Report and financial statements

for the year ended 31st March 2019



Registered charity no: 201555

Registered company no: 601847

Care Quality Commission registration no: CRT1-579008632

Homes England registration no: LH0269

Contents

Board Members, Executive Directors, Bankers, Auditor

Patrons	Stephanie Cole
President	The Lord Mayor of Bristol
Vice-Presidents	M Lalonde M Marsden-Smedley P G W Gray J F B Gunnery

Board	**Board members**		**From**	**Until**
Chair	S Boardman	(R)	26-Oct-10	31-Dec-18
Chair from 1-Jan-19	A Evans	(A)	9-Jun-17	
Vice Chair	R Gaunt	(A)(R)	1-Dec-09	2-Jan-19
Other Members	S Thorpe		1-Dec-09	2-Jan-19
	R Glover	(R)	13-May-14	20-Aug-18
	J Steed	(A)	29-Sep-14	
	K Fairman		13-Jan-16	3-Jul-19
	M Hehir	(R)	5-Jan-16	
	G McLeod		9-Aug-17	16-Jan-19
	K Taylor		26-Jul-17	6-Aug-18
	B Hardy	(A)	12-Sep-17	20-Aug-18
	N Hooper		26-Mar-18	
	I Turner	(A)	10-Jul-18	
	A Wilson		4-Jan-19	
	T Chotai		25-Jan-19	
	M Hayer		15-Feb-19	
	P Hope		1-Mar-19	
	K Still		9-May-19	
	B Edwards		3-Jul-19	

Members of the Audit and Risk Committee are marked with (A). This committee meets four times per year. Members of the Remuneration, Nomination and Governance Committee are marked (R). This committee meets four times per year.

Senior Management Team			
Chief Executive	K Fairman	9-Feb-17	3-Jul-19
Acting Chief Executive	B Whittaker	4-Jul-19	
Director of Human Resources	B Whittaker	29-Feb-18	
Director of Care Homes	J Little	18-Apr-11	15-Feb-19
Director of Care Homes	S Payne	15-Feb-19	
Director of Community Services (on maternity)	M Caine	9-Feb-15	
Acting Director of Community Services	T Ackland	1-Jul-19	
Director of Housing and Property	M Richards	1-Jan-18	
Finance Director	K Taylor	26-Jul-17	31-Jul-18
Interim Finance Director	F King	16-Aug-18	17-Dec-18
Finance Director	B Edwards	17-Dec-18	
Marketing and Business Development Director	M Bell	15-Jul-19	

Company Secretary	From	Until
K Taylor	26-Jul-17	3-May-18
K Fairman	3-May-18	3-Jul-19
B Edwards	3-Jul-19	

Registered Office	Saffron Gardens Prospect Place, Whitehall Bristol, BS5 9FF Tel: (0117) 914 4200 / Fax: (0117) 987 3502 E-mail: info@brunelcare.org.uk Web: www.brunelcare.org.uk	
Registered Numbers	Company – 601847 (registered by guarantee) Charity – 201555 CQC – CRT1-579008632 Homes England – LH0269	
External Auditors	KPMG LLP 66 Queen Square Bristol BS1 4BE	
Internal Auditors	RSM Risk Assurance Services LLP Hartwell House 55-61 Victoria Street Bristol BS1 6AD	
Solicitors	Meade King Springfield House 45 Welsh Back Bristol BS1 4AG	Bevan Brittan Kings Orchard 1 Queen Street Bristol BS2 0HQ
Bankers	National Westminster Bank Plc 40 Queens Road Bristol BS99 5AD	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN

Chair's Statement

I am pleased to become the Chair of the charity at an exciting time in its development. In the next twelve months, the Charity will have opened a new care home in South Gloucestershire and doubled the size of its Waverley Gardens Extra Care housing scheme.

The last twelve months has been full of change and I welcome the five new trustees who have joined us in the financial year as well as expressing my appreciation for those colleagues on the Board of Trustees who departed in the year. I would also like to thank staff members who have moved on in the year and, in particular, my sincere gratitude and best wishes to the staff who deliver domiciliary care in the North Somerset local authority area, who have transferred to a new provider.

We also said goodbye to Kevin Fairman, our CEO for the last two years. We have appointed Oona Goldsworthy who has a lot of experience in the Housing sector. When she starts in October, I am sure she will bring drive and energy as we continue to evolve and develop.

We are sad to report that our patron, Lady Jane Wills, passed away in July 2018. She was a great supporter of the Charity over recent decades and her support will be missed.

In the financial year, the Charity has achieved another reasonable performance with a surplus before interest and tax of £1.329m. At the year-end cash levels, debt, creditors and debtors all stood at healthy levels, equipping the Charity with the financial strength to deliver its strategy.

The market for care for older people in the South West continues to develop. Our largest partners, the local authorities of Bristol, Somerset and South Gloucestershire and the Clinical Commissioning Groups, continue to experience funding constraints. Moreover, Brunelcare's emphasis on providing a high quality service attracts additional costs, which means our surpluses have been under pressure. However, we will not compromise our service in the pursuit of cost savings but will continue to set the benchmark for quality of care in the areas in which we operate.

