The ExtraCare Charitable Trust

Better lives for older people

Annual Report and Accounts
31 March 2018







KEY FACTS 2017-18

3,802
homes for older people

276
new homes completed

1,008
new homes in development

4,467
residents living better lives

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

4
VILLAGES IN DEVELOPMENT

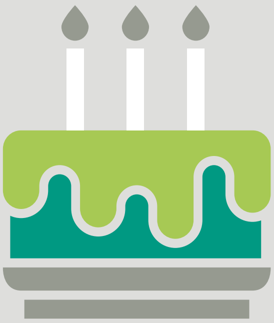
54
CHARITY RETAIL OUTLETS

13 VILLAGES

12 SCHEMES

The average age of our residents is

79



2,339

volunteers supporting our charity

1,562

staff working to a shared goal

Turnover:

£94.0M

Reserves:

£60.4M

Total Surplus:

£10.2M

Awards include:

UK Housing Awards Outstanding Development Programme

ExtraCare was awarded the Outstanding Development Programme of the Year at the 2017 UK Housing Awards. This recognises the work of ExtraCare across the charity's five villages in Birmingham, as well as charity wide, in providing care, housing and inspirational lifestyles for older people.

Elderly Accomodation Council (EAC) Award 2017

Three ExtraCare schemes received Gold in their categories and a further seven received Highly Commended awards. The schemes were chosen out of a total of 1,180 schemes across the country.

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FOREWORD BY THE CHIEF EXECUTIVE

This Annual Report reflects the first year of delivering ExtraCare's 2017/20 Corporate Plan, which sets out a range of ambitious targets and commitments for the Charity. Whilst this report 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, by providing homes older people want, lifestyles they can enjoy and care if it's needed.

In our 2016/17 Annual Report, we set out the changes we'd made to our governance and management structure to reflect the key strands of the Corporate Plan. Throughout 2017/18, the new Board Committees and the reformed Executive Leadership Team, including two new Executive Directors, were fully embedded. A realignment of Head Office teams was also completed, creating the structure and developing the skills we need to deliver our ambitious targets and commitments. We started the review of location staffing also and will see this through in 2018/19 to ensure resources in our locations reflect the complex and increasing demands they face. We capture and report performance against our key performance indicators through our Balanced Scorecard, and reflect these through to team and individual performance reports.

The environment in which we operate has not become easier these last 12 months. There is increased pressure on our care services, which our Charity currently absorbs. Pressures in the labour market means recruiting and retaining staff is becoming more challenging. Increases in regulation means more complex requirements which need to be met. The opening of our Longbridge Village and the transfer of 14 smaller villages and schemes back to their landlord, Midland Heart means our resident group is changing. More of our residents are now outright or shared owners than before and fewer new residents have care needs. In the context of all these pressures and changes, we have focused on the financial, social and environmental sustainability of our villages and schemes and will continue to do so.

In the face of a challenging environment, I am very proud of our achievements in the first year of our 2017/20 Corporate Plan. These achievements have in many cases also been recognised and celebrated by others.

Awards such as the UK Housing Association's Outstanding Development Award that we received in April 2017 and the Stroke Association Care Award received by Bournville Gardens, are important examples of recognition which let us know we're on the right track.

The most important recognition however, comes from our residents. Research among 15 providers of retirement housing, commissioned by our trade body ARCO (Association of Retirement Community Operators) with ProMatura shows that our residents satisfaction scoring was the highest across all areas measured.

Looking forward to 2018/19, we will continue to focus on:

— Financial sustainability – ensuring all of our villages and schemes are 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 – trialling, reviewing and introducing innovative services and technology applications for the benefit of our residents; and

— Expanding our fundraising, research and advocacy efforts.

I am confident that ExtraCare Charitable Trust, through the collective effort of our Board of Trustees, our Executive Leadership Team, our 1,600+ committed colleagues and 2,300+ active volunteers across our shops and all our locations, will continue to progress and be a pioneer in the sector in order to achieve our vision of **Better Lives for Older People.**

Mick Laverty,
CEO ExtraCare Charitable Trust

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. The Charity was registered with the Homes and Communities Agency (now Regulator for Social Housing – RSH) on 5 April 2012 as a not for profit Registered Social Landlord.	
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.	
Trustees:	Paul Jennings	Board Chair from 18 September 2017, Development Committee Chair, Operations Committee, Nominations & Remuneration Committee
	Rebekah Eden	Fundraising, Research & Advocacy Committee (from 15 November 2017)
	Michael Higgs	Audit & Assurance Committee Chair, Development Committee, Nominations & Remuneration Committee
	Carole Hodson	Operations Committee (from 1 February 2018)
	Ruth Hyndman	Nominations & Remuneration Committee Chair, Development Committee, Audit & Assurance Committee
	Martin Leppard	Fundraising, Research & Advocacy Committee Chair, Development Committee
	Dave Martin	Operations Committee, Fundraising Research & Advocacy Committee
	Mary Martin	Audit & Assurance Committee, Development Committee (from 15 November 2017)
	David Mell	Audit & Assurance Committee, Fundraising Research & Advocacy Committee (From 1 February 2018)
	Judith Mortimer Sykes	Operations Committee Chair, Audit & Assurance Committee
	Kathryn Sallah	Operations Committee, Fundraising Research & Advocacy Committee (Retired 31 March 2018)
	Martin Shreeve	Board Chair until 18 September 2017, Operations Committee, Fundraising Research & Advocacy Committee, Nominations and Remuneration Committee
Secretary:	Matt Challoner	
Principal members of staff: (Executive Directors)	Mick Laverty	Chief Executive
	Angela Harding	Executive Director Operations
	Henriette Lyttle-Breukelaar	Executive Director Marketing and Innovation (from 12 June 2017)
	Chris Skelton	Executive Director Corporate Resources
	Kevin Willetts	Executive Director Development, Sales and Procurement (from 16 May 2017)
	Angela Bradford	Director of Commissioning and Healthy Lifestyles (to 2 May 2017)
	Simon Murphy	Interim Director of Development and Sales (to 15 May 2017)
Registered and principal office:	7 Harry Weston Road, Binley Business Park, Coventry	
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 2018.

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 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 'Registered Provider' (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 mainly 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.

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 Charities Commission, the Information Commissioners Office and 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 the Board membership increased from eight to 12 Trustees, six women and six men. Trustees come from a range of backgrounds, including local authority, NHS 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

Trustee	Appointed	Retired
Paul Jennings (Chair)	**2010**	
Rebekah Eden	**2017**	
Michael Higgs Senior Independent Director	**2010**	
Carole Hodson	**2018**	
Ruth Hyndman	**2010**	
Martin Leppard	**2010**	
Dave Martin	**2013**	
Mary Martin	**2017**	
David Mell	**2018**	
Judith Mortimer Sykes	**2010**	
Kathryn Sallah	**2013**	**2018**
Martin Shreeve	**2009**	

Board Changes

Appointment as a Trustee is for three years, subject to a maximum of three terms (nine years). At the AGM in November 2017 Mary Martin and Rebekah Eden were appointed for a term of three years.

David Mell and Carole Hodson joined the Board on 1 February 2018 as interim Trustees and will be eligible for election as full Trustees at the AGM in November 2018.

Chair of Trustees

Following Martin Shreeve's decision not to seek re-election as Chair when his current appointment expired in September 2017, the Board of Trustees appointed Paul Jennings as Chair of Trustees 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 2017 is shown below:

Trustee	Board meetings	Committee meetings
Martin Shreeve	4 of 4	13 of 14
Michael Higgs	3 of 4	11 of 14
Ruth Hyndman	3 of 4	14 of 14
Paul Jennings (Chair)	4 of 4	10 of 10
Martin Leppard	4 of 4	8 of 8
Dave Martin	3 of 4	5 of 8
Judith Mortimer Sykes	4 of 4	8 of 8
Kathryn Sallah	3 of 4	7 of 8
Mary Martin	2 of 2	3 of 3
Rebekah Eden	2 of 2	1 of 1
Carole Hodson	1 of 1	1 of 1
David Mell	1 of 1	1 of 1

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:

— Operations Committee;
— Development Committee;
— Fundraising, Research & 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 4-6 Trustees including Committee Chairs and membership of each is 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 each meeting of 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 2018 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. In accordance with this requirement, a self-assessment has been carried out by the Charity and reviewed by its internal auditors, on the basis of which the Board is satisfied that the Charity meets the Standard. 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 as far as reasonably practicable.

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 Charity 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 Longbridge Village opening during 2017/18. In addition property resales continue to grow in excess of the levels that we'd anticipated. Whilst the demand for our products and services remain high, we are very aware that this could change if we don't get things right.

Financial Performance

In total our operating surplus increased from £9.4M to £12.1M and our total surplus position improved from £7.3M to £10.2M. The results for the year are set out in the Consolidated Statement of Income and Retained Earnings on page 38. Turnover increased from £85.8M to £94.0M. Our new retirement village at Longbridge contributed £2.3M of this.

The balance sheet was strengthened further during the year as a result of the positive financial results, with total reserves increasing from £50.2M to £60.4M. Completed housing property fixed assets have increased from £114.4M to £129.6M with total assets increasing by £21.9M to £181.9M. Work in progress of £85M 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 £155.3M was drawn at the year end. During the year we increased our borrowing facility with Lloyds Banking Group from £120M to £130M until December 2018 and our private placement with BAE Pensions from £35M to £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 twelve months.

The table below demonstrates our strong financial performance over the last three years:

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

Our new retirement village at Longbridge contributed £2.3M of increased turnover.

