**277,334**	**262,663**
Creditors: Amounts falling due after more than one year	18	(191,626)	(195,307)	(191,626)	(195,307)
Defined benefit pension liability	23	(12,640)	-	(12,640)	-
Other provisions	23, 24	(61)	(6,928)	(61)	(6,928)
Total net assets		**73,024**	**60,445**	**73,007**	**60,428**
Capital & Reserves:					
Restricted reserves	22	9,780	9,276	9,780	9,276
Revenue reserves		63,244	51,169	63,227	51,152
		73,024	**60,445**	**73,007**	**60,428**

Company registration number: 2205136

The Charity's surplus for the year was £19,070K (2018: £10,237K) and total comprehensive income was £12,579K (2018: £10,237K).

These financial statements were approved by the Board of Directors on 16 September 2019 and signed on its behalf by:

Paul Jennings – Chair

Mary Martin – Trustee

STATEMENT OF CHANGES IN RESERVES

For the year ended 31 March 2019

	Group Restricted reserve £'000	Group Income and expenditure reserve £'000	Charity Restricted reserve £'000	Charity Income and expenditure reserve £'000
At 1 April 2017	9,176	41,032	9,176	41,015
Surplus for the year	-	10,237	-	10,237
Transfer to/from Restricted Reserves	100	(100)	100	(100)
As at 31 March 2018	**9,276**	**51,169**	**9,276**	**51,152**
At 1 April 2018	9,276	51,169	9,276	51,152
Surplus for the year	-	12,579	-	12,579
Transfer to/from restricted reserve	504	(504)	504	(504)
As at 31 March 2019	**9,780**	**63,244**	**9,780**	**63,227**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Net Cash generated from operating activities	33	**35,662**	**(4,983)**
Cash flow from investing activities			
Purchase of tangible fixed assets		(26,829)	(24,327)
Proceeds from sale of tangible fixed assets		2,927	3,563
Grants received		2,982	2,649
Interest received		332	5
		(20,588)	**(18,110)**
Cash flow from financing activities			
Interest paid		(6,335)	(5,011)
New secured loans		17,500	73,727
Repayments of borrowings		(23,776)	(52,714)
		(12,611)	**16,002**
Net change in cash and cash equivalents		**2,463**	**(7,091)**
Cash and cash equivalents at beginning of the year		252	7,343
Cash and cash equivalents at end of the year		**2,715**	**252**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

1 Legal status

The ExtraCare Charitable Trust is a company limited by guarantee and is an English registered social housing provider. The address of ExtraCare's registered office and principle place of business is 7 Harry Weston Road, Binley Business Park, Coventry CV3 2SN. The principal activities are providing housing and care to older people.

2 Principal accounting policies

Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102'). They are prepared under the historical cost convention modified to include certain financial instruments at fair value and according to the Housing SORP 2014 'Statement of Recommended Practice for Registered Housing Providers'. They also comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

Public Benefit Entity

The Charity is a Public Benefit Entity, as defined within FRS 102 as "an entity whose primary objective is to provide goods or services for the general public, community or social benefit and where any equity is provided with a view to supporting the entity's primary objectives rather than with a view to providing a financial return to equity providers, shareholders or members."

Basis of consolidation

The group accounts consolidate the accounts of the Charity and its subsidiary undertakings. Intra group transactions, balances and profits are eliminated on consolidation. The consolidation is carried out on a line by line basis and all entities have coterminous year end dates.

The accounts for the Charity include recharges with a subsidiary undertaking which runs charity shops to raise charitable funds. The recharges are based on resources used and payments made.

The parent Charity has taken advantage of the exemption from presenting its unconsolidated Statement of Comprehensive Income under Section 408 of the Companies Act 2006.

Turnover

Grants, donations, legacies and similar income, are accounted for as soon as their amount and receipt are certain. In the case of unsolicited donations, this is usually only when they are received, while fundraising results are accounted for when the commitment is made by the donor, subject to fulfilment. 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.

Turnover is included on an accruals basis, including proceeds (on completion) from first tranche shared ownership, outright sales and sales of flats in certain schemes and villages, which are held for resale.

The income from goods donated for resale in the Charity shops is included in the accounts when those goods are sold. No value is placed on any stock of such goods. Donated services and facilities are included at the value to the Charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts apart from in the staff costs note for information.

Investment income is included when receivable by the Group.

Service charges

Certain villages operate variable service charges. Where there is any difference between the estimated cost recovered from tenants and leaseholders and the actual cost incurred, any such shortfall or surplus arising is carried forward and either collected or refunded against the future years charge. Any shortfall or surplus arising is shown in the statement of financial position within debtors or creditors as appropriate.

Where schemes are on fixed service charges, income is recognised in the financial statements in line with the amounts charged to the occupant.

Intangible Fixed Assets
Capitalised IT software expenditure is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Capitalised IT software expenditure is amortised on a straight line basis over its useful life which is 3 years.

Taxation
The parent is exempt therefrom as a registered Charity. The trading subsidiary is subject to corporation tax on any profits not distributed by gift aid to the charitable parent.

VAT
The parent Charity is partially exempt for VAT purposes, and consequently VAT incurred cannot be fully received. Where VAT is not recoverable the expenditure is shown inclusive of VAT.

Other grants
Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

Impairment
Fixed assets are reviewed for impairment following an assessment at each reporting date if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairment losses in the Consolidated Statement of Comprehensive Income.

Sale of properties
The Charity sells properties at some of its schemes and villages under a long lease. The terms of the lease oblige the Charity to repurchase the property at the price at which it was last sold, or a proportion thereof, in order that the Charity can ensure the on-going profile and lifestyle within the scheme or village. In line with accounting standards, the granting of such leases are treated as sales as most of the risks and rewards of ownership are transferred to the lessee. The attributable income and costs of sales are taken to the Consolidated Statement of Comprehensive Income.

Capitalisation of interest
Interest incurred up to the time that identifiable major capital projects are ready for service is capitalised as part of the cost of the assets and shown within either fixed assets or work in progress, based on interest charged on loans relating to each particular project.