At the time of writing, the impact of Brexit is uncertain. Brunelcare enjoys the support of a large number of EU citizens and I thank them for their good work in the year and reassure them that, at Brunelcare, they will always be welcome to stay and help us deliver these vital services.

A.D. Evans

A Evans
Chair

Report of the board

Overview of the Business

The Board is pleased to present its annual report and audited financial statements for the year ended 31 March 2019.

Brunelcare is a charity and housing association which has been working with and for older people in and around Bristol since the 1940s. It was incorporated as a Company Limited by Guarantee without share capital on 31st May 1958; has been a registered charity since 1962; a registered housing provider from 1975; and is administered by a voluntary Board. It is incorporated under the Companies Act 2006 and the Charities Act 2011.

Brunelcare's principal activities are the development and management of supported housing, care homes and the provision of domiciliary services for older people.

We operate in three main areas:

- Supported housing for older people by the provision of sheltered and extra care accommodation;
- Care (including reablement services) for older people in a communal environment in nursing and residential care homes, together with the operation of a retirement village;
- Delivery of domiciliary care, respite services and supporting people services to older people still living in their own homes.

Objectives and strategy

Our objectives and strategy are set out in a business plan that is reviewed and approved by the Board each year.

Our mission is to help people remain as independent as possible, for as long as possible, and make the most of their lives.

Our vision is to be recognised and renowned as a provider of high quality housing, care and support for people in the South West. To achieve this vision, we have set six key strategic objectives around what we aim to deliver:

1. **Customers First:** We will put the people who we work with first in all that we do, recognising both external and internal customers.
2. **Provider of Choice:** To be recognised as a preferred provider by private customers, commissioning and funding bodies and as an excellent organisation to enter into partnership with.
3. **Employer of Choice:** We will work to attract, retain and develop a committed, kind, quality and motivated workforce.
4. **Financially Sustainable:** We will be commercially aware and will make decisions that will make us financially strong.
5. **Prepared for Change, Ready for Opportunities:** We will create structures, processes and approaches that will allow us to be flexible, to react and adapt to change and take advantage of any suitable opportunities.
6. **Effective Communication, Leadership and Direction:** We will work to ensure effective leadership, communication and direction from an internal management perspective as well as from a governance standpoint.

Our strategic objectives underpin everything that we do at Brunelcare and give an insight into our culture. They also provide the framework for our risk register and key performance indicators. Our values, which determine how we work, are to be:

- Kind
- Accountable
- Sustainable
- High Quality
- Respectful

We are also aware that our strategic objectives have a clear link to our credentials as a provider of Value for Money for our stakeholders.

Regulation and Governance

Board members and Executive Directors

The organisation is governed by the Board, the members of which are directors and shareholders of the company and trustees of the charity. The trustees receive no payment for their time or input. The day to day management is delegated to Executive Directors, who are paid employees. The current Board members and executive directors of Brunelcare are set out on page one together with movements in membership during the accounting year and up to the date of signing.

The Board members are drawn from a wide background bringing together professional, commercial and local experience. The organisation has insurance policies indemnifying Board members and executive officers against liability when acting for the organisation.

The National Housing Federation Code of Governance recommends a maximum Board membership of 12. However, Brunelcare's articles permit a maximum number of 15, although the current number of Board members is 10.

The Board ensures that new members are recruited and elected on a systematic and continuous basis. The Board uses a range of methods to recruit new members in order to attract as wide a number of applicants as possible. This includes advertising in a range of publications and networking with other associations. The Board ensures that all new members receive induction training and that effective arrangements are made to enhance the skills, experience and knowledge of all its members on an on-going basis.

Governance structure

The Board delegates certain powers to two committees — the Audit and Risk Committee and the Remuneration, Nomination and Governance Committee. Membership of these committees is drawn from members of the Board and, where appropriate, other co-opted members where the need for a more specific skill is identified.

The Audit and Risk Committee approves the annual budget and treasury strategy. It considers the financial and cash forecasts of the business and also considers the strategic aspects of future development programmes. From a risk perspective, the Committee reviews key operational and financial risks, both current and future, to the organisation. The committee also considers the adequacy of internal controls to ensure their effective operation and minimise the risk of fraud and error. In addition the committee is responsible for appointing, reviewing the reports of, and monitoring the performance of both the internal and the external auditor.

The Remuneration, Nomination and Governance Committee sets the remuneration package for the Chief Executive; reviews Senior pay levels annually, reviews the pension and redundancy arrangements of the organisation; advises the Board on the recruitment and assessment of Trustees; advises the Board on governance policies and procedures; monitors progress against governance development plans and oversees arrangements for Board member appraisal, including that of the CEO.

Further detail on the membership of the committees is provided on page 1.

Regulator for Social Housing Governance and Financial Viability Standard

Brunelcare undertakes annual self-assessments to monitor its on-going compliance with both the Economic and Consumer Standards. These self-assessments were reviewed by the Audit and Risk Committee before being approved by the Board. Any changes or implications arising within the year are reported on an ad-hoc basis. The self-assessments at the time of reporting showed that the Charity continues to be materially compliant with Economic and Consumer Standards. Areas for refinement or improvement have been identified and transferred to a Governance Improvement Plan. The Charity has the capability and capacity to close the gap to meet all the compliance standards.