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 Corporate Risk Register (CRR). We have extended the CRR by mapping assurances against our key risks and controls onto our Board Assurance Framework (BAF). 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 2017/18 and is the primary document used to review our risk, control and assurances for key business risks.

During the year the Board performed a top-down risk assessment to identify the strategic risk themes that would be used to inform a new strategic risk register. These were:

- Legislative and regulatory compliance;
- People and culture;
- Funding streams;
- Cashflow;
- Sales; and
- Development.

To inform development of the Corporate Plan the Board reviewed their risk appetite. Risk appetite was agreed as:

Development activities
Medium
(recognising our reliance on property sale income)

Fundraising activities, including e-commerce
Medium
(recognising a need for investment)

Innovation and digitalisation
Medium
(recognising our aspiration to explore the use of technologies)

Research
Medium/High
(recognising that investment in research may not always realise benefits)

Standard risk reports, which include the Corporate Risk Register (CRR) and the Board Assurance Framework (BAF), were submitted to 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.

Our Risk Management Strategy and Policy was reviewed during the year and a number of amendments were made. ELT review corporate risks at their monthly meetings including receipt of the full CRR and BAF. Risk is a standing agenda item for all Committees which receive and review BAF extracts for corporate risks pertinent to their areas of responsibility. The Audit & Assurance Committee and Board receive the full BAF at each of their meetings.

An internal audit function is in place to provide assurance and reports to the Audit & Assurance Committee. The latest internal audit on Governance and Risk Management provided Substantial assurance on the design of our risk management controls and Moderate assurance on their operational effectiveness (recognising that further work is needed to embed risk management through training). The audit showed an improved direction of travel compared to previous years. 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'.

Our five key risks relate to:

1. GENERAL DATA PROTECTION REGULATIONS (GDPR)

We have been preparing ourselves to meet the requirements of EU General Data Protection Regulation (GDPR) legislation that came into force in May 2018. In addition to the appointment of a Governance and Risk Officer, a new Company Secretary was appointed during the year who was nominated as the Charity's Data Protection Officer. He was given responsibility to ensure the Charity's readiness for GDPR. Whilst significant progress has been made further work is required in this area and will be concluded during the forthcoming year.

2. INFORMATION AND CYBER SECURITY

We are acutely aware that a data breach or cyber-attack may not only affect our operational delivery but damage our reputation and potentially result in financial loss or regulatory/legal action. During the year a number of actions have been undertaken to improve our information and cyber control framework, primarily driven by our Information Security strategy. In January 2018 the Charity achieved Cyber Essentials Plus, the Government's supported certification scheme used to measure the effectiveness of an organisation's cyber-security systems. Further activities remain underway, a key example being implementation of our Customer Portal project which will reduce duplication of data; alongside reinforcement of organisational awareness via e-learning.

3. LEGISLATIVE/REGULATORY BREACH

Legal and regulatory compliance is recognised as being a key component to ensuring the safety of our staff, residents and volunteers. Lack of compliance is likely to result in potential serious detriment to residents and staff leading to fines, enforcement action, prosecution and reputational damage. With particular reference to fire safety, during 2017/18 we met our Corporate Plan commitment to introduce a new Mobility Scooter Policy, in response to concerns about fire safety but also to support the independent wellbeing of our residents. Whilst we already have in place robust processes and procedures to manage our fire safety risks, we will over the course of the next 12 months be developing a new Fire Assurance Framework to support our continued compliance.

4. EXTRACARE CULTURE

Our vision is dependent on our ability to attract and retain the right people. Our values represent our culture, defining how our staff and volunteers deliver our corporate plan and vision. It is important that a compliance culture is encouraged amongst our staff as this is key to ensuring the effectiveness of our risk management and control framework. For some time now we have recognised that the absence of a coherent People Strategy has impacted on our ability to be a more progressive and modern employer. During 2017/18 we developed a new People Strategy for the organisation which aims to ensure that our people are at the centre of what we do, that they are highly motivated and empowered, and that they work flexibly and collaboratively to deliver excellence. We also want to recruit and reward competencies and behaviours that meet our shared values and provide a rewards package that supports this. The People Strategy was recently approved by the Board of Trustees and so the focus over the next 12 months will be to start to deliver the strategy; although we recognise it will take time to implement fully. Key to its delivery will be our newly appointed Head of People.

5. MANAGING OUR CASH FLOW

This is a particular risk in the context to our current development pipeline. To ensure we maintain appropriate headroom we revised our Treasury Policy during the year and agreed with our Board that we would progressively increase the target headroom over the life of the Corporate Plan to 10% in May 2018 and 15% in 2019. Our covenant compliance is actively monitored and reported to monthly ELT and quarterly Committees/Board. We have an active programme to get our development properties into charge in order to provide security to draw down funding. Cash flow variables have been included in stress testing modelling and will continue to be reviewed and monitored.

On our watching brief we are continuing to monitor emerging risks in the external environment. An example is Brexit, where we are monitoring potential implications on areas that will affect us such as a possible shortage of care staff and a potential rise in construction costs.

Foreword by the Chief Executive
Legal and administrative information
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Strategic Report
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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 including the Health & Safety at Work etc. Act 1974 and Regulatory Reform (Fire Safety) Order 2005. The Charity's Health and Safety Policy and Fire Safety Policy are both reviewed regularly by the Board. The Board retains ultimate responsibility for health and safety and fire safety but has delegated detailed scrutiny and oversight to its Committees whose roles include providing assurance to the Board that those business functions within their area of responsibility are compliant with all relevant legislative and regulatory requirements and effectively managing risk.

The Chief Executive has been appointed as the Charity's 'health and safety director' and within this role has operational responsibility for both health and safety and fire safety. Each member of the Executive Leadership Team (ELT) also has a responsibility to take an active lead in promoting health and safety and fire safety throughout their directorate.

The Charity is advised by appropriately qualified internal staff and external consultants to ensure the effectiveness of its safety measures and following any major external incident, such as the Grenfell Tower fire, the Charity monitors and considers any recommendations to ensure it maintains and continuously improves its high safety standards.

Fundraising Ethos

We aim to build long lasting and respectful relationship with those who donate their time, goods and funds to us. The generosity of individuals, companies, Trusts, Foundations and other organisations is vital in helping us create Better Lives for Older People.

In 2017/18, our charitable income was mainly generated through ExtraCare Retail Limited, our wholly owned trading subsidiary which operated 54 charity shops in the reporting year; through Trusts and Foundations; through corporate fundraising for our Charity by Corporate Partners such as Coventry Building Society, and through fundraising at events at one or more ExtraCare locations.

ExtraCare Charitable Trust strongly believes people should not feel harassed or pressured to give. We do not employ professional fundraising agencies and do not solicit donations through door to door visits, site and telephone and SMS channels. We operate in compliance with the Fundraising Regulator's Code of Fundraising Practice and all regulations governing charity fundraising. From August 2018, we are registered with the Fundraising Regulator and adhere to the Code of Fundraising Practice.

Our fundraising activities are monitored by our Fundraising, Research & Advocacy Committee. In 2017/18 no complaints were raised with regards to our fundraising activities.

Value for Money

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 (agreed during 2017) to embed VFM within the routine management culture of ExtraCare. Our strategy presents nine key objectives which include:

1. To embed the pursuit of increased VFM throughout ExtraCare, and encourage a culture of continuous improvement and innovation;
2. To deliver improved service quality to our current and future residents;
3. To deliver increased efficiency resulting in reduced charges to our residents;
4. To provide improved financial performance for ExtraCare (through the correct balance of the 3 E's – Economy, Efficiency and Effectiveness) meaning that our future is more secure and we are able to invest with confidence;
5. To ensure robust systems and controls are in place so that we can more accurately measure performance;
6. To ensure the efficient use of new technologies;
7. To identify, deliver and quantify enhanced social value;
8. To improve transparency for all our stakeholders; and
9. To ensure that ExtraCare has the ability to demonstrate that VFM is being achieved.

We are committed to meeting our VFM objectives and have set targets against which we will be reviewing our performance. We are a charity operating in a challenging environment of tightening public funds and increasing cost uncertainties. As such, we have continued to strengthen our focus on achieving cost savings whilst maintaining or improving service standards.

The metrics below, introduced by the Regulator of Social Housing, further support us in tracking our progress in delivering efficiencies and controlling costs using metrics which allow us to compare ourselves to the wider sector. Furthermore, we compare our performance against the data of our peer group (based on data provided by Intel 4 Housing – I4H). These components of reviewing our own performance; reviewing our performance using RSH metrics; and reviewing our performance against our peers, help us to identify where we are different and develop measurable plans to address any areas where we compare less favourably. As such our approach to VFM reporting will evolve over the coming year.

Comparing our results to the previous financial year:

We have increased our operating margin from

10.9% to 12.9%

Our return on capital employed has increased from

4.1% to 4.6%

Our Gearing has increased from

75.1% to 80.8%

this is largely due to our level of reinvestment (12.8%), which is 77% higher than the peer group average*.

Our Headline social housing cost per unit has increased by

£143 per unit

** Peer group data provided by Intel 4 Housing (I4H) – this data is as yet unpublished at date of preparing these accounts.*

Notwithstanding the difference between ECCT and the registered providers in the comparison group, we are broadly comfortable that these results are where we expect to be at this time; the headline social housing cost is the measure that we are focussed on improving and have set ourselves the target to reduce this by 5%. By the end of our corporate plan period (2020), we aim to be more efficient than comparable organisations.