Stocks, assets held for disposal and work in progress
Stocks and work in progress are valued at the lower of cost and net realisable value. Cost of work in progress includes finance costs, fees and other appropriate expenses up to the date of practical completion of schemes for sale. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal.

Restricted reserves
These are reserves that can only be applied for particular specified purposes. The reserve is held for the purpose as specified by the donor. This is usually for a particular appeal. Incoming reserves are accounted for on receipt but with reference to certain performance criteria within an agreement. Where cash has been received but performance criteria have not yet been met, such income is deferred and released to the Income and Expenditure Account on achievement of such criteria.

Management of housing property for other social landlords
Where the Charity has been appointed as an agent by a Housing Association partner to provide support to the service users and the support contract with the Commissioning Authority is held (and carries the financial risk), the Consolidated Statement of Comprehensive Income includes only that income and expenditure which relates solely to the Charity.

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Retirement benefits

Defined contribution pension scheme

The Charity's executive management are members of a flexible retirement plan operated by The Pensions Trust. The amount charged to the Consolidated Statement of Comprehensive Income is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Defined benefit pension scheme

The Charity's employees are members of the Social Housing Pension Scheme (SHPS). For the SHPS, retirement benefits to colleagues of the Company are funded by contributions from all participating employers and employees in the Scheme. Payments are made to a fund operated by the Pensions Trust, an independent trust providing superannuation benefits for employees of voluntary organisations. These payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Companies taken as a whole.

The assets and liabilities of the Charity's share of the pension are now included on the Statement of Financial Position, where as in the prior year a provision was included linked to the stream of deficit contributions. Thereby adopting the amendment to FRS102 "Multi-employer defined benefit plans", issued in May 2019, early.

Actuarial assumptions are applied to determine each company's share of liabilities. The assumptions are updated at the year end, and the changes to the position go through the 'Other Comprehensive Income' statement, and not through the normal income and expenditure account, as there is not sufficient information to restate the comparative.

Calculations are carried out annually and independently of the pension triennial valuation.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

One employee is also a member of a growth plan operated by The Pensions Trust (being the SHPS managers). For the Growth Plan, contributions are recognised in expenditure in the period to which they relate as there is insufficient information available to use defined benefit accounting. A liability is recognised for contributions arising from an agreement with the multi-employer plan that determines how the Charity will fund a deficit. Contributions are discounted when they are not expected to be settled wholly within 12 months of the period end.

Tangible fixed assets – Housing properties

Housing properties are properties for the provision of social housing and are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Improvements are works to existing properties, and component replacements which have been treated separately for depreciation purposes, which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business. Only the incremental direct overhead costs associated with new developments or improvements are capitalised. Direct overhead costs comprise the costs of staff time, including salary costs and other apportioned direct costs, incurred on the developments from the date from which it is reasonably likely that the development will go ahead, to the date of practical completion.

Shared Ownership properties are split proportionately between current and fixed assets based on the first tranche proportion. The first tranche proportion is accounted for as a current asset and the related sales proceeds shown in turnover. The remaining element of the Shared Ownership property is accounted for as a fixed asset and any subsequent staircasing is treated as a part disposal of a fixed asset. The fixed asset element is included in housing properties at cost less depreciation and any provisions needed for impairment.

The net surplus on the sale of housing properties (including Shared Ownership property staircasing) represents proceeds less applicable cost and selling expenses.

Donated land

Where land is transferred by local authorities and other public bodies for consideration below market-value, the difference between the market value and the consideration given is added to cost at the time of the donation and included within the Statement of Financial Position as a liability, in accordance with treatment as a non-government grant.

Government grants

Government grants include grants receivable from the Homes England, local authorities and other government bodies. Social Housing Grant (SHG) is a government grant made to the Charity towards the cost of acquiring and/or building additional housing for rent.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset (excluding land) under the accruals model.

Government grants relating to revenue are recognised as income over the periods when the related costs are incurred once reasonable assurance has been gained that the Charity will comply with the conditions and the funds will be received.

Depreciation

Assets costing more than £1,000 are capitalised at cost. Assets under construction are not depreciated until brought into operational use at which time they are transferred to buildings.

Depreciation of fixed assets is charged by equal instalments commencing with the date of acquisition at rates estimated to write off their cost or valuation less any residual value over the expected useful lives which are as follows:

Freehold land	not depreciated
Freehold buildings – let parts	
Main Fabric	100 years
Roof & Covering	70 years
Electrics	40 years
Windows & External Doors	30 years
Bathroom & WC	30 years
Mechanical Systems	30 years
Lift	28 years
Kitchen	20 years
Freehold buildings – retained parts	100 years
Leasehold property	over period of lease
Furniture and equipment	over 2 to 6 years
Motor vehicles	over 3 years

Operating leases

All leases are operating leases and the annual rentals are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Financial Instruments

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102, in full, to all of its financial instruments. Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument, and are offset only when the Charity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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Financial Assets – Debtors
Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Rent debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a rent debtor constitutes a financing transaction, the debtor is initially and subsequently measured at present value of future payments discounted at a market value rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in income or expenditure for the excess of the carrying value of the rent debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income or expenditure.

Financial Liabilities - Trade Creditors and Amounts due to Contractors
Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled. Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at the market rate of interest for a similar instrument.

Financial Liabilities - Borrowings
Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Critical Accounting Estimates and Areas of Judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Accounting Estimates and Assumptions
The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Defined benefit pension assumptions
Assumptions adopted are as outlined in Note 23.

Critical Areas of Judgement
In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Charity as lessee, or the lessee, where the Charity is the lessor.

Granting of property leases are treated as sales on the basis that most of the risks and rewards of ownership are judged to have been transferred to the lessee.