NHF Excellence in Governance

Brunelcare is pleased to report that the Charity complies with the recommendations of the NHF Code of Governance 2015. The only exception to this is the NHF Code of Governance recommends a maximum Board membership of 12. The Brunelcare Articles of Association permit a maximum number of 15, although the current number of Board members is 10.

Internal Controls Assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk.

The Board delegates responsibilities to the Audit and Risk Committee to monitor the system of internal control. Brunelcare internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by Brunelcare is on-going, has been in place throughout the year commencing 1 April 2018 up to the date of approval of the annual report and financial statements.

As part of its review process the Audit and Risk Committee considers:

- The Corporate Risk Register including the Internal Control Environment;
- External Auditor reports;
- Internal audit reports summarising work conducted, findings and agreed actions;
- Reviews of statutory and regulatory compliance;
- Financial accounts, budgets, forecast and financial controls;
- Compliance registers such as fraud, gifts and hospitality, safeguarding and probity.

Some key elements of our internal control framework include:

- Our governance arrangements such as terms of reference and delegated authorities approved by the Board;
- Financial regulations;
- Strong treasury management, supported by external advisors and experts where necessary;
- A clear risk management process
- Up to date and innovative recruitment, training and development programmes for employees;
- Regular and formal reporting to Board on performance and progress on strategic priorities, targets and outcomes;

All recommendations from each audit undertaken are transferred to an Internal Audit Action Plan, and progress on the completion of each recommendation is reported to the Audit and Risk Committee. The Board ensures any necessary action is taken where changes are needed to maintain the effectiveness of the risk management and control processes, and confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Charity.

Reports from regulatory and other external bodies

In January 2019 we underwent our In-depth Assessment (IDA). The updated grading issued by the Regulator is:

Measure	Previous grade	New grade
Governance	G1	G2
Viability	V1	V1

These are compliant grades.

In coming to this evaluation the Regulator also concluded that the Charity had breached the Home Standard which requires registered providers to have a cost effective repairs and maintenance service and to meet all applicable statutory requirements that provide for the safety of tenants in their homes. An internal audit review of the Charity's Health & Safety compliance prior to the Regulator's review reported only partial assurance across a range of health and safety compliance areas including fire safety and electrical safety.

Brunelcare has since demonstrated to the regulator that completion of the internal audit report recommendations and, importantly, the putting in place of centralised systems and reporting to ensure delivery of follow-up actions

Going concern

After making enquiries, the Board has a reasonable expectation that Brunelcare has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements. Additional details are provided in the strategic report starting on page 12.

Employee and Customer Involvement

Employees

The strength of Brunelcare lies in the quality of all its employees. In particular, our ability to meet our objectives and commitments to tenants and service users in an efficient and effective manner depends on the contribution of our staff members.

Brunelcare shares information on its objectives, progress and activities through regular office and departmental meetings involving Board Members, the senior management team and staff.

We are committed to equal opportunities and in particular we support the employment of disabled people, both in recruitment and in the retention of employees who become disabled whilst in the employment of Brunelcare.

Tenant involvement

Brunelcare encourages tenant involvement in decision-making by promoting mechanisms for their involvement. We employ a wide range of methods to communicate with our tenants, including:

- Issue of an annual report to tenants
- Suggestion boxes in all sheltered sites
- Site notice boards
- Quarterly site meetings
- Consultation meetings
- Grapevine publication
- Website information email
- Provision of a customer service team phone line
- Repairs call back survey
- Exit survey for departing tenants
- Technology survey
- Complaints process
- Compliments log
- Tenant handbook
- Brunelcare Tenant Feedback Group

Health and safety

The Brunelcare Board recognises a positive health and safety culture is central to the good performance and safety of the whole Charity. We aim to encourage, support and develop a positive and proactive approach for all employees, contractors, clients and service users, through risk education and awareness.

To ensure that arrangements for health and safety are effective it is managed as an integral part of the management structure, through the Health and Safety Committee, in the same way as such issues as service performance and continuous improvement are managed.

Our health and safety standards are under continual review in the interests of improvement. Formal amendment to our policies will be conducted annually or as necessary to reflect changes in Brunelcare's strategy, UK or EU law and any changes will be brought to the attention of those affected.

Donations

Brunelcare made no charitable or political donations (2017-18: £nil).

Statement of directors' responsibilities in respect of the Report of the Board, Strategic Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Report of the Board and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the association and of the surplus or deficit for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the association's transactions and disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that the financial statements 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor

At the time of making this report each of Brunelcare's directors, as set out on page 1, confirm the following:

- so far as each director is aware, there is no relevant audit information of which Brunelcare's auditor is unaware, and
- each director has taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that Brunelcare's auditor is aware of that information

Appointment of external auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approval

The report of the Board was approved by the Board on 10th September 2019 and signed on its behalf by:

A.D. Evans

A Evans, Chair

Strategic Report (Incorporating the Operating and Financial review)

Operating Performance

Brunelcare continues to trade positively, being cash generative and having a robust Balance Sheet position.