Metric name		2018	2017	Variation
Reinvestment	%	12.8	16.2	-3.4
New supply delivered, Social Housing	%	10.4	11.2	-0.8
New supply delivered, non Social Housing	%	18.7	21.6	-2.9
Gearing	%	80.8	75.1	5.7
EBITDA MRI	%	249.9	255.3	-5.4
Headline social housing cost per unit	£	4,833	4,690	143
Operating margin	%	12.9	10.9	2.0
Operating margin SHL only	%	23.9	25.2	-1.3
ROCE	%	4.6	4.1	0.5

Prior to the introduction of the regulator metrics we engaged I4H to benchmark our costs and performance. This exercise noted an increase in housing cost per unit over the period 2015/16 to 2016/17 largely due to overspends and rent arrears.

This led to a renewed focus on housing costs, and while headline figures continued to increase during 2017/18 the results of the new strategy should be felt during 2018/19 including the launch of an online management system and a restructure of the key team. A procurement project to scope and re-procure facilities and maintenance services will have a significant impact on the efficiency of services and the charge to residents.

I4H have been engaged to carry out the same analysis for the 2017/18 period, which is in process. We have also begun internal benchmarking across locations which includes energy usage, stationery, telephony, travel and subsistence.

A position of Energy Project Officer was established during the year to focus the organisation on becoming a more efficient consumer of gas and electricity. Waste management and recycling have also been reviewed across the sites including what services are currently offered by local authorities, this will enable us to develop initiatives with staff and residents to achieve our corporate objective to increase recycling by 15%.

The procurement function has been expanded alongside a 3 year procurement plan driven by a centralised contracts register. During 2017/18 Procurement reported savings of £704k.

Progress against the concerns raised by the benchmarking exercise and the wider VFM project work-streams has been reported to the Audit & Assurance Committee meetings.

A full time permanent VFM Manager started in June 2018. In addition, VFM has been incorporated into performance development for all staff to proactively seek out opportunities to improve services or review and reduce our cost, and to challenge seemingly inefficient processes. The VFM Manager will work closely with teams across the organisation to identify and share best practice, to shape and launch VFM based projects, and track progress of activities with the assistance of the newly formed project management office to ensure benefits are realised.

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 were able to strengthen our position by increasing our funding from BAE Pensions from £35 million to £42.5 million at a fixed rate of interest. We also temporarily increased the revolving credit facility with Lloyds Banking Group by £10 million until December 2018. Interest rate caps were bought to protect us against any interest rate increases in for forecast borrowings on the revolving credit facility. All other borrowings are at fixed rates of interest.

The Trustees approved an amendment to our treasury policy in the year that requires a minimum headroom of 5% between available facilities and borrowings to increase to 10% in June 2018 and 15% a year later. This will allow for a more substantial buffer against any unexpected events.

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.

Internal Financial Control

The Board is provided with an annual Financial Assurance Statement by the Executive Director for 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 was introduced in the reporting year. Comprehensive Balanced Scorecard performance reports are presented at every Board and Committee meeting. Performance against Key performance indicators from our 2017/18 Business Plan includes:

— We achieved our target of building 260 new apartments in Longbridge Village and 16 new cottages at Bournville Gardens in 2017/18;
— We achieved our target of all our locations being rated a minimum of CQC 'Good' – with Lovat Fields Village being rated CQC 'Outstanding';
— We achieved our target of generating an overall Operating surplus* of between £1-3M and a Total surplus in excess of £10M.
— We narrowly missed our resident experience target 88% in schemes and 75% in villages. This indicator was achieved in schemes (88.7%) and was narrowly missed in villages (73.8%), but moving in the right direction;
— We did not achieve our staff satisfaction target of 70% of our employees being satisfied with ExtraCare as an employer and 85% of our employees being fully committed to our vision. The level of overall satisfaction with ECCT was 63% (satisfied with ECCT as an employer) and 68% (satisfied with current job), and 81% of staff were fully committed to our vision.

* defined in this context as the surplus attributable to Operations.

The Charity has delegated authority for overseeing the adequacy and effectiveness of the internal control systems to the Audit & Assurance Committee. The Internal Auditor attends each Audit Committee meeting along with our External Auditor. Quarterly management accounts are presented to the Board and new village developments are reviewed annually by the Development Committee.

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 business 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
17 September 2018

STRATEGIC REPORT

Sector outlook

There are now over 15.3 million people in the UK aged 60 and above, 1.6 million of whom are aged 85 or over. Their number is expected to pass the 20 million mark by 2035 and they are predicted to make up 29% of the UK population by 2035 (compared to 24.3% currently).

Yet the UK's retirement housing sector is still modest in size, with private retirement housing units making up only 0.6% of the UK's total housing stock, at 162,000 units. The sector clearly has significant room to grow.

As the sector is starting to mature and the potential for long term income is more widely recognised, a wider range of investors are entering the market. Investment funds, pension funds and insurers have made recent acquisitions in retirement housing. In the reporting year alone, L&G acquired Inspired Villages and Renaissance Villages and AXA acquired Retirement Villages Ltd. Many in the sector expect further acquisitions, mergers and direct investments in the retirement living sector in 2018.

The positive impact of bespoke 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. The independent research from Aston University into the benefits of our ExtraCare model is regularly cited in reports such as the Knight Frank Retirement Housing Marketing Update report 2018.

Although authorities increasingly recognise the beneficial impact of retirement housing, decisions on S106 decisions on retirement housing are made at local level, leading to a variety of local approaches to retirement housing and to local obligations and requirements.

In 2017, the Law Commission reported to Government on the investigation into Event Fees or Assignment Fees. Its recommendations centred on making the fees fair and transparent and allowing exemptions from such fees for residents in certain circumstances. ExtraCare welcomed these comments as we have always sought to be very transparent around our event fees and believe this to be key to clear resident expectations and strong resident satisfaction.

The care aspect of retirement living continues to be under pressure. Operating costs increase as a result of regulatory requirements, and the National Living Wage rise. In addition, providers like ExtraCare, who welcome people from all backgrounds including those who rely on the state to pay their fees, are impacted by sub-inflation fee uplifts and reduced care provision from cash-strapped councils. This leaves many providers with shortfalls in their care provision, and has forced some to reorganise, reduce or even discontinue their care services.

Research shows care homes going out of business at an ever increasing rate, with 224 care homes closed between March 2016 and March 2017, amounting to more than 2,000 beds. If this trend continues and if the care aspect of retirement living becomes unattractive to providers, the UK could face a capacity crisis in social care for older people at a time when demand for such care is set to rise.

There is a risk that the availability of retirement housing solutions will be largely dependent on local council policies and understanding of the sector, and of the ability of customer to pay for care when they need it. The ExtraCare model, which makes a surplus for the purpose of meeting its charitable objectives, which offers mixed tenure and which serves both self-funders as well as those for whom the state pays, is still unique in the way it can create dynamic and diverse communities of scale.

Our integrated model

Our model focuses on creating environment where diverse, inclusive, compassionate, active and inspirational communities are formed and where individuals are empowered to thrive and be themselves, whatever their circumstances.

The ExtraCare environment is made up of:

Homes

Our locations offer comfortable, high-quality one and two bedroom apartments for anyone over the age of 55. The mix of social rented, shared ownership and full ownership homes in our locations results in diverse communities which in many ways resembles the demographics of the local area, rather than being defined by income brackets or by care needs. In 2017/18, ExtraCare's Welfare Benefits Advisors helped residents receive over £4.1m in benefits. Over £1.5m of this was previously unclaimed.

Lifestyle

Our locations offer a range of facilities and activities which promote an active and healthy lifestyle. Facilities typically include a café bar, a restaurant/bistro, a bar a gym, greenhouse, craft and woodworking rooms and Village Hall for events and performances. Activities include anything ranging from entertainment, physical exercise for all abilities, gardening, and outings. Volunteering is at the heart of our communities and many of our residents help our as volunteers run activities and facilities in the location. Our locations are social hubs welcoming people from the wider community – including children and young people – to visit and take part in village life.

Care

Between 20%-30% of our residents require a personal care service from us. All our locations are rated Good or Outstanding by the Care Quality Commission, and all locations offer a 24/7 on site care service to residents with temporary or long-term care needs. In addition, every location offers our Wellbeing Service. This award winning service offers preventative health advice and promotes healthy life choices to enhance wellbeing and prolong independence.

Every location also offers a 'Locksmith' service, providing support to people living with low mood or anxiety, and running the Enriched Opportunities Programme to help people who are living with dementia.

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. THEY ARE:

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 and;

T18
Su
Surplus

Generate both operating and total surpluses each year.

	Corporate Plan Reference	2017/18 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.	276 apartments developed – Bournville Garden Cottages (16) and Longbridge Village (260).	Achieved
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 2017/18.	Achieved
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 88% in schemes (excluding those transferring back to Midland Heart)	Villages 73.8% Schemes 88.7%
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 introduced to supplement major three year survey – with results trending upwards.	Annual survey completed, scores 63% and 81% respectively
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 2017/18.	Achieved

Developing villages

Developing high quality, accessible and attractive villages with homes older people want is an essential component of the overall success of the ExtraCare Charitable Trust. Income from sales, 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.

ExtraCare is an independent and relatively small-scale provider in the market. The number of locations and units we operate is reducing as we transfer 14 mainly smaller scale developments back to their landlord Midland Heart in 2017 and 2018. In view of this transfer, and to ensure the ongoing financial resilience of our Charity, we have embarked on a programme of ambitious growth of our property portfolio during the 2017/20 Corporate Plan period.