3 Operating income, operating costs and operating surplus – Group

	2019			2018		
	Turnover £'000	Operating Costs £'000	Operating Surplus/ (Deficit) £'000	Turnover £'000	Operating Costs £'000	Operating Surplus/ (Deficit) £'000
Social housing lettings (Note 4)	**16,252**	**(13,527)**	**2,725**	**13,366**	**(10,172)**	**3,194**
Other social housing activities:						
Development services	-	(9,476)	(9,476)	-	(6,493)	(6,493)
Housing related support contract income	130	(122)	8	295	(81)	214
First tranche shared ownership sales	17,479	(10,331)	7,148	14,832	(10,456)	4,376
Management services	1,341	(603)	738	4,212	(617)	3,595
Other income	701	-	701	581	-	581
	19,651	**(20,532)**	**(881)**	**19,920**	**(17,647)**	**2,273**
Non-social housing lettings						
Other rent	335	(79)	256	361	(82)	279
Activities other than social housing						
Outright initial sales	44,651	(25,852)	18,799	21,664	(15,133)	6,531
Property resales	21,953	(17,516)	4,437	15,032	(12,162)	2,870
Care and health services	10,495	(14,107)	(3,612)	14,127	(16,376)	(2,249)
Community services	1,848	(2,302)	(454)	981	(2,136)	(1,155)
Other revenue grants	31	(31)	-	22	(22)	-
Other	3,301	(4,660)	(1,359)	3,817	(4,843)	(1,026)
Retail	3,747	(3,593)	154	3,652	(3,285)	367
Donations	992	(69)	923	1,087	(91)	996
Other incoming resources	-	-	-	8	-	8
Non social housing lettings and activities	**87,353**	**(68,209)**	**19,144**	**60,751**	**(54,130)**	**6,621**
Total	**123,256**	**(102,268)**	**20,988**	**94,037**	**(81,949)**	**12,088**

In addition to the income and costs of providing care to our residents, "Care and Health Services" includes the costs relating to the Enriched Opportunities Programme. "Community Services" represents the net cost of activities provided for our residents including head office costs and "Other" includes the costs of providing services such as restaurants and gym facilities at our retirement schemes and villages.

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4 Income and expenditure from social housing lettings – Group

2019:	Supported Housing and Housing for Older People £'000	Shared Ownership £'000	Home Owners £'000	Total £'000
Rent receivable and maintenance charge net of identifiable service charges	3,819	2,642	330	6,791
Service charge income	2,313	2,504	2,497	7,314
Amenity income	480	556	583	1,619
Housing related support	178	5	8	191
Amortised government grant	337	-	-	337
Turnover from Social Housing Lettings	**7,127**	**5,707**	**3,418**	**16,252**
Management	1,888	2,050	1,397	5,335
Service charge costs	1,321	1,544	1,391	4,256
Routine maintenance	396	367	171	934
Planned maintenance	182	188	100	470
Bad debts	-	-	-	-
Depreciation of housing properties	890	986	656	2,532
Operating Costs On Social Housing Lettings	**4,677**	**5,135**	**3,715**	**13,527**
Operating Surplus On Social Housing Lettings	**2,450**	**572**	**(297)**	**2,725**
Void losses	158	22	39	219

2018:	Supported Housing and Housing for Older People £'000	Shared Ownership £'000	Home Owners £'000	Total £'000
Rent receivable and maintenance charge net of identifiable service charges	2,970	2,379	190	5,539
Service charge income	1,601	2,491	1,623	5,715
Amenity income	408	555	425	1,388
Housing related support	274	28	128	430
Amortised government grant	294	-	-	294
Turnover from Social Housing Lettings	**5,547**	**5,453**	**2,366**	**13,366**
Management	1,292	1,389	1,008	3,689
Service charge costs	1,075	1,287	912	3,274
Routine maintenance	324	295	131	750
Planned maintenance	225	241	91	557
Bad debts	-	-	-	-
Depreciation of housing properties	747	853	302	1,902
Operating Costs On Social Housing Lettings	**3,663**	**4,065**	**2,444**	**10,172**
Operating Surplus On Social Housing Lettings	**1,884**	**1,388**	**(78)**	**3,194**
Void losses	226	6	30	262

5 Surplus on sales of property, plant and equipment – Group & Charity

	2019 £'000	2018 £'000
Disposal proceeds	2,927	3,563
Carrying value of fixed assets	(1,700)	(2,128)
	1,227	**1,435**

6 Interest and financing costs – Group

	2019 £'000	2018 £'000
Bank loans	4,310	4,002
Other loans	1,893	1,662
Defined benefit pension charge	260	98
Interest payable capitalised on housing properties under construction	(2,986)	(2,471)
	3,477	**3,291**

Interest has been incurred as part of funding major capital projects and have been capitalised into either assets under construction or work in progress. Interest was capitalised at a rate of 3.84%.

7 Board members and executive directors – Group and Charity

Members of the Board of Management are the directors and trustees of the Charity, and act in an unpaid capacity. A total of £4,754 was reimbursed to Board members for travel expenses (2018: £1,805) in respect of 8 trustees who claimed expenses (2018: Seven).

For the purposes of this note, Directors are defined as directors and the key management personnel of the Charity. Expenses paid to the senior management team in the year totalled £5,116 (2018: £2,399).

	2019 £'000	2018 £'000
Aggregate Emoluments payable to Directors (including pension contributions and benefits in kind)	767	757
Emoluments (excluding pension contributions) payable to the Chief Executive who was also the highest paid Director	204	203

The Chief Executive has no pension arrangement to which the Charity contributes.

Pension contributions for the year ending 31 March 2019 were £2,791 (2018: £8,850).

There are no directors in the defined benefit pension scheme, and one in the defined contribution scheme.

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8 Employee Information – Group and Charity

Average number of employees	2019 Number	Group 2018 Number	2019 Number	Charity 2018 Number
Executive directors	5	5	5	5
Care services	1,028	1,345	1,028	1,345
Administration, fundraising and publicity	256	242	139	136
	1,289	**1,592**	**1,172**	**1,486**

Full time equivalents				
Executive directors	5	5	5	5
Care services	612	747	612	747
Administration, fundraising and publicity	219	204	131	124
	836	**956**	**748**	**876**

Full Time Equivalents are calculated using total monthly hours worked compared with contracted hours.