This has allowed us to commence a programme of investment in new extra care housing and care home stock which will expand our operations and provide growth for the future. The care sector in which we operate currently faces a number of challenges to financial operation which have received some national publicity over the past year. Some of the specific challenges which Brunelcare faces are set out below.

In this challenging context, we have achieved an operating surplus for the financial year of £1,329k, which is similar to last year's operating out-turn. The surplus after interest (but before fair value adjustments) is £660k, on a turnover of £33.3M, which is equivalent to 2.0% of turnover. The overall total out-turn position for the year is a deficit of £2m. The difference between the out-turn surplus after interest and the total out-turn deficit is a net £2.7m of positive fair value and negative actuarial non-cash adjustments, with the defined benefit pension adjustments resulting in a £3.208m actuarial loss. However, these are not part of the operating position.

The primary challenges which have impacted on performance are:

- Changes in the way that our defined benefit pension scheme is required to be reported under FRS102 has increased the charge to the income and expenditure account for current services pension costs.
- Pressure has increased from our largest customers, local authorities, to reduce our prices and this has resulted in some below inflation increases in income and increased voids.
- Private payers are also increasingly challenged to afford the full costs of care, particularly for those clients with complex care needs where additional support is required.
- The mandated 1% cut to regulated rents has reduced the income of our sheltered housing sites.
- Against this background of pressure on income, the National Living Wage increased by more than inflation. 30% of our staff is paid at National Living Wage rate. We were not able to pass all of this additional cost on to our clients.

Through the year we have maintained a close focus on debtor, creditor and cash management that has impacted positively on the level of debt and directly on cash-flow. The cash balance has increased to £8.8m at the year-end (2017:£7.6M).

Success and Achievements

Despite the pressures outlined above, Brunelcare has had another year of success in caring for older people:

- Brunelcare had seven finalists at the Great British Care Awards, South West Region, and won two awards for Care Assessor/Care Planner and for Unpaid Carer. Both winners came from our Deerhurst care home;
- Our Deerhurst care team were finalists for the National Dementia Care Awards Best Care Team category;
- All of our care homes now have the Gold Standard for end of life care with Glastonbury achieving the highest Platinum level;
- Robinson care home was the first care home in Bristol to achieve recognition from the charity Dementia Care Matters for its specialist dementia care;
- We have introduced out Tenant Community Awards where tenants can recommend a neighbour or member of staff for recognition of their work in building communities.
- The grading received from the CQC inspection of care at our Care Homes and Extra Care provision is generally good and the table shows the highly positive position as at the year-end.

SERVICE	DATE	OVERALL	SAFE	EFFECTIVE	CARING	RESPONSIVE	WELL-LED
Care homes							
Deerhurst	17-Nov-16	O	G	O	O	O	O
Glastonbury	20-Apr-16	G	G	G	O	G	G
Orchard Grove	19-Jun-18	G	G	G	G	G	G
Robinson	25-May-17	G	G	G	G	G	G
Saffron Gardens	18-Apr-17	G	G	G	G	O	G
Domestic Care							
Bristol & South Gloucestershire	12-Feb-16	G	G	G	G	G	G
North Somerset	27-Apr-18	G	G	G	G	G	G
Somerset	12-Aug-16	G	G	G	G	G	G
Extra Care							
ABC	28-Jul-17	G	G	G	G	G	G
Colliers	25-May-17	G	G	G	G	G	G
Waverley Court	24-Oct-16	G	G	G	G	G	G
Waverley Gardens	20-Sep-16	G	G	G	G	G	G
Woodland Court	24-Apr-18	G	G	G	G	G	G

O = Outstanding **G** = Good Rating

INTERNAL MEASURE	2017-18	2018-19
3. 80% or more of our CQC regulated services are rates as 'Good' or 'Outstanding'	91.7%	100.0%

Delivering our strategic priorities

We remain focused on market conditions, to ensure that we build upon our successes, better manage our challenging areas and better exploit new opportunities, in accordance with our Corporate Strategy.

Our Corporate Strategy emphasises the need for improving our surpluses in order to generate the funds for investing in our services, and it sets out a number of activities that we will take to achieve this. In the 2018-19 financial year we set in train a number of projects that will help us work towards these objectives:

- We have taken positive action to address financial underperformance by transferring our contract to deliver care to people in their own homes in the North Somerset local authority area to another provider.
  The financial impact in the current financial statements is noted above but the closure costs were minimal as the leased office space was given up and equipment transferred with the staff.