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 276 units in 2017/18 and a further 260 units in early 2018/19. This is made up of:

260 apartments in Longbridge Village
(Village opened September 2017);

16 Cottages at Bournville Gardens Village
(Extension).

260 apartments in High Wycombe Village
(Village opened May 2018); and

In addition, we commenced and progressed the construction of an additional 752 apartments. This is made up of:

261 apartments in Stoke Gifford
(Bristol – due to open in November 2018);

230 apartments in Wixams Village
(Bedford – due to open in 2019); and

261 apartments in Solihull Village
(due to open in 2020).

Both Stoke Gifford and Wixams Villages are the first ExtraCare facilities in these areas.

The Solihull village will be our second medium rise location and will comprise 13 stories.

Approval has also be given for a 60 apartment extension at our Earlsdon Park Village in Coventry which is due to start in January 2019.

Our Board continues to drive a strategy to grow, as illustrated by the Board approving construction budgets of over £60M during 2017/18.

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

In order to maximise the benefit of our lessons learnt programme and streamline our processes we have entered into a Strategic Alliance with Galliford Try Partnerships, one of the leading construction companies in the UK. Galliford Try Partnerships have worked with ExtraCare for over 10 years across 11 new villages. To date, this relationship has been site specific with an individual contract for each scheme procured through OJEU. Although knowledge and best practice gained on earlier villages is utilised to improve the performance on later villages, the Strategic Alliance will enable both parties to promote and exploit further improvements and innovation and will lead to enhanced delivery and quality of completed ExtraCare villages.

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.

As part of our innovation strategy to showcase smart and enabling technology for the benefit of our residents, we have introduced two 'Smart Apartments' at our Longbridge Village with more planned for future villages. The overall aim of our 'Smart Apartments' is to empower residents to make informed choices regarding the way technology applications could enhance their quality of life, convenience and independence. Longbridge Village is the first Village where Wifi is built into all apartments and areas as standard and Hughenden Gardens is our first Village where traditional emergency 'pull cords' are replaced with an advanced, tablet-based emergency call facility built into every apartment.

Environmental performance

We construct our new Villages and extensions in line with Fabric First principles to minimise the energy demand of our new buildings. In practice, this means we ensure we maximise the thermal properties of the building structure (e.g. by using a concrete frame solution which has high thermal retention properties), we work to achieve high air tightness levels, we utilise insulation with high values and we always aim for Building Research Establishment Environmental Assessment Method (BREEAM) very good standards. In addition, we always explore new methods to reduce our energy consumption, for example by now specifying LED lighting throughout all our new Villages.

Sales and re-sales

2017/18 was our busiest sales year ever. We had five active sales programmes on site:

Bournville Cottages – 13 of 16 sales completed;

Longbridge Village – 176 of 208 sales completed;

Hughenden Gardens – 115 reservations by the end of March. The Village opened in May. The target is for 120 sales to be completed at Hughenden Gardens by the end of 2018;

Stoke Gifford – 59 reservations by the end of March. The Village is due to open in November. The target is for 100 reservations and 40 completions by the end of December 2018; and

Wixams Village – marketing suite opened in June and 1,000 people had already registered their interest in attending one of our information events – a very positive early indicator. No registrations were taken as the Village is not due to open until 2019.

Resales

Our resales surplus target for 2017/18 was £3M and our final accounts position showed we achieved £4.3M. Improvements were made to the turnaround time of apartments available for resale, which were possible because of the size of our waiting lists, the increasing demand for our product and efficiencies in our internal processes.

Sales performance measures

We reviewed and re-aligned our sales teams this year. We split the team into 'east' and 'west' regions, which will help support our demanding development programme. We also introduced a sales performance scheme in order to help us retain our best staff, attract a higher calibre of candidate for roles in the future and put us in line with others in a competitive market.

Bournville Cottages – 13 of 16 sales completed

Longbridge Village – 176 of 208 sales completed

Hughenden Gardens – 115 reservations by the end of March. The Village opened in May. The target is for 120 sales to be completed at Hughenden Gardens by the end of 2018

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Operating villages

Operating our Villages and schemes is key to developing and offering the conditions in which 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).

In consultation with our residents and Trustees, we therefore developed a profile for each of our Villages to aspire to in order to achieve the right blend of residents within its community. This profile is applied when attracting residents into our new Villages, as well as when apartments become available in our existing Villages. Performance of each village against the village profile model will be measured during the coming year.

Engaging customers / resident satisfaction

This year saw the introduction of the 'We're listening' campaign in all our locations, allowing residents, staff and visitors to provide feedback on our services at any time and anonymously if they prefer, using bespoke tablets in communal areas. We have taken resident experience ratings from the introduction of this real-time feedback method. The outcome is slightly below our ambitious Business Plan Target of 88% satisfaction in Schemes and 75% in Villages.

Resident satisfaction

Schemes:

88.7%

(above the 88% business plan target)

Villages:

73.8%

(just below the 75% business plan target; but moving in the right direction)

In 2017/18, approximately half of our locations also took part in a resident satisfaction study undertaken by our trade association ARCO in collaboration with Research Company Pro-Matura. ExtraCare achieved the highest possible score in all areas measured among the 15 providers taking part in the study.

Our Residents' Forum, comprising of two elected resident members from each of our locations, oversaw the creation of a Resident Scrutiny Group focused on maintenance issues. This group, made up of residents who had indicated a willingness to get involved in maintenance issues in particular, made a number of recommendations around the reporting and handling of maintenance and repairs. Their recommendations were all responded to and the majority are now captured in an action plan and are being addressed.

Care Quality
We set high and challenging targets for the quality of our care, in spite of increasingly difficult conditions in the care market. We are therefore very proud that all 31 locations we managed in 2017/18 are rated 'Good' or higher by the Care Quality Commission.

In 2017/18 seven of our locations were inspected by the Care Quality Commission. One of our locations – Lovat Fields Village in Milton Keynes – achieved Outstanding overall. The other six inspected locations were rated 'Good' overall, with one achieving an Outstanding against one or more of the CQC's five domains of inspection. This means we achieved our corporate plan target.

Clustering
This year, we have started to develop our five Birmingham Villages into our first 'Cluster', to explore the opportunities for sharing resources, ideas, facilities, activities, opportunities and good practice, all of which should improve our operational efficiency and financial sustainability. Our main focus this year has been on staffing and operational issues, with the introduction of a number of 'tactical' improvements regarding the sharing of staff and the co-ordination of functions. A number of positions are now shared between multiple Villages. Of particular note is the sharing of the care service between Hagley Road Village, one of our more mature Birmingham Villages, and Longbridge, our most recently opened Village in the Cluster. This approach not only allows staff to work full-time hours across multiple sites, but also allows experience from a mature service to support the establishment of a new service.

Going forward, we will strengthen our strategic approach to Clustering, including the development of cross Cluster tenure, educational partnerships, Local Authority and Health partnerships.

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 in our locations means some locations may find it harder to achieve a surplus than others. As a result of our enhanced focus on cost efficiencies, income generations and management however, 22 of our 31 locations in 2017/18 generated a surplus. The collective surplus of all 31 locations was £3.667M. This was, £0.532M above budget.

Environmental Performance
A particular focus has been given to increase recycling and reduce energy usage in our locations. A temporary Energy Project Officer was appointed who has completed a review of all locations and has started to implement good practices such as introducing sensor-operated (LED) lighting and enhanced awareness among residents. These have already resulted in energy usage falling by 1% in 2017/18. This a start towards achieving our corporate plan target reduction of 10% by 2020.

Our recycling performance was baselined in 2017/18, and the combination of a new waste management supplier and an enhanced focus within locations should drive up our recycling performance.

Refurbishment Programme
We have introduced a rolling major refurbishment programme to improve and renovate our older locations. The first Village to be refurbished is Lovat Fields in Milton Keynes, where works started in June 2018. Lark Hill in Nottingham is the next Village where a refurbishment programme will be carried out. Consultation with residents is currently underway.

Transfer locations to Midland Heart
The number of locations and small-scale schemes we operate on behalf of other landlords decreased this year as six of locations transferred back to Midland Heart. This is part of a programme agreed in 2015, where all 14 locations will have 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 2017/18 are:
- August 2017:
  Teryspring Court, Redditch;
- January 2018:
  Berryhill Village, Camoys Court and
  St Dominic's Court, Stoke-on-Trent; and
- March 2018:
  Brunel Court, Wombourne, and
  School Court, Hednesford.

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Supporting villages

Charitable performance

As a Charitable Trust we re-invest any surpluses we make back into our organisation to help deliver services which are not self-funding and to ensure our offer continues to be affordable and available to all, regardless of their background and circumstances. The generosity of our donors and supporters is vital to making this happen.

Our model is based on diverse, charitable, active and inspirational communities within our locations. Volunteering is one of the main conduits through which the principles and values of the ExtraCare community are developed, implemented and sustained. In addition, volunteering generates significant and well-documented mental and physical health benefits for those who volunteer, and it helps us offer services on a scale and to a quality that would not otherwise have been possible or affordable.

Our charity shops and our fundraising activity raise vital funds to help deliver services that are not currently financially self-sustaining.

ExtraCare Retail Ltd, through its 54 charity shops, generated a profit which was donated to the ExtraCare Charitable Trust in 2017/18. The shops overall achieved a strong result, in spite of challenging conditions in the (charity) retail environment. ExtraCare Retail Ltd invested in developing its on-line retail offer, placing donation pods in several of our villages, and in rebranding and refurbishing a number of shops.

In addition, funds raised by our residents and staff from trusts, foundations, challenge appeals and corporate partners totalled over £130K this year. Coventry Building Society, who chose ExtraCare as their Charity of the year, raised over £10K for ExtraCare through a range of activities including a skydive, fashion show, car wash and cake sale.