Staff Costs (For the above persons)	2019 £'000	Group 2018 £'000	2019 £'000	Charity 2018 £'000
Wages & Salaries	22,985	25,115	21,016	23,340
Social Security Costs	1,800	1,991	1,679	1,877
Other Pension Costs	728	532	683	501
	25,513	**27,638**	**23,378**	**25,718**

Volunteers

During the year ended 31 March 2019 the average number of volunteers who supported the Group are 2,253 (2018: 2,339), at a number of residential, retail and office locations covering administration and fundraising activities. A survey of volunteers has been carried out in the year and had highlighted an increase in the average hours donated by each volunteer to support the Charity. The notional economic value of their contribution is £4.3M (2018: £4.4M) based on number of hours worked at the lowest hourly rate paid. This value is not reflected in the Financial Statements.

The pension cost charge represents contributions payable to the pension fund, and are analysed below:

	2019 £'000	Group 2018 £'000	2019 £'000	Charity 2018 £'000
Defined benefit schemes	179	95	179	95
Defined contribution schemes	549	437	504	406
	728	**532**	**683**	**501**

Details of the Group's pension schemes are detailed in Note 23 and 24.

Salary banding for all employees earning over £60,000 (including salaries, performance related pay, benefits in kind and compensation for loss of office but excluding pension contributions):

Salary Range	2019 Number	2018 Number
£180,001 to £190,000	1	-
£170,001 to £180,000	-	1
£130,001 to £140,000	2	-
£120,001 to £130,000	1	-
£110,001 to £120,000	-	2
£100,001 to £110,000	1	1
£90,001 to £100,000	1	1
£80,001 to £90,000	2	2
£70,001 to £80,000	6	2
£60,001 to £70,000	12	3
	26	**12**

Pension contributions in respect of the above employees totalled £55,757 (2018: £41,272).

No higher paid employees are accruing benefits under the defined benefit pension scheme (2018: Nil).

Twenty-one higher paid employees are accruing benefits under the defined contribution scheme (2018: Five).

9 Operating surplus – Group

The operating surplus is arrived at after charging/(crediting):	2019 £'000	2018 £'000
Trustee indemnity insurance	8	7
External auditor's remuneration:		
In respect of the audit of the Charity's Financial Statements	39	38
In respect of other services:		
The audit of the charity's subsidiary Financial Statements	7	7
Taxation services	46	38
Audit-related assurance services	17	19
Other services	4	24
Operating leases		
Rent payable on buildings	1,299	1,343
Other	13	12
Depreciation of owned tangible fixed assets	3,230	2,593
Amortisation of intangible fixed assets	181	69
Amortisation of deferred Social Housing Grant	(400)	(358)

Amortisation of grants is split between management service (note 3) and amortised government grants (note 4).

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10 Intangible assets – Group and Charity

	£'000
Cost:	
At 1 April 2018	954
Additions	115
At 31 March 2019	**1,069**
Depreciation:	
At 1 April 2018	690
Charge in the year	181
At 31 March 2019	**871**
Net Book Value	
At 31 March 2019	**198**
At 31 March 2018	264

Intangible assets relate to IT software.

Amortisation has been charged to operating costs within the Consolidated Statement of Comprehensive Income.

11 Fixed Assets – Housing Properties – Group and Charity

	Housing properties held for lettings £'000	Housing properties under construction £'000	Shared ownership housing properties £'000	Leasehold land and buildings £'000	Total £'000
Cost:					
At 1 April 2018	95,934	50,096	43,885	417	190,332
Additions	97	23,989	1,208	-	25,294
Schemes completed	41,519	(45,358)	3,839	-	-
Transferred from work in progress	-	-	562	-	562
Change of tenure	(152)	-	152	-	-
Disposals	(157)	-	(1,597)	-	(1,754)
At 31 March 2019	**137,241**	**28,727**	**48,049**	**417**	**214,434**
Depreciation:					
At 1 April 2018	8,752	-	1,808	69	10,629
Depreciation charged in the year	1,835	-	422	4	2,261
Change of tenure	(25)	-	25	-	-
Released on disposal	(25)	-	(94)	-	(119)
At 31 March 2019	**10,537**	**-**	**2,161**	**73**	**12,771**
Net Book Value					
At 31 March 2019	**126,704**	**28,727**	**45,888**	**344**	**201,663**
31 March 2018	87,182	50,096	42,077	348	179,703

Expenditure on works to existing properties	2019 £'000	2018 £'000
Components capitalised/improvements	33	-
Amounts charged to the statement of comprehensive income	1,404	1,307
	1,437	**1,307**

Finance Costs		
Aggregate amount of finance costs included in the cost of housing properties	4,120	2,497
Aggregate amount of finance costs included in the cost of assets unsder construction	879	1,233
	4,999	**3,730**

Impairment

The Charity considers individual schemes to be separate Cash Generating Units (CGU's) when assessing for impairment, in accordance with the requirements of FRS 102 and the Housing SORP 2014.

During the current year the Charity has identified no impairment losses.

12 Other Tangible Fixed Assets – Group and Charity

Cost:	**Motor Vehicles £'000**	**Furniture and Other Equipment £'000**	**Total £'000**
At 1 April 2018	15	6,081	6,096
Additions	-	3,386	3,386
Disposals	(15)	-	(15)
At 31 March 2019	**-**	**9,467**	**9,467**
Depreciation:			
At 1 April 2018	15	3,865	3,880
Charged in the year	-	969	969
Released on disposal	(15)	-	(15)
At 31 March 2019	**-**	**4,834**	**4,834**
Net Book Value			
At 31 March 2019	**-**	**4,633**	**4,633**
At 31 March 2018	-	2,216	2,216

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13 Fixed Asset Investments – Group and Charity

	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Investment in group companies	**2**	**2**	**2**	**2**

The parent company holds the whole of the equity share capital of the following group companies:

Name of subsidiary Undertaking	Country of incorporation	Class of share	Nature of business
ExtraCare Retail Limited	England	Ordinary	Charity Retail Operation
Extracare Nominee 1 Limited	England	Ordinary	Dormant
Extracare Nominee 2 Limited	England	Ordinary	Dormant

All subsidiaries are registered at 7 Harry Weston Road, Binley Business Park, Coventry CV3 2SN.