The income and costs of this service included in these financial statements were:

North Somerset Community Care

	2019	1218
	£000	£000
Turnover	1,378	1,577
Operating costs	(1,819)	(2,107)
Operating loss for the year	(441)	(530)

- In 2018/19 we closed our defined benefit element of our SHPS pension scheme to new entrants and transferred existing members to the defined contribution element of SHPS. This will mean that the £6.553m liability (as at March 19) attached to the defined benefit element of the scheme will reduce over time.
- We have transferred the whole organisation from Microsoft Office to Google's GSuite, saving around £100k per annum in licence fees.
- A review has been started of all existing and proposed software systems to rank and prioritise investment in further automating processes. In the year we introduced new software systems to manage procurement of large value purchases and recruitment software to streamline the process but also attract more candidates.
- The Little Heath Care Home construction is progressing and we will enter a lease for 25 years on its completion in early spring 2020. This new care home will comprise of 64 care beds and 24 reablement beds in Cadbury Heath, South Gloucestershire.
- The expansion of our Waverley Gardens Extra Care scheme is underway with hand-over scheduled for December 2019. This will add a further 33 single occupancy flats, 19 double occupancy one bedroom flats and 10 double occupancy two bedroom flats. Of these, we expect to sell 50% leases on ten properties shortly after opening

Accounting policies

Brunelcare's principal accounting policies are set out on pages 37 to 42 of the financial statements and have been prepared in accordance with the Statement of Recommended Practice 2014.

Payment of creditors

In line with government guidance, Brunelcare's policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier. To achieve this, we make two cyclical payments in each month and one-off payments where required.

We have submitted a return to the Government's Payment Practices Service with the following outputs:

Percentage of invoices paid within 30 days	84%
Percentage of invoices paid between 31 and 60 days	11%
Percentage of invoices paid after 60 days	5%
Percentage of invoices not paid within the agreed time	19%

Fixed Assets

Details of changes to Brunelcare's fixed assets are shown in notes 10 and 11 to the financial statements.

Reserves

At the end of the year Brunelcare had total reserves of £22.6m (2018: £24.6m). Within that figure the Revenue Reserves ("Free" Reserves) totalled £20.7m (2018: £22.7m).

Brunelcare generates net surpluses in each financial year which are reinvested in existing properties and services and new projects, and to provide reserves with which to meet any emergency that may arise. The Board is satisfied that the level of reserves reported is reasonable.

Treasury management & strategy

Brunelcare has a formal Treasury Management Policy which is approved by the Board. The purpose of the policy is to agree and maintain a framework within which the exposure to risk related to cash investments and borrowings can be managed. The policy requires an Annual Report to the Board setting out the application of the policy for the past 12 months and the strategy for the next financial year.

Brunelcare has raised additional capital funds over the past ten years from commercial lenders i.e. UK banks & building societies. The current debt profile shows borrowings from just two lenders: Lloyds TSB and Capita Plc (Orchardbrook Limited). The latter lender acquired the ex-Housing Corporation loans in 1999.

The Lloyds and Orchardbrook loans are amortising repayment loans. In the year we signed contracts on a new ten-year revolving credit facility from Barclays Bank, although this was undrawn at the balance sheet date.

Risks and uncertainties

The main risks faced by the organisation are reviewed by the Board quarterly as part of regular Board meetings. Risks are identified and reviewed for their `likelihood' and 'impact' and ranked.

We identify the main issues affecting the organisation and inhibiting its ability to achieve its strategic objectives and analyse risks in terms of the level of mitigation of each risk at the current time. The means by which the risks can be mitigated are recorded and reviewed with the appropriate Executive Director on a quarterly basis. The process of risk assessment and recording is cascaded through the organisation and reported regularly. We continue to strive to ensure that the assessment of risk is embedded throughout Brunelcare.

The major risks at the date of signing these financial statements were:

Risk ID	Risk Description	L	C	Inherent Risk Score
Strategic Risk FS1	**Inability to have or maintain financial sustainability could lead to a significant financial impact across the Charity.**			
FS1.5	The risk of Domiciliary Care and ECH Care services do not achieve the budgeted Gross Contribution	4	4	**16**
FS1.6	Unable to meet financial performance set out in long-term financial plan	4	4	**16**
Strategic Risk PC1	**Failure to ensure delivery of services to meet the corporate objective of Brunelcare being the provider of choice in the industry**			
PC1.1a	Housing and Property: Failure to comply with CQC. RSH and HSE regulations, resulting in loss of business	4	4	**16**
PC1.5	Failure to ensure the Charity meets the required Health and Safety legislation, regulations and our corporate responsibility	4	4	**16**
Strategic Risk CO1	**Inability to prepare for change or be ready for opportunities will lead to risk of not achieving strategic objectives**			
CO1.2	Unprepared for legislative or policy changes that impact on Brunelcare's ability to deliver its strategic objectives	4	4	**16**
Strategic Risk EC1	**Failure to retain quality service and retain skilled staff to be the employer choice**			
EC1.3	Inability to recruit sufficient skilled staff to provide services which undermines our ability to deliver excellent services	3	5	**16**

The risk that domiciliary care and/or Extra Care undermine our ability to maintain financial sustainability

Domiciliary care funding is under pressure across the country and Brunelcare is no exception. However, our emphasis on high quality care and location in a high-employment area make financial sustainability harder to achieve.