These funds are used to reduce the funding shortfall in our services, including:

- Our Well-being Service, which helps residents make healthy lifestyle decisions;
- In 2017/18, this service costs the Charity over £485K;
- Our Enriched Opportunities Programme (EOP), which supports residents living with dementia or mental health conditions. In 2017/18, the programme costs us over £390K;
- Our high quality care service, which is available to all residents as and when they need it. Local authority funding often doesn't cover the full cost of care, and our Charity has supported our care service with over £1.8M in 2017/18.

Corporate Communications and Marketing

We put significant emphasis on creating a better understanding of our Charity amongst our main stakeholders: our residents and our staff. We developed bespoke collateral and delivered roadshow events for residents and staff from all our locations, explaining the benefits of our charitable status and ways in which they can help support the community and the Charity. Feedback showed 86% of our residents would consider making a donation to an ExtraCare fundraising campaign.

ExtraCare's media profile remained high this year, with highlights including a full morning BBC Breakfast broadcast from our Bournville Gardens Village in Birmingham on budget day, and several residents from Bournville Gardens taking part of ITV's 'OAP Roadshow' programme on how to maintain an active and healthy lifestyle in later life. In 2018/19, one of our Villages – Lark Hill in Nottingham – features in Channel 4's Old People's Home for 4-year olds' series. The series focuses on the benefits of intergenerational interaction and brings a group of three and four year olds into our Village for a 10 week period and records the relationships that develop between the children and our residents for the benefit of both.

Research and Innovation

Since ExtraCare was established 30 years ago, the UK's population has aged, public funding for health and social care has reduced, the housing market is under more pressure and retirement age is rising. What hasn't changed for ExtraCare though is our pioneering ethos of enabling older adults to enjoy better lives and better physical and mental health.

In line with our 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.

We continue our partnership with Aston University to undertake a longitudinal study into the impact of ExtraCare on the physical and mental wellbeing of residents and on the benefits for local social and health care services. A new report was commissioned to follow on from the 2015 study. This report will be published in autumn 2018.

We have undertaken a number of technology innovation projects, including the introduction of sensor technology, connected devices and smart speakers into our villages to encourage residents to use such technology for their benefit. In Longbridge, we have converted one of our show apartments as a living lab, equipped with technology applications which provide occupants with comfort, convenience and added reassurance as needed. We secured a grant from Innovate UK to operate a Knowledge Transfer Partnership with the University of West England to monitor and analyse the barriers and drivers of technology take-up among our residents.

In our aspiration to become a more digitally mature organisation, we have developed a digital improvement plan. Although it is still at a very early stage, the plan has already resulted in the recruitment of a Trustee with a digital background and skills set, the procurement of a new and interactive intranet platform and the introduction of iPad and tablet training for residents to build the right environment for us to increase electronic communications.

As we are looking to constantly innovate and improve, we are particularly interested in learning from those who are closest to the day to day reality of living and working in our locations. To that end, we have launched our suggestion scheme, encouraging our staff, residents, volunteers and visitors to share their ideas and suggestions to help our Charity to be the best it can be.

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 have consistently received positive feedback from our staff via our regular staff surveys. In 2017, we introduced an annual measure of staff satisfaction for the first time and this will be continued in 2018 and beyond. There were improvements in the results in some areas and reductions in others, although overall the results remained strong with 81% of staff being fully committed to ExtraCare and what we are trying to achieve. However we recognise that to keep pace with the increasingly demanding employment market we need to improve. That's why our corporate plan includes a commitment (C8) to develop our people strategy: review our culture, staffing model, flexible working arrangements, skill gaps, multi-skill opportunities and partnerships with higher and further education providers. ExtraCare's first people strategy, developed with the help of all our staff, was approved by the Board in June 2018 and will be implemented over the next two to three years.

During 2017 a new Executive Leadership Team (ELT) was developed with our first Executive Director Marketing and Innovation being appointed along with a new Executive Director Development, Sales and Procurement. With the other three members of the ELT (Chief Executive, Executive Director Operations and Executive Director Corporate Resources) the ELT has led a review and re-organisation of head office staffing introducing new posts where identified gaps were and where possible re-deploying existing staff into those positions. The next level of management underpinning ELT has also been strengthened to provide a more able middle management tier.

A review of location staffing has been performed and additional resource will be deployed on the frontline in the coming year to recognise that our location staff are busier than ever. In 2018 we also re-launched our staff innovation scheme and were pleased to see the quality of suggestions being put forward.

In a year of record levels of employment, our overall staff turnover increased from 17.8% in 2016/17 to 22.5% in 2017/18. This reflects increased employment opportunities in a competitive market.

Disabled Employees

ECCT currently have 28 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. ECCT 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 to re-train 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 ECCT contributing towards the costs.

Employee information

ECCT carried out staff consultation roadshows during the course of 2017/18 whereby every location received visits by an ELT member. This was borne out of the feedback from the triannual staff survey carried out in 2016, which highlighted staff communication as a key matter for improvement. As a result we introduced an Annual Staff Survey, the first of which took place in 2017. Other initiatives that have been introduced include appointing an internal communications officer and implementing Workplace by Facebook, a platform that allows groups to communicate with each other as one team, regardless of where they are based and what roles they are in and without the use of email. Staff innovation awards have been introduced to reward individuals whose suggestions are identified as ideas that benefit organisational objectives, cost saving initiatives, and are worthy of recognition.

PDR's have been reviewed so that objectives are cascaded from the top down to reflect the Corporate Plan targets and commitments. This ensures a more robust focus on agreed actions across the organisation and incorporate the revised ECCT Values as part of our behavioural competencies.

New People and Volunteering Strategies have been written to support the Corporate Plan targets and commitments.

Digital

Much has been done in the last twelve months to improve our information security, both in readiness for GDPR, but also because it's the right thing to do. We built on gaining Cyber Essentials accreditation in 2017 by achieving Cyber Essentials Plus accreditation in 2018. We will continue to invest in this area. Our Corporate Plan commits us to improving our digital maturity. In the year, a Digital Maturity Plan was developed and approved by the Fundraising Research & Advocacy Committee. We developed a single digital database for customers and volunteers which is expected to be operational in autumn 2018. We recruited a Trustee with a digital background, 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.

We are challenging our staff to look for ways to constantly improve and cut out processes that are not required. A good example of this is the success we have had in progressing our corporate plan target (T15) to have all our residents paying us electronically by the end of the corporate plan period. In March 2018 96% of our residents were making their regular payments electronically (predominantly via direct debits) and 50% of other payments were also being made electronically.

On behalf of the Trustees:

Paul Jennings – Chair
17 September 2018

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:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice 'Accounting by Registered Housing Providers Update 2015;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Consolidated Statement of Income and Retained Earnings, the Consolidated and Charity Statements of Financial Position, 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 2018 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 34, 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
19 September 2018

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Turnover	4	94,037	85,804
Operating costs	4	(81,949)	(76,420)
Operating surplus	3/4	**12,088**	**9,384**
Gain on disposal of property, plant and equipment	8	1,435	763
Interest payable	7a	(3,291)	(2,890)
Interest receivable	7b	5	5
Surplus for the year	21	**10,237**	**7,262**

		2018 £'000	2017 £'000
Retained earnings		60,445	50,707
Restatement for correction of material prior year adjustments	30	–	(499)
Retained earnings at 31st March		**60,445**	**50,208**

The consolidated results are wholly attributable to continuing activities.

Historical cost surpluses and deficits were identical to those shown.

There are no recognised surpluses and deficits other than those recognised in the Consolidated Statement of Income and Retained Earnings above.

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2018 **Company Registration No. 2205136**

	Note	Group 2018 £'000	Group 2017 restated £'000	Charity 2018 £'000	Charity 2017 restated £'000
Fixed assets					
Intangible assets	9	264	130	264	130
Tangible assets					
Housing Properties	10	179,703	158,134	179,703	158,134
Other Fixed Assets	10	2,216	1,918	2,216	1,918
		182,183	160,182	182,183	160,182
Current assets					
Stocks and assets held for disposal	12	6,344	3,121	6,239	3,020
Work in progress	13	85,183	70,977	85,183	70,977
Debtors	14	4,781	4,688	4,830	4,688
Cash and cash equivalents		252	7,343	119	7,290
		96,560	86,129	96,371	85,975
Creditors: amounts falling due within one year	15	(16,063)	(15,742)	(15,891)	(15,605)
Net current assets		80,497	70,387	80,480	70,370
Total assets less current liabilities		262,680	230,569	262,663	230,552
Creditors: amounts falling due after more than one year	16	(195,307)	(172,415)	(195,307)	(172,415)
Pension provision	18	(6,928)	(7,946)	(6,928)	(7,946)
Total net assets		60,445	50,208	60,428	50,191
Reserves					
Restricted reserves	20	9,276	9,176	9,276	9,176
Revenue reserves	21	51,169	41,032	51,152	41,015
Total reserves		60,445	50,208	60,428	50,191

The Charity's surplus and total comprehensive income for the year was £10,237K (2017: £7,262K).

The accounts on pages 38 to 63 were approved by the Board and authorised for issue on 17 September 2018.

The accounts are signed on the Board's behalf by

Paul Jennings – Chair

Michael Hugh Higgs

Mike Higgs – Trustee

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Operating activities			
Net cash (used in)/generated from operations	24	(4,983)	(8,587)
Interest received		5	5
Interest paid		(5,011)	(3,842)
Net cash (used in)/generated from operating activities		(9,989)	(12,424)
Cash flow from investing activities			
Purchase of tangible fixed assets		(24,327)	(27,110)
Proceeds on disposal of tangible fixed assets		3,563	1,904
Grants received		2,649	1,388
Grants repaid		–	(1,112)
Net cash used in investing activities		(18,115)	(24,930)
Cash flow from financing activities			
Repayments of borrowings		(52,714)	(68,457)
Proceeds of new borrowings		73,727	108,126
Net cash from financing activities		21,013	39,669
Net increase in cash and cash equivalents		(7,091)	2,315
Cash and cash equivalents at beginning of year		7,343	5,028
Cash and cash equivalents at end of year	24	252	7,343

NOTES ON ACCOUNTS

31 March 2018

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 where applicable 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.