14 Stocks and assets held for disposal – Group and Charity

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Properties held for sale	4,046	6,239	4,046	6,239
Goods for resale	120	105	–	–
At 31 March	**4,166**	**6,344**	**4,046**	**6,239**

15 Work in progress – Group and Charity

	2019 £'000	2018 £'000
Development costs of retirement village properties for sale	33,786	6,857
Development costs of retirement village properties for sale under construction	45,637	78,326
	79,423	**85,183**

Included within the carrying cost shown above is £2,575,307 (2018: £2,003,807) representing capitalised interest and non-utilisation fees.

16 Debtors

	Group 2019 £'000	Group 2018 restated £'000	Charity 2019 £'000	Charity 2018 restated £'000
Rent and service charges receivable	3,109	3,888	3,109	3,888
Less: provision for bad and doubtful debts	(766)	(263)	(766)	(263)
Net rent arrears	**2,343**	**3,625**	**2,343**	**3,625**
Value Added Tax	217	322	217	322
Amount owed by subsidiary undertaking	–	–	287	334
Prepayments and accrued income	1,228	1,726	925	1,476
Variable Service Charges	67	67	67	67
Other debtors	62	63	-	28
	3,917	**5,803**	**3,839**	**5,852**

The amounts due from the subsidiary undertaking are unsecured, have no formal repayment terms and are interest free; the amounts are part of an ongoing trading account.

In 2019 the amount reported under Rent and service charges receivable excludes amounts received in advance, now separately disclosed within Creditors (see note 17) and the 2018 comparative figures were restated.

17 Creditors: Amounts falling due within one year

	Group 2019 £'000	Group 2018 restated £'000	Charity 2019 £'000	Charity 2018 restated £'000
Loans (note 19)	776	776	776	776
Trade creditors	950	1,075	949	1,069
Amounts due to contractors for certified work	7,217	5,542	7,217	5,542
Rent and Charges received in advance	1,270	1,022	1,270	1,022
Other taxation and social security costs	472	430	462	422
Deferred Capital Grant (note 21)	393	393	393	393
Accruals and deferred income	6,173	5,560	5,944	5,402
Variable service charge creditor	2,113	2,287	2,113	2,287
	19,364	**17,085**	**19,124**	**16,913**

18 Creditors: Amounts falling due after more than one year – Group and Charity

	2019 £'000	2018 £'000
Loans (note 19)	147,053	153,222
Deferred income (note 20)	258	352
Deferred capital grant (note 21)	44,315	41,733
	191,626	**195,307**

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19 Loan Analysis – Group and Charity

	2019 £'000	2018 £'000
Due within one year		
Bank loans	776	776
Due after more than one year		
Other loans	42,500	42,500
Bank loans	105,745	112,021
	148,245	**154,521**
Less: Issue Costs	(1,192)	(1,299)
	147,053	**153,222**

Security

The loan facilities are secured by legal charges on freehold and leasehold properties. Loans are secured on the properties within freehold land and buildings and the buildings within development.

At 31 March 2019 there are no unencumbered completed units. A village, currently under construction in Solihull, is currently unencumbered. This will be a 260 unit village once completed, and is available for charging.

Terms of repayment and interest rates

Bank and other loans are repayable in instalments, at rates of interest between 2.6% and 5.9% per annum (2018: 2.3% and 5.9% per annum).

The final instalments fall to be repaid between 2021 and 2040.

The Charity has fixed interest rates to guard against future rate movements - these are embedded within the loans and do not have a separate fair value.

Caps have been purchased in year against interest risk on loans and have been valued at £nil (2018: £1K). This amount is not recognised in the financial statements.

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	2019 £'000	2018 £'000
Within one year or on demand	776	776
One year or more but less than two years	39,276	44,776
Two years or more but less than five years	2,948	2,638
Five years or more	106,021	107,107
	149,021	**155,297**

As at 31 March 2019 the Charity has undrawn loan facilities of £21.5m (2018: £16.0m).

20 Deferred income – Group and Charity

Deferred income will be credited to the Consolidated Statement of Comprehensive Income as follows:

	2019 £'000	2018 £'000
Within one year	141	98
Between one and two years	94	98
Between two and five years	164	227
In more than five years	-	27
	399	**450**

	2019 £'000	2018 £'000
Lease premiums receivable, credited to the Consolidated Statement of Comprehensive Income over the period of the lease (up to twenty five years)	135	162
Other Care income	47	-
Care for Life income, amortised over life expectancy of plan holder	217	288
	399	**450**

Deferred income relates to lease premiums receivable £135k (2018: £162k) which will be released over the periods of the lease (up to twenty five years) and income relating to Care for Life £218k (2018: £288k) which will be released to income over the assumed life expectancy of the resident who has taken out the plan.

21 Deferred Capital Grant Income – Group and Charity

	2019 £'000	2018 £'000
Balance at 1 April	42,126	39,835
Received in the year	2,982	2,649
Released to income in the year	(400)	(358)
Balance at 31 March	**44,708**	**42,126**

	2019 £'000	2018 £'000
Amounts to be released within one year	393	393
Amounts to be released in more than one year	44,315	41,733
	44,708	**42,126**

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22 Restricted reserves – Group and Charity

The incoming funds of the Charity include restricted funds comprising the following balances of donations and grants held on trust for specific purposes, including existing and future schemes and villages.