We ended our contract to deliver domiciliary care in the North Somerset local authority area at the end of the financial year which has reduced the likelihood of this financial risk materialising. We deliver domiciliary care in two other local authority areas: in Somerset the service has consistently performed well financially; but in South Gloucestershire the new contract continues to underperform financially. Measures have been put in place to correct this and the financial out-turn of this area of our work, with changes to our cost structure being implemented, and will be monitored closely over the coming year.

Longer-term financial performance

Our latest thirty-year business plan suggests that the Charity will continue to perform well financially and rebuild cash balances following the investment in the Waverley Gardens extension and the Stock Condition works.

Failure to achieve this forecast performance would adversely affect the charity's ability to achieve its strategic aims. There are many variables that have been comprehensively stress-tested as part of the strategic planning which has shown that the main factors that have a significant impact are: increased levels of voids and increased staff costs.

In both scenarios the impact would be manageable and not threaten the charity's total financial viability but the mitigating impacts required would require revised strategic planning and new objectives.

Failure to comply with regulatory requirements

The charity's compliance with regulatory requirements and, in particular, health & safety rules, is a major focus.

To ensure Brunelcare ensures the safety of its residents, the charity has introduced a series of management measures to ensure swift delivery of maintenance work required to meet health and safety requirements. A new director-level management post brought health and safety monitoring and compliance to the senior management team and provided the energy and focus to ensure quick delivery of work where there are perceived obstacles. New monitoring processes have been put in place, including a health and safety dashboard which is reported monthly to the senior management team and quarterly to the Board. Moreover, training is being introduced for site managers to ensure a better focus on this area of their responsibilities.

Legal or environmental changes that have an adverse effect

The main environmental risk at present is the outcome of the Brexit discussions in Parliament. The decision is out of the charity's control but restrictions on the free movement of people could make recruitment more difficult, particularly of skilled staff such as nurses. Moreover, Brexit may reduce access to certain drugs that will adversely affect some of our clients. Brunelcare will follow published government advice on contingency planning for such events and has a Brexit plan which details actions to be taken should adverse conditions arise as a result of the Brexit process.

The main legislative change recently is the General Data Protection Regulations. Brunelcare has provided considerable internal training on the new law and the accompanying risks to the charity and our clients of a breach of confidentiality.

Inability to recruit sufficient trained staff

Record low unemployment is good for society and Brunelcare is pleased for all those who have found jobs. However, it has reduced the available pool of recruits for our roles and, in particular, skilled roles such as nursing staff. In addition, the scarcity of applicants puts pressure on wage rates not only for vacant posts but for the same or similar roles across the organisation.

The recruitment and retention of staff is monitored as part of our internal target setting and monitoring - see page 26, Targets 6 and 8, where mitigating actions are also described.

Approval

The Strategic Report was approved by the Board on 10th September 2019 and signed on its behalf by:

A. D. Evans

A Evans, Chair

Assessment of financial performance

1. Background

For the 2018-19 financial year, Brunelcare has again adopted Housemark's Sector Scorecard approach to monitoring its activities in order to ensure that we continue to deliver value for money and make progress towards our strategic objectives.

The Scorecard sets out a number of indicators covering business health, outcomes delivered, effective asset management and operating efficiencies. An analysis of each metric and Brunelcare's score against each of these indicators is set out below for 2018-19.

In addition to these sector-wide benchmarks we also have a series of internal metrics that monitor key risks to the business. The metrics monitored are the same as used in 2018-19 and are set out below.

All of these metrics are monitored regularly by the Management Team and Trustees and are vital to ensuring that we challenge ourselves to deliver the best value for our stakeholders.

2. Value for Money Metrics

Below are the Sector Scorecard measures identified by the Regulator for Social Housing as identifying Brunelcare's value for money performance in the year, based on the financial statements for the period, together with the benchmark scores from the 2018-19 survey as reported by Housemark.

Overall, Brunelcare scores well on the financial stability metrics but poorly on the performance metrics. Both variances are due to the nature of Brunelcare's business which includes significant additional support for our tenants in addition to the provision of accommodation. These factors reduce operating margins and require Brunelcare to operate more cautiously, holding more working capital than traditional property businesses that can generate surplus cash more quickly from their operations. That said, our performance in development metrics will improve significantly over the coming year as our investment in Waverley Gardens and Little Heath projects comes to fruition.

Key Metrics

Metric 1: Reinvestment

REINVESTMENT %	Measure	BRUNELCARE 2017-18	BRUNELCARE 2018-19	Lower quartile	Median	Upper quartile
Reinvestment as a percentage of existing stock	%	1.7%	5.8%	3.2%	5.8%	8.5%

This is a positive movement: due to significant investment over the past year in an extension to our Waverley Gardens site, which will deliver 62 new ECH units for the city. Moreover, an elevated level of investment will continue into future years with fire safety works and the first elements of our stock condition survey improvements coming on line in the next five years. We are now at sector medians for reinvestment, where previously we were in the lowest quartile.