The entity is a public benefit entity.

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 Income and Retained Earnings under Section 408 of the Companies Act 2006. The surplus for the year for the Charity is £10,237K (2017: £7,262K).

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.

NOTES ON ACCOUNTS

31 March 2018

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.

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 Homes England (formerly Homes and Communities Agency), 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.

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.

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

Impairments

Fixed assets are reviewed for impairment following an assessment separately for each location 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 Statement of Income and Retained Earnings.

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 Statement of Income and Retained Earnings.

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.

Operating leases

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

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 Statement of Income and Retained Earnings 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.

NOTES ON ACCOUNTS

31 March 2018

Defined benefit pension scheme
The Charity's employees are members of the Social Housing Pension Scheme (SHPS). One employee is also a member of a growth plan operated by The Pensions Trust (being the SHPS managers). For the SHPS, 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.

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.

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.

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.

The rate used to discount the benefit obligations to their present value is based upon market yields for high quality corporate bonds with terms consistent with those of the benefit obligations. Our total commitment to the SHPS/GP of £7,478k over the next 10 years has been discounted at a rate of 1.7% amounting to a net present value of £6,928k at 31 March 2018.

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.

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 Statement of Income and Retained Earnings on achievement of such criteria.

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

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. However all in year taxable profits are gift aided to the parent.

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

3 Operating surplus – Group

	2018 £'000	2017 £'000
Operating surplus is stated after charging:		
Trustee indemnity insurance	7	7
External auditor's remuneration:		
Fees payable for the audit of the Charity's accounts	38	40
– under accrual for prior year	–	8
Fees payable for other services:		
– the audit of the Charity's subsidiary	7	7
– tax services	38	52
– audit-related assurance services	19	14
– other services	24	32
Operating leases:		
– rent payable on buildings	1,343	1,083
– other	12	11
Depreciation of tangible fixed assets:		
– owned assets	2,593	2,463
Amortisation of intangible fixed assets	69	57
Amortisation of grants	358	345

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

NOTES ON ACCOUNTS

31 March 2018

4 Operating income, Operating costs and Operating surplus – Group

	Turnover 2018 £'000	Operating Costs 2018 £'000	Operating Surplus 2018 £'000	Turnover 2017 £'000	Operating Costs 2017 £'000	Operating Surplus 2017 £'000
Social Housing Lettings (4a)	13,366	(10,172)	3,194	11,334	(8,480)	2,854
Other social housing activities						
Development services	–	(6,493)	(6,493)	–	(5,647)	(5,647)
Housing Related Support Contract Income	295	(81)	214	443	(243)	200
First tranche shared ownership sales	14,832	(10,456)	4,376	12,775	(9,510)	3,265
Management services	4,212	(617)	3,595	3,701	(834)	2,867
Other income	581	–	581	508	–	508
	19,920	(17,647)	2,273	17,427	(16,234)	1,193
Non-social housing lettings						
Other rent	361	(82)	279	384	(84)	300
Non-social housing activities						
Outright initial sales	21,664	(15,133)	6,531	17,939	(11,906)	6,033
Property resales	15,032	(12,162)	2,870	15,070	(12,143)	2,927
Care and Health Services	14,127	(16,376)	(2,249)	14,431	(16,984)	(2,553)
Community Services	981	(2,136)	(1,155)	734	(2,183)	(1,449)
Other Revenue grants	22	(22)	–	43	(43)	–
Other	3,817	(4,843)	(1,026)	3,765	(4,907)	(1,142)
Retail	3,652	(3,285)	367	3,669	(3,410)	259
Donations	1,087	(91)	996	1,008	(46)	962
Other incoming resources	8	–	8	–	–	–
	60,390	(54,048)	6,342	56,659	(51,622)	5,037
Total	94,037	(81,949)	12,088	85,804	(76,420)	9,384

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.

4a Operating income, Operating costs and Operating surplus – Group

Analysis of Social Housing Lettings

	Supported Housing and Housing for Older People 2018 £'000	Shared Ownership 2018 £'000	Home Owners 2018 £'000	Social Housing Lettings 2018 £'000
Income				
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 grants	294	–	–	294
Income from social housing lettings	5,547	5,453	2,366	13,366
Expenditure				
Management	1,292	1,389	1,008	3,689
Service costs	1,075	1,287	912	3,274
Routine maintenance	324	295	131	750
Planned maintenance	225	241	91	557
Bad debts	–	–	–	–
Depreciation and amortisation charged	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

	2017 £'000	2017 £'000	2017 £'000	2017 £'000
Income				
Rent receivable and maintenance charge net of identifiable service charges	2,831	1,814	212	4,857
Service charge income	1,569	1,751	1,252	4,572
Amenity income	374	418	335	1,127
Housing Related Support	346	21	129	496
Amortised government grants	282	–	–	282
Income from social housing lettings	5,402	4,004	1,928	11,334
Expenditure				
Management	1,253	1,148	753	3,154
Service costs	887	972	710	2,569
Routine maintenance	263	294	121	678
Planned maintenance	104	148	72	324
Bad debts	–	–	–	–
Depreciation and amortisation charged	670	809	276	1,755
Operating costs on social housing lettings	3,177	3,371	1,932	8,480
Operating surplus on social housing lettings	2,225	633	(4)	2,854
Void losses	70	9	10	89

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5 Subsidiary undertakings

Charity

As shown in note 11, the Charity has three wholly owned subsidiaries which are incorporated in the UK:
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 the prior year.

All companies have entered into Gift Aid arrangements to donate their taxable profits to The ExtraCare Charitable Trust. ExtraCare Retail Limited has retained reserves of £16,966 (2017: £16,966) for the purpose of working capital.

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 Retail is shown within Other Non Social Housing Activities. The net profit of £366,969 (2017: £258,944) is distributed as Gift Aid to the Charity.

	2018 £'000	**2017 £'000**
Turnover	3,652	3,669
Cost of sales	(416)	(503)
Staff costs	(1,920)	(1,855)
Other costs	(1,664)	(1,727)
Other operating income	715	675
Net profit	367	259
Profits distributed to ExtraCare Charitable Trust	(367)	(259)
Retained in subsidiary	–	–

Balance sheet position at 31 March 2018

	2018 £'000	**2017 £'000**
Current assets	519	462
Current liabilities	(502)	(445)
	17	17

In addition to the profits noted above the Charity received gift aid and related income from retail activity totalling £276K in the year ended 31 March 2018 (2017: £253K).

6 Directors and employees

Staff Costs	Charitable activities 2018 Number	Trading activities 2018 Number	Group 2018 Number	Charitable activities 2017 Number	Trading activities 2017 Number	Group 2017 Number
Wages and salaries	23,340	1,775	25,115	23,411	1,698	25,109
Social security costs	1,877	114	1,991	1,713	123	1,836
Pension costs	501	31	532	866	34	900
	25,718	1,920	27,638	25,990	1,855	27,845

No triennial valuation of pensions schemes has taken place in 2018 or 2017, the costs above do not include any remeasurements.

Average number employed	Charitable activities 2018 Number	Trading activities 2018 Number	Group 2018 Number	Charitable activities 2017 Number	Trading activities 2017 Number	Group 2017 Number
Executive directors	5	–	5	5	–	5
Care services	1,345	–	1,345	1,437	–	1,437
Administration, fundraising and publicity	136	106	242	130	107	237
	1,486	106	1,592	1,572	107	1,679

Full time equivalents*	Charitable activities 2018 Number	Trading activities 2018 Number	Group 2018 Number	Charitable activities 2017 Number	Trading activities 2017 Number	Group 2017 Number
Executive directors	5	–	5	5	–	5
Care services	747	–	747	808	–	808
Administration, fundraising and publicity	124	80	204	117	82	199
	876	80	956	930	82	1,012

*Full time equivalents are calculated using total monthly hours worked compared with contracted hours.

Directors' emoluments – Group

All members of the Board of management who are the directors of the company and trustees of the Charity, act in an unpaid capacity. The total of expenses reimbursed to Board members was £1,805 (2017: £2,978) representing travel costs in respect of seven (2017: six) trustees who claimed expenses.

For the purposes of RSL requirements, the senior management team are also deemed to be directors and the key management personnel of the Charity. The aggregate emoluments of the senior management team including pension and employer's national insurance contributions amounted to £757,370 (2017: £976,502). Expenses paid to the senior management team in the year totalled £2,399 (2017: £6,983).

The emoluments of the highest paid director, including employer's national insurance contributions and excluding pension contributions, were £202,390 (2017: £185,921). Pension contributions in the year were £8,850 (2017: £15,150).

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Employees' remuneration (excluding pension scheme contributions) in excess of £60,000 for the year fell within the following bands:

	2018 No.	2017 No.
£60,001 – £70,000	3	3
£70,001 – £80,000	2	2
£80,001 – £90,000	2	1
£90,001 – £100,000	1	1
£100,001 – £110,000	1	1
£110,001 – £120,000	2	2
£160,001 – £170,000	–	1
£170,001 – £180,000	1	–

Pension contributions in respect of the above employees totalled £41,272 (2017: £161,859). No higher paid employees are accruing benefits under the defined benefit pension scheme (2017: five) and five are accruing benefits under the defined contribution pension scheme (2017: six).