	At 1 April 2017 £'000	Income £'000	Expenditure £'000	At 31 March 2018 £'000	Income £'000	Expenditure £'000	At 31 March 2019 £'000
Fixed assets							
Berryhill Village, Stoke-on-Trent	413	-	(413)	-	-	-	-
Hagley Road, Birmingham	1	-	-	1	-	-	1
Humber Court, Coventry	213	-	(2)	211	-	(3)	208
Lark Hill Village, Nottingham	2,957	-	(32)	2,925	-	(32)	2,893
New Oscott village, Birmingham	1,230	-	(13)	1,217	-	(13)	1,204
Lovat Fields Village, Milton Keynes	967	-	(11)	956	-	(11)	945
Shenley Wood Village, Milton Keynes	173	-	(2)	171	-	(2)	169
Pannel Croft Village, Birmingham	542	-	(7)	535	-	(6)	529
St Oswalds Village, Gloucester	2	-	-	2	-	-	2
Rosewood Court, Wellingborough	241	-	(3)	238	-	(3)	235
Sunley Court, Kettering	232	-	(2)	230	-	(3)	227
Yates Court, Evesham	114	-	(2)	112	-	(1)	111
	7,085	**-**	**(487)**	**6,598**	**-**	**(74)**	**6,524**
Special projects and other funds							
Enriched opportunities	-	60	(60)	-	-	-	-
Other miscellaneous funds	57	65	(30)	92	125	(213)	4
Other scheme restricted funds	2,034	638	(86)	2,586	721	(55)	3,252
	2,091	**763**	**(176)**	**2,678**	**846**	**(268)**	**3,256**
Total funds	**9,176**	**763**	**(663)**	**9,276**	**846**	**(342)**	**9,780**

Fixed assets

These funds resulted form specific appeals to fund the development of fixed assets. Expenditure represents depreciation on the assets.

Special projects and other funds

Most of these funds have been given to finance specific projects to improve the quality of life for older people.

23 Retirement benefits – Group and Charity

a) Social Housing Pension Scheme (SHPS)

The Charity participates in the Social Housing Pension Scheme ('the scheme'), a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

The scheme is classified as a 'last-man standing arrangement'. Therefore the Charity is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Charity to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the Charity's net deficit or surplus at the accounting period start and end dates.

Key results

The estimated position at 31 March 2019 shows a deficit of £12,640K.

The number of scheme members employed by the Group at 31 March 2019 was 27 (2018: 50). The charge to the Group for the year was £179k (2018: £82k).

Calculation method

The figures at 31 March 2019 are based on projecting forward the results of the last formal actuarial valuation of the Fund as at 30 September 2017.

Key assumptions

	2019 £'000	2018 £'000
Discount Rate	2.29%	2.55%
Inflation (RPI)	3.30%	3.20%
Inflation (CPI)	2.30%	2.20%
Salary Growth	3.30%	3.20%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2019	21.8
Female retiring in 2019	23.5
Male retiring in 2039	23.2
Female retiring in 2039	24.7

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Defined benefit costs recognised in Statement of Comprehensive Income

	2019 £'000
Current service cost	179
Expenses	41
Net interest expense	259
	479

Defined benefit costs recognised in other comprehensive income

	2019 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain	810
Experience gains and losses arising on the plan liabilities - (loss)	(376)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - (loss)	(145)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - (loss)	(2,950)
Total actuarial gains and losses - (loss)	**(2,661)**

Other Comprehensive Expenditure

	2019 £'000
De-recognition of SHPS obligation held in provisions	6,842
Initial recognition of defined benefit liability	(10,672)
	(3,830)

Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)

	2019 £'000	2018 £'000
Fair value of plan assets	37,052	36,679
Present value of defined benefit obligation	(49,692)	(47,351)
Defined benefit asset (liability) to be recognised	**(12,640)**	**(10,672)**

Reconciliation of opening and closing balances of the defined benefit obligation

	2019 £'000
Defined benefit obligation at start of period	47,351
Current service cost	179
Expenses	41
Interest expense	1,177
Contributions by plan participants	158
Actuarial losses due to scheme experience	376
Actuarial losses due to changes in demographic assumptions	145
Actuarial losses due to changes in financial assumptions	2,950
Benefits paid	(2,685)
Defined benefit obligation at end of period	**49,692**

Reconciliation of opening and closing balances of the fair value of plan assets

	2019 £'000
Fair value of plan assets at start of period	36,679
Interest income	918
Experience on plan assets (excluding amounts included in interest income) - gain	810
Contributions by the employer	1,172
Contributions by plan participants	158
Benefits paid	(2,685)
Fair value of plan assets at end of period	**37,052**

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £1,728,000.

Assets

	2019 £'000	2018 £'000
Global Equity	6,235	7,245
Absolute Return	3,206	4,481
Distressed Opportunities	673	354
Credit Relative Value	678	-
Alternative Risk Premia	2,137	1,391
Fund of Hedge Funds	167	1,208
Emerging Markets Debt	1,278	1,479
Risk Sharing	1,119	339
Insurance-Linked Securities	1,063	964
Property	834	1,688
Infrastructure	1,943	940
Private Debt	497	327
Corporate Bond Fund	1,729	1,506
Long Lease Property	545	-
Secured Income	1,327	1,360
Liability Driven Investment	13,550	13,363
Net Current Assets	71	34
Total assets	**37,052**	**36,679**

Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation

	Change in assumption	Change in liabilities £'000
Discount rate	Increase of 0.1% p.a.	(865)
Rate of inflation	Increase of 0.1% p.a.	715
Rate of salary growth	Increase of 0.1% p.a.	19

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation, pension increases and salary growth where appropriate.

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24. Other provisions – Group and Charity

	2019 £'000	2018 £'000
Social Housing Pension Scheme (SHPS)	-	6,842
The Pensions Trust's Growth Plan	61	86
SHPS obligation at 31 March	**61**	**6,928**

a) Social Housing Pension Scheme (SHPS)

	2019 £'000	2018 £'000
SHPS obligation at 1 April	6,842	7,849
Additions	-	(1)
Utilised	-	(1,006)
Reversals	(6,842)	-
SHPS obligation at 31 March	**-**	**6,842**

The SHPS obligation is referred to in note 23. The accounting treatment for this has changed to a defined benefit scheme where the assets and liabilities have been identified separately and therefore the opening provision has been de-recognised.

b) The Pensions Trust's Growth Plan

The company participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

£11.2m per annum	From 1 April 2019 to 31 January 2025: (payable monthly and increasing by 3.0% each year on 1st April)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

£12.9m per annum	From 1 April 2016 to 31 March 2025: (payable monthly and increasing by 3.0% each year on 1st April)
£0.05m per annum	From 1 April 2016 to 31 September 2028: (payable monthly and increasing by 3.0% each year on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and the Charity has agreed to a deficit funding arrangement it recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision

	2019 £'000	2019 £'000	2017 £'000
Present value of provision	61	86	97

Reconciliation of opening and closing provisions

	2019 £'000	2018 £'000
Provision at start of period	86	97
Unwinding of the discount factor (interest expense)	1	1
Deficit contribution paid	(11)	(11)
Remeasurements - impact of any change in assumptions	1	(1)
Remeasurements - amendments to contribution schedule	(16)	-
Provision at end of period	**61**	**86**

Income and expenditure impact

	2019 £'000	2018 £'000
Interest expense	1	1
Remeasurements – impact of any change in assumptions	1	(1)
Remeasurements – amendments to the contribution schedule	(16)	-
Costs recognised in income and expenditure account	**(14)**	**-**

Assumptions

	31-Mar-19 % per annum	31-Mar-18 % per annum	31-Mar-17 % per annum
Rate of discount	1.39	1.71	1.32

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

25 Defined contribution pension scheme – Group and Charity

The Charity also utilises the Pension Trust Flexible Retirement Plan (FRP). The FRP is a defined contribution scheme.

The estimated employer's contributions payable under all pension schemes for the year ended 31 March 2020 is £1,415K (2019 £1,439K).

Pension costs within creditors for the year ending 31 March 2019 are £218K (2018: £175K).

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26 Capital commitments – Group and Charity

	2019 £'000	2018 £'000
Capital expenditure that has been contracted for but has not been provided for in these financial statements	37,561	79,550
Capital expenditure that has been authorised by the Board but has not yet been but not contracted for	12,942	12,942

Existing loan facilities are in place to meet these commitments where they have been contracted. In addition, grants are receivable in respect of properties under construction as detailed in note 29.

27 Financial commitments – Group and Charity

The future minimum lease payments of non-cancellable leases are as set out below:

	2019		2018	
	Land & Buildings £'000	Other £'000	Land & Buildings £'000	Other £'000
Contracts expiring				
Within one year	1,070	12	1,102	12
Between one and five years	3,661	13	3,004	20
Over five years	4,417	-	4,484	-
	9,148	**25**	**8,590**	**32**

28 Taxation

The Trust is registered as a charity and its charitable activities are not liable to Corporation Tax.

29 Contingent assets

In each financial year the Charity will receive pledges to fund new village developments. The pledges are contingent on various key events occurring during the village development phases.

At 31 March 2019 there were contingent assets from grant allocations as follows:

	Total grant pledged £'000	Received in year £'000	Contingent asset 2019 £'000	Contingent asset 2018 £'000
Solihull, West Midlands	2,561	-	1,921	640
Stoke Gifford, Bristol	7,160	2,982	0	2,980
Wixams, Bedford	1,288	-	644	644
	11,009	**2,982**	**2,565**	**4,264**

30 Contingent liabilities and other commitments

At 31 March 2019, there are no outstanding claims against the Group.

Repurchase of properties

The Charity sells properties at some of its schemes and villages under a long lease. The terms of the lease provide for the Charity to repurchase the property at the price at which it was last sold, or a proportion thereof, in order that the Charity can ensure the ongoing profile and lifestyle within the scheme or village. The repurchased properties become available for resale in the normal course of business. At 31 March 2019 the Charity had a total exposure in respect of such leases of £322m (2018: £236m). In the year to 31 March 2019, the Charity actually repurchased properties at a cost of £16,384k (2018: £15,922k). Properties sold in the year generated a surplus of £5,664k (2018: £4,305k). Any repurchased properties remaining unsold are held in stock.

31 Related party transactions

The Charity has taken advantage of the exemption conferred by paragraph 33.IA of FRS102, Related Party Disclosures, from the requirement to disclose transactions with its wholly owned subsidiary (ExtraCare Retail Limited). The aggregate total of these costs recharged is £3,499k (2018: £3,484k).

32 Subsidiary undertakings – Charity

As shown in note 13, the Charity has three wholly owned subsidaries which are incorporated in the United Kingdom:
- ExtraCare Retail Limited
- Extracare Nominee 1 Limited
- Extracare Nominee 2 Limited

Extracare Nominee 1 Limited and Extracare Nominee 2 Limited did not trade during the year, or in the prior year.

All companies have entered into Gift Aid arrangements to donate their taxable profits to The ExtraCare Charitable Trust.

A summary of the results of ExtraCare Retail Limited is shown below. Audited accounts will be filed with the registrar of Companies in line with requirements.

Within the Group accounts, the activity from ExtraCare Retail Limited is shown within Other Non Social Housing Activities (note 3).

	2019 £'000	**2018 £'000**
Turnover	3,747	3,652
Cost of sales	(418)	(416)
Staff costs	(2,135)	(1,920)
Other costs	(1,801)	(1,664)
Other operating income	760	715
Net profit	**153**	**367**
Profits distributed to the ExtraCare Charitable Trust	-	(367)
Retained in subsidiary	**153**	**-**
Current assets	543	519
Current liabilities	(373)	(502)
Retained in subsidiary	**170**	**17**

The charity received Gift Aid and related income from retail activity totalling £270k in the year ended 31 March 2019 (2018: £276k) and is expecting to receive a distribution of £153k by 31 December 2019.