Metric 2: New Supply

NEW SUPPLY DELIVERED %	Measure	BRUNELCARE 2017-18	BRUNELCARE 2018-19	Lower quartile	Median	Upper quartile
Social Housing units developed as % of owned	%	0.0%	0.0%	0.1%	1.0%	2.3%
Non-social Housing units developed as % of owned	%	0.0%	0.0%	0.0%	1.0%	0.0%

There has been no new supply added in 2018/19, but work has commenced which will deliver new supply for the future. Towards the end of the 2019-20 financial year Brunelcare will take ownership of the Waverley Gardens extension which will add 62 units to our Extra Care stock. In addition, the Little Heath care home scheme that is being built for Brunelcare to lease from spring 2020 will add 24 reablement beds and 64 care beds to our portfolio.

Due to the nature of Brunelcare's business, development activity will be intermittent as, with our focus on elderly care and sheltered housing, we are not a standard social housing provider.

Metric 3: Gearing

GEARING %	Measure	BRUNELCARE 2017-18	BRUNELCARE 2018-19	Lower quartile	Median	Upper quartile
Gearing	%	14.7%	11.3%	23.0%	35.1%	48.8%

Against the sector quartiles, Brunelcare's gearing ratio is low because the Charity includes care home and domiciliary care activities alongside housing for older people, and these activities require higher levels of working capital and more cautious use of cash reserves. However, current high cash levels are being reduced to fund the Waverley Gardens extension and a £5.0m revolving credit facility has been agreed, both of which will affect this metric in future.

Metric 4: EBITDA interest cover

EBITDA MRI INTEREST COVER %	Measure	BRUNELCARE 2017-18	BRUNELCARE 2018-19	Lower quartile	Median	Upper quartile
EBITDA MRI as % of interest	%	389.1%	389.9%	162.0%	213.6%	323.3%

Brunelcare's cash generation compared to interest costs is high. Brunelcare's operation is fundamentally cash generative and its debt is relatively low. This ratio will also be reduced in the short-term by the expenditure at Waverley Gardens and the drawdown of the new revolving credit facility. However, it is expected that additional contribution resulting from the investment will strengthen EBITDA over a five year period, and so this metric will rise again due to the additional investment.

Metric 5: Headline Social Housing Cost per Unit

HEADLINE SOCIAL HOUSING COST PER UNIT	Measure	BRUNELCARE 2017-18	BRUNELCARE 2018-19	Lower quartile	Median	Upper quartile
Total cost per unit	£	5,618	5431	2,982	3,450	4,430

Our costs per unit are higher than average but a large part of this is due to differences in our business model compared with the benchmark businesses.

We provide services to our tenants, at no or low margin, in addition to the basic provision of accommodation and service charges for shared space. These services include significant costs for utilities, restaurants and laundries, which distort the metric. An adjusted figure, taking account of these factors, is also shown in the next section which would bring it more into line with comparators.

Nevertheless, efficiency savings are required and targets have been set of 15% over two years on our operational costs. A number of procurement exercises, including for major repairs, are underway to improve operational expenditure without impacting on quality of care, wherever possible. Other measures underway for improving efficiency include: improved electronic procurement systems; expense reduction analysis; targeting of specific areas for savings such as waste and repair materials; and the use of energy procurement specialists.

Metric 6: Operating Margin

OPERATING MARGIN	Measure	BRUNELCARE 2017-18	BRUNELCARE 2018-19	Lower quartile	Median	Upper quartile
Operating margin overall	%	3.8%	4.3%	20.4%	27.9%	33.5%
Operating margin social housing lettings	%	14.5%	14.8%	22.4%	30.4%	36.0%

The operating margin for the whole business is also lower than average for the sector due to significant operating activity in Care Homes and Domiciliary Care, which have much lower operating margins and, moreover, where Brunelcare emphasises quality of care over maximising returns. In addition, 76% of our total stock is social housing (95% of our housing is social housing) to support our elderly tenants, typically in Sheltered Housing. Rents are therefore regulated to be set at a low level and there is little opportunity to increase margin for these properties. Much of the sector operates a significant percentage of affordable housing and market rent stocks, which allow more leeway in rent-setting and margin generation but have not been a significant part of the Brunelcare charitable model to date.

Metric 7: Return on Capital Employed

RETURN ON CAPITAL EMPLOYED %	Measure	BRUNELCARE 2017-18	BRUNELCARE 2018-19	Lower quartile	Median	Upper quartile
Return on capital employed	%	2.1%	2.4%	2.8%	3.7%	5.0%

Brunelcare's return on capital is supressed by the inclusion of the care home element of the charity's operations (whereas the domiciliary care activities generate very small surpluses on very little capital investment so do not distort this metric).

Efficiency savings have been targeted to improve this return in the medium term and are being achieved by the use of improved procurement practices.

Other Sector Scorecard metrics

Below are the remaining Sector Scorecard measures that do not form part of the Regulator for Social Housing's value for money metrics, based on the financial statements for the period, together with the benchmark scores from the 2018-19 survey as reported by Housemark.