Pension costs of £501,000 (2017: £866,000) relate to the Charity's two pension schemes. Pension costs of £95,000 (2017: £406,000) relate to the Charity's defined benefit schemes and £406,000 (2017: £460,000) to the defined contribution scheme.

Pension costs: defined benefit scheme

Directors' emoluments
The Chief Executive is an ordinary member of the Charity's pension scheme as detailed in note 18c.

No enhanced or special terms apply to his membership and he has no other pension arrangement to which the Charity contributes.

Volunteers

The average number of volunteers who have supported the Group are 2,339 (2017: 2,838), this is across a number of administrative and fundraising responsibilities at different locations around the residential, retail and office locations across the Group. A survey of volunteers services has been carried out in year and has highlighted an increase in the average hours each volunteer has donated to support the Charity. The economic value of their contribution is £4.4M (2017: £2.6M). This is not included within the financial statements.

7a) Interest payable

Group	2018 £'000	2017 £'000
Bank loans	4,002	3,344
Other loans	1,662	1,022
Pension deficit payment provision	98	164
Capitalised to development properties	(2,471)	(1,640)
Charged to operating costs	3,291	2,890

Interest has been incurred as part of funding major capital projects and has been capitalised in either assets under construction or work in progress.

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7b) Interest receivable

Group	2018 £'000	2017 £'000
Bank interest receivable	5	5

8 Surplus on sale of fixed asset properties – Group and Charity

	Proceeds £'000	Costs of sale £'000	Net book value of disposals £'000	Surplus on sale of fixed asset £'000	2017 £'000
Sale of fixed asset properties	3,563	–	(2,128)	1,435	763
	3,563	–	(2,128)	1,435	763

9 Intangible fixed assets

	IT software £'000	Total £'000
Group and Charity		
Cost		
1 April 2017	844	844
Additions	203	203
Disposals	(93)	(93)
31 March 2018	954	954
Amortisation		
1 April 2017	714	714
Charge for the year	69	69
Disposals	(93)	(93)
31 March 2018	690	690
Net book amount		
31 March 2018	264	264
31 March 2017	130	130

Amortisation has been charged to operating costs within the Statement of Income and Retained Earnings.

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10 Tangible fixed assets

	Freehold land & buildings £'000	Shared Ownership Freehold land & buildings £'000	Leasehold land & buildings £'000	Motor Vehicles £'000	Furniture & Other Equipment £'000	Assets Under Construction £'000	Total £'000
Group and Charity							
Cost							
1 April 2017	85,538	36,904	1,017	15	5,377	43,723	172,574
Additions	–	–	–	–	1,054	24,366	25,420
Disposals	(171)	(1,485)	(600)	–	(350)	–	(2,606)
Transfers	10,273	7,720	–	–	–	(17,993)	–
Transferred from WIP	294	746	–	–	–	–	1,040
31 March 2018	95,934	43,885	417	15	6,081	50,096	196,428
Depreciation							
1 April 2017	7,403	1,489	156	15	3,459	–	12,522
Charge for the year	1,444	387	8	–	754	–	2,593
Disposals	(95)	(68)	(95)	–	(348)	–	(606)
31 March 2018	8,752	1,808	69	15	3,865	–	14,509
Net book amount							
31 March 2018	87,182	42,077	348	–	2,216	50,096	181,919
31 March 2017	78,135	35,415	861	–	1,918	43,723	160,052

Included within the costs of assets under construction is interest capitalised and non-utilisation fees of £1,232,619 (2017: £800,522) and within freehold land and buildings is interest capitalised and non-utilisation fees of £2,497,437 (2017: £1,884,105).

Freehold land and buildings additions includes no expenditure on components relating to existing properties.

11 Fixed asset investments

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Investment in group companies	–	–	–	–

The parent undertaking 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.

12 Stocks and assets held for disposal

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Properties held for sale	6,239	3,020	6,239	3,020
Goods for resale	105	101	–	–
	6,344	3,121	6,239	3,020

13 Work in progress

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Development costs of retirement village properties for sale	85,183	70,977	85,183	70,977

Included within the carrying cost shown above is £2,003,807 (2017: £1,394,284) representing capitalised interest and non-utilisation fees.

14 Debtors

	Group 2018 £'000	Group 2017 restated £'000	Charity 2018 £'000	Charity 2017 restated £'000
Due within one year				
Rent and service charges receivable	2,866	2,672	2,866	2,672
Less Provision for bad and doubtful debts	(263)	(337)	(263)	(337)
	2,603	2,335	2,603	2,335
Value Added Tax	322	909	322	909
Amount owed by subsidiary undertaking	–	–	330	308
Prepayment and accrued income	1,726	1,400	1,480	1,109
Variable Service Charges	67	–	67	–
Other debtors	63	44	28	27
	4,781	4,688	4,830	4,688

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. The reason for restatement are disclosed in Note 30.

15 Creditors: Amounts falling due within one year

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Bank and other loans (Note 16)	776	466	776	466
Trade creditors	1,075	823	1,069	820
Amounts due to contractors for certified work	5,542	5,185	5,542	5,185
Other taxation and social security	430	400	422	391
Deferred Capital Grant (Note 17)	393	357	393	357
Accruals and deferred income	5,560	5,812	5,402	5,687
Variable service charge creditor	2,287	2,699	2,287	2,699
	16,063	15,742	15,891	15,605

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16 Creditors: Amounts falling due after more than one year

	Group and Charity 2018 £'000	2017 £'000
Bank and other loans	153,222	132,519
Deferred income	352	418
Deferred capital grant (Note 17)	41,733	39,478
	195,307	172,415

Bank and other loans

					Group and Charity	
	Bank Loans 2018 £'000	Other Loans 2018 £'000	Total Loans 2018 £'000	Bank Loans 2017 £'000	Other Loans 2017 £'000	Total Loans 2017 £'000
Amounts fall due on bank and other loans as follows:						
In one year or less (Note 15)	776	–	776	466	–	466
Between one and two years	44,776	–	44,776	30,776	–	30,776
Between two and five years	2,638	–	2,638	2,638	–	2,638
Over five years	64,607	42,500	107,107	65,383	35,000	100,383
	112,797	42,500	155,297	99,263	35,000	134,263
Loan Arrangement Fees	(555)	(744)	(1,299)	(535)	(743)	(1,278)
	112,242	41,756	153,998	98,728	34,257	132,985

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 31.3.2018, 316 out of 1,984 units available remain unencumbered.

Interest rates vary between 2.3% and 5.9% per annum (2017: 2.1% and 5.9% per annum). 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 £1K. This amount is not recognised in the statements.

	Group and Charity 2018 £'000	2017 £'000
Deferred income will be credited to the Statement of Income and Retained Earnings as follows:		
Within one year	98	101
Between one and two years	98	101
Between two and five years	227	263
Over five years	27	54
	450	519

Deferred income relates to lease premiums receivable of £162K (2017: £190K) which will be released to income over the periods of the lease, which are up to twenty five years and income relating to Care for Life of £288k (2017: £329k) which will be released to income over the assumed life expectancy of the resident who has taken out the plan.

17 Deferred capital grant

	Group and Charity 2018 £'000	2017 £'000
As at 1 April	39,835	38,792
Grant received in the year	2,649	1,388
Capital grant released	(358)	(345)
As at 31 March	42,126	39,835
Split between:		
Short term deferred capital grant	393	357
Long term deferred capital grant	41,733	39,478
	42,126	39,835

The total deferred capital grant received is £44.5 million (2017: £41.8 million) which could be repayable if savings were made on the development costs of the relevant site, the contract conditions were not met, or the associated properties were disposed of.

18 Retirement benefits

a) Social Housing Pension Scheme (SHPS)

The Charity participates in 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. It is not possible for the Charity 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 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.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123M, liabilities of £4,446M and a deficit of £1,323M. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit Contributions

Tier 1 From 1 April 2016 to 30 September 2020:	£40.6M per annum (payable monthly and increasing by 4.7% each year on 1st April)
Tier 2 From 1 April 2016 to 30 September 2023:	£28.6M per annum (payable monthly and increasing by 4.7% each year on 1st April)
Tier 3 From 1 April 2016 to 30 September 2026:	£32.7M per annum (payable monthly and increasing by 3.0% each year on 1st April)
Tier 4 From 1 April 2016 to 30 September 2026:	£31.7M per annum (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 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062M, liabilities of £3,097M and a deficit of £1,035M. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

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The scheme is in deficit and the Charity has agreed to a deficit funding arrangement, the Charity 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

	31 March 2018 £'000	31 March 2017 £'000	31 March 2016 £'000
Present value of provision	6,842	7,849	8,426

Reconciliation of opening and closing provisions

	Period Ending 31 March 2018 £'000	Period Ending 31 March 2017 £'000
Provision at start of period	7,849	8,426
Unwinding of the discount factor (interest expense)	97	162
Deficit contribution paid	(1,006)	(970)
Remeasurements – impact of any change in assumptions	(98)	231
Remeasurements – amendments to the contribution schedule	–	–
Provision at end of period	6,842	7,849

Income and expenditure impact

	Period Ending 31 March 2018 £'000	Period Ending 31 March 2017 £'000
Interest expense	97	162
Remeasurements – impact of any change in assumptions	(98)	231
Remeasurements – amendments to the contribution schedule	–	–
Total	(1)	393

Assumptions

	31 March 2018 % per annum	31 March 2017 % per annum	31 March 2016 % per annum
Rate of discount	1.72	1.33	2.06

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.

b) The Pension Trust's Growth Plan

The Charity participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Charity 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 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.