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33 Reconciliation of operating surplus to net cash inflow from operating activities

	2019 £'000	2018 £'000
Surplus for the year	**19,070**	**10,237**
Gain on disposal of property, plant and equipment	(1,227)	(1,435)
Interest payable	3,477	3,291
Interest receivable	(332)	(5)
Operating surplus for the year	**20,988**	**12,088**
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	3,230	2,593
Amortisation of intangible assets	181	69
Amortisation of deferred capital grants	(400)	(358)
Amortisation of finance costs	107	-
Defined benefit pension schemes	(978)	(1,116)
Operating cash flows before movements in working capital	**23,128**	**13,276**
Movements in working capital		
Decrease/(Increase) in stock	2,026	(3,351)
Decrease/(Increase) in work in progress	8,045	(13,714)
Decrease/(Increase) in rental and other debtors	1,679	(93)
Increase/(Decrease) in trade and other creditors	784	(1,101)
Net cash generated/(used) from operating activities	**35,662**	**(4,983)**

34 Number of homes in management and development

	2019 Number	2018 Number
Homes in management at 31 March		
Owned or part-owned by the Charity	674	518
Shared ownership	1,003	857
Accommodation managed on behalf or other organisations and outright resident owners		
Supported housing	719	1,211
Shared ownership	202	283
Outright resident owners	1,089	933
	3,687	**3,802**
Homes in development at 31 March		
Supported housing	98	254
Shared ownership	205	355
Outright sale	187	399
	490	**1,008**

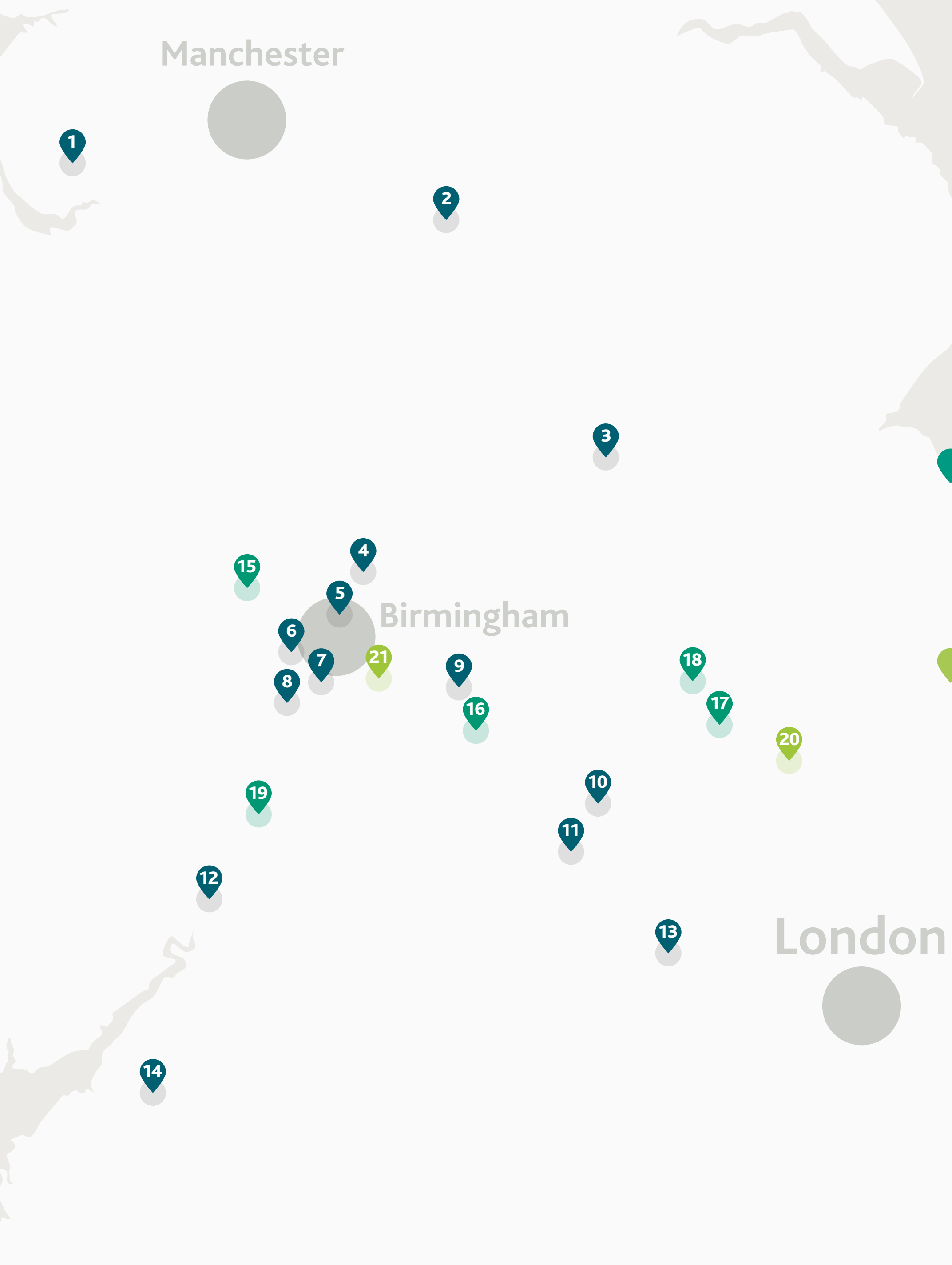
35 Financial instruments

The carrying value of the Charity's financial instruments at 31 March were:

	Group 2019 £'000	Group 2018 restated £'000	Charity 2019 £'000	Charity 2018 restated £'000
Financial assets				
Debt instruments measured at amortised cost				
Trade and other debtors	2,847	4,716	3,072	5,011
Cash	2,715	252	2,656	119
	5,562	**4,968**	**5,728**	**5,130**
Financial liabilities				
Measured at amortised cost				
Trade and other creditors	62,290	57,510	62,060	57,347
Loans	149,021	155,297	149,021	155,297
	211,311	**212,807**	**211,081**	**212,644**

The ExtraCare Charitable Trust

Our Locations



Operational Villages

1. Reeve Court Village
2. Brunswick Gardens Village
3. Lark Hill Village
4. New Oscott Village
5. Pannel Croft Village
6. Hagley Road Village
7. Bournville Gardens
8. Longbridge Village
9. Earlsdon Park Village
10. Lovat Fields Village
11. Shenley Wood Village
12. St Oswald's Village
13. Hughenden Gardens Village
14. Stoke Gifford RetirementVillage

Operational Schemes

15. Verona Court
16. Humber Court
17. Rosewood Court
18. Sunley Court
19. Yates Court

Villages in development

20. Wixams Village
21. Solihull Village

Head office

The ExtraCare Charitable Trust

7 Harry Weston Road
Binley Business Park
Binley
Coventry CV3 2SN

Registered Charity No. 327816
Registered in England and Wales No. 2205136