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780M, liabilities of £928M and a deficit of £148M. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

Deficit Contributions

From 1 April 2013 to 31 March 2023:	**£13.9M per annum (payable monthly and increasing by 3% each on 1st April)**

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793M, liabilities of £970M and a deficit of £177M. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025:	**£12.9M per annum (payable monthly and increasing by 3% each on 1st April)**
From 1 April 2016 to 30 September 2028:	**£0.05M per annum (payable monthly and increasing by 3% each on 1st April)**

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

The scheme is in deficit and the Charity has agreed to a deficit funding arrangement the Charity 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

	31 March 2018 £'000	31 March 2017 £'000	31 March 2016 £'000
Present value of provision	86	97	102

Reconciliation of opening and closing provisions

	Period Ending 31 March 2018 £'000	Period Ending 31 March 2017 £'000
Provision at start of period	97	102
Unwinding of the discount factor (interest expense)	1	2
Deficit contribution paid	(11)	(10)
Remeasurements – impact of any change in assumptions	(1)	3
Remeasurements – amendments to the contribution schedule	–	–
Provision at end of period	86	97

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Income and expenditure impact

	Period Ending 31 March 2018 £'000	Period Ending 31 March 2017 £'000
Interest expense	1	2
Remeasurements – impact of any change in assumptions	(1)	3
Remeasurements – amendments to the contribution schedule	–	–
Total	–	5

Assumptions

	31 March 2018 % per annum	31 March 2017 % per annum	31 March 2016 % per annum
Rate of discount	1.71	1.32	2.07

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.

c) Pension costs: defined contribution scheme

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 ending 31 March 2019 is £1,439,000 (2018: £1,398,000).

Pension costs within creditors for the year ending 31 March 2018 are £173K (2017:£175K).

19 Financial instruments

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

	Group 2018 £'000	Group 2017 Restated £'000	Charity 2018 £'000	Charity 2017 Restated £'000
Financial Assets				
Debt instruments measured at amortised cost				
– Trade and other debtors	3,694	2,933	3,989	3,224
– Cash	252	7,343	119	7,290
	3,946	10,276	4,108	10,514
Financial Liabilities				
Measured at amortised cost				
– Trade and other creditors	56,488	54,241	56,325	54,113
– Loans	155,298	134,263	155,298	134,263
	211,786	188,504	211,623	188,376

The reasons for restatement are disclosed in Note 30.

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20 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 schemed and villages.

	1 April 2017 £'000	Income £'000	Expenditure £'000	31 March 2018 £'000
Fixed assets				
Berryhill Village, Stoke on Trent	413	–	(413)	–
Hagley Road, Birmingham	1	–	–	1
Humber Court, Coventry	213	–	(2)	211
Lark Hill Village, Nottingham	2,957	–	(32)	2,925
New Oscott Village, Birmingham	1,230	–	(13)	1,217
Lovat Fields Village, Milton Keynes	967	–	(11)	956
Shenley Woods Village, Milton Keynes	173	–	(2)	171
Pannel Croft Village, Birmingham	542	–	(7)	535
St Oswalds Village, Gloucester	2	–	–	2
Rosewood Court, Wellingborough	241	–	(3)	238
Sunley Court, Kettering	232	–	(2)	230
Yates Court, Evesham	114	–	(2)	112
	7,085	–	(487)	6,598
Special projects and other funds				
Enriched Opportunities	–	60	(60)	–
Other miscellaneous funds	57	65	(30)	92
Other scheme restricted funds	2,034	638	(86)	2,586
	2,091	763	(176)	2,678
Total funds	9,176	763	(663)	9,276

Fixed assets
These funds resulted from specific appeals to fund the development of fixed assets. Expenditure represents depreciation on the assets or, in the case of Berrryhill Village, the net book value on disposal of the asset.

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.

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21 Movement on reserves – Group

	Revenue Reserves restated £'000	Restricted Reserves £'000	Total £'000
Fund balances at 1 April 2017	41,032	9,176	50,208
Surplus for the year	10,137	100	10,237
Reserves carried forward	51,169	9,276	60,445

Movement on reserves – Charity

	Revenue Reserves restated £'000	Restricted Reserves £'000	Total £'000
Fund balances at 1 April 2017	41,015	9,176	50,191
Surplus for the year	10,137	100	10,237
Reserves carried forward	51,152	9,276	60,428

22 Financial commitments

Financial commitments under non-cancellable operating leases will result in the following future minimum lease payments:

Group and Charity		2018		2017
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Contracts expiring				
Within one year	1,102	12	1,074	8
Within two to five years	3,004	20	2,897	14
In more than five years	4,484	–	4,672	–
	8,590	32	8,643	22

23 Capital commitments

Group and Charity	2018 £'000	2017 £'000
Capital expenditure contracted for but not provided in the accounts	79,550	92,253
Capital expenditure approved by Board but not contracted for	12,942	46,081

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 constructions as detailed in note 26.

24 Reconciliation of operating surplus to net cash (used in)/generated from operations

	2018 £'000	2017 £'000
Surplus for the year	10,237	7,262
Gain on disposal of property, plant and equipment	(1,435)	(763)
Interest payable	3,291	2,890
Interest receivable	(5)	(5)
Operating surplus for the year	12,088	9,384
Adjustments for:		
Depreciation of tangible fixed assets	2,593	2,463
Amortisation of intangible fixed assets	69	57
Amortisation of deferred capital grants	(358)	(345)
Defined benefit pension schemes	(1,116)	(746)
Operating cash flows before movements in working capital	13,276	10,813
(Increase) in stock	(3,351)	(687)
(Increase)in work in progress	(13,714)	(17,933)
(Increase)/decrease in rent and other debtors	(93)	678
(Decrease) in trade and other creditors	(1,101)	(1,458)
Cash (used in)/generated from operations	(4,983)	(8,587)

25 Taxation

The Trust is registered as a Charity and its charitable activities are not liable to corporation tax.

26 Contingent assets

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

At 31st March 2018 there were contingent assets from grant allocations as follows:

Solihull – contingent asset remaining £640K of total grant pledged £2.561M (£1.921M received in 2017/18, contingent asset at 31 March 2017 £2.561M)

Stoke Gifford – contingent asset remaining £2.980M of total grant pledged £7.160M (nil received in 2017/18, contingent asset at 31 March 2017 £4.774M)

Bedford – contingent asset remaining £644K of total grant pledged £1.288M (nil received in 2017/18, contingent asset at 31 March 2017 £644K)

Receipt of the outstanding sums is expected to take place on completion of the developments which are currently all underway.

NOTES ON ACCOUNTS

31 March 2018

27 Contingent liabilities and other commitments

At 31 March 2018, there are no outstanding claims against the group.

Bank guarantees

Certain bank guarantees have been given by the Charity's bankers to local authorities in relation to Village developments. These are subject to counter indemnities by the Charity. There are currently no outstanding bank guarantees.

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 the 31 March 2018 the Charity had a total exposure in respect of such leases of £236M (2017: £198M).
In the year to 31 March 2018, the Charity actually repurchased properties at a cost of £15,922K (2017: £13,486K) which were then resold at a surplus of £4,305K (2017: £3,690K), included within Operating Surplus. Any repurchased properties remaining unsold are held in stock.

28 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 £3,484K (2017: £3,608K).

29 Number of homes in management and development

	2018 Number	2017 Number
Homes in Management at year end		
Owned or part-owned by the Charity		
Supported Housing	518	464
Shared Ownership	857	795
Accommodation managed on behalf of other organisations and outright resident owners		
Supported Housing	1,211	1,631
Shared Ownership	283	358
Outright Resident Owners	933	772
	3,802	4,020
Homes in Development at year end		
Supported Housing	254	231
Shared Ownership	355	511
Outright Sale	399	322
	1,008	1,064

30 Prior year adjustment

In 2014/15 following review of debtor balances an incorrect credit balance of £499K was identified: the credit balance related to services provided to residents. This credit was then released in 2015/16 with £382K written off against care income and the balance of £117K charged to Movement in Bad Debt provision. A more recent review of other debtor accounts has identified that the 2015/16 credit balance write off was premature and this has now been reversed in 2017/18 as a correction.

Reconciliations of surplus – Group and Charity	**Group £'000**	**Charity £'000**
Revenue reserves as previously reported year ending 31.3.2017	41,531	41,514
Debtor balances correction	(499)	(499)
Revenue Reserves restated	41,032	41,015

The restated Debtor balances and Financial Assets are as follows:

Reconciliation of Debtors	**restated £'000**	**Group 2017 as reported previously £'000**	**restated £'000**	**Charity 2017 as reported previously £'000**
Due within one year				
Rent and service charges receivable	2,672	3,171	2,672	3,171
Less Provision for bad and doubtful debts	(337)	(337)	(337)	(337)
	2,335	2,834	2,335	2,834
Value Added Tax	909	909	909	909
Amount owed by subsidiary undertaking	–	–	308	308
Prepayment and accrued income	1,400	1,400	1,109	1,109
Other debtors	44	44	27	27
	4,688	5,187	4,688	5,187

Reconciliation of Financial Assets	**restated £'000**	**Group 2017 £'000**	**restated £'000**	**Charity 2017 £'000**
Financial Assets				
Debt instruments measured at amortised cost				
– Trade and other debtors	2,933	3,432	3,224	3,723
– Cash	7,343	7,343	7,290	7,290
	10,276	10,775	10,514	11,013

The ExtraCare Charitable Trust

Our Locations

Operational Villages

Operational Schemes

Villages in development

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