Other Metric 1: Business performance

BUSINESS HEALTH	Measure	BRUNELCARE 2017-18	BRUNELCARE 2018-19	Lower quartile	Median	Upper quartile
Adjusting operating margin social housing	%	18.2%	17.5%	22.4%	30.4%	36.0%

Brunelcare consistently achieves surpluses but these are small and our Corporate Strategy recognises the need to increase these to more sustainable levels. Against the 2017-18 Sector Scorecard results, our 2018-19 outturn surplus as a proportion of total income is low for the sector because the majority of our business has lower margins than housing provision and therefore Brunelcare is not comparable to pure social housing providers. The margin on the sheltered housing part of our business is also low. This is because we procure some significant goods and services on behalf of our tenants, particularly fuel, which are recharged to them at no margin. Removing these distorting amounts increases the margin somewhat although it is still in the lowest quartile. Significant efficiency savings are being targeted throughout 2019/20 and beyond.

Other Metric 2: Outcomes

OUTCOME DELIVERED	Measure	BRUNELCARE 2017-18	BRUNELCARE 2018-19	Lower quartile	Median	Upper quartile
Customers satisfied with rent VfM	Survey	94.0%	88.0%	82.4%	87.5%	91.6%

The response of our customers to the level of quality and care provided is evident in our regular satisfaction surveys. We continue to encourage engagement and provide a number of fora through which we seek their views and concerns.

Other Metric 3: Asset management

EFFECTIVE ASSET MANAGEMENT	Measure	BRUNELCARE 2017-18	BRUNELCARE 2018-19	Lower quartile	Median	Upper quartile
Occupancy (General Needs properties)	%	98.8%	100.0%	98.9%	99.4%	99.7%
Occupancy of all housing properties	%	99.3%	99.0%	98.9%	99.4%	99.7%
Ratio of responsive repairs to planned maintenance	%	88.2%	103.3%	45.0%	61.0%	90.0%

Brunelcare has only four general needs properties but, nevertheless, the occupancy rate has been 100% in the financial year. Extending the metric to all the Charity's housing shows that occupation is in line with sector norms across all housing types.

The ratio of response repairs to planned maintenance should, over the longer term, decline. We have set ambitious efficiency saving targets of 15% per annum in this area, and as we embark on investment generated by the completed stock condition survey this, too, will improve ROCE over the long term.

Other Metric 4: Operating costs

OPERATING EFFICIENCIES	Measure	BRUNELCARE 2017-18	BRUNELCARE 2018-19	Lower quartile	Median	Upper quartile
Headline social housing cost per unit	£	5,618	5431	2,982	3,450	4,430
Management cost per unit	£	1,031	1,049	813	1,024	1,241
Maintenance cost per unit	£	1,031	919	775	907	1,121
Major repairs per unit	£	835	737	525	720	983
Service charge per unit	£	1,620	1,641	193	332	559
Other housing costs per unit	£	965	1085	74	186	412
Rent collected (general needs properties)	%	99.6%	100.0%	99.3%	99.9%	100.5%
Overheads a % of turnover	%	7.8%	6.3%	10.0%	12.0%	14.8%

Our costs per unit are generally higher than average, particularly Service Charge Costs and Other Housing Costs per Unit, but much of the variance in this measure is due to differences in our business model compared with the benchmark businesses. The Service Charge per unit is higher because provision includes communal facilities such as laundries and lounges. The costs of upkeep for these are recharged at a low margin to tenants. Included in other housing costs are costs that are unlikely to be included in the comparator figures. For example, most of our sites are not separately metered so electricity and water bills are managed by the Charity and recharged to the tenants through their rent at nil margin. This cost is in the region of £1m annually. Other costs are paid by the Local Authorities for specific activities, including help and advice provided to support our aged tenants, but this does not generate any margin and would not be funded by the Authority if provided on a profit-making basis. Included in Routine Maintenance are the costs of our in-house maintenance teams which, within Brunelcare's organisation structure, are included in the Housing Division. However, some of their activity relates to maintenance work at non-housing sites.

If these distortions are removed, both the Headline social housing cost, and the individual cost measures, are made more comparable to regular social housing providers although they all remain relatively high and we are looking for ways to bring the level down further without adversely affecting the delivery of high quality housing to older people. These include: improved electronic procurement, expense reduction analysis, targeting of specific areas such as waste and repair materials, efficiency targets, and use of energy procurement specialists. Consequently, we consider it to be reasonable to amend the Housemark Sector Scorecard metric as an additional measure to obtain more comparable data:

ADJUSTED COSTS PER UNIT	Measure	BRUNELCARE 2017-18	BRUNELCARE 2018-19	Lower quartile	Median	Upper quartile
Adjusted headline social housing cost per unit	£	4,630	4,539	2,982	3,450	4,430
Adjusted maintenance cost per unit	£	886	671	775	907	1,121
Adjusted major repairs per unit	£	585	546	525	720	983
Adjusted other housing costs per unit	£	533	632	74	186	412

In addition to these specific adjustments based on the income and costs of Brunelcare, general guidance suggests that housing for older people (99.7% of our accommodation) incurs higher costs than general social housing and, further, housing in deprived neighbourhoods (35% of our stock) is more expensive to run.

Consequently, the adjusted headline social housing cost per unit is reasonable for the level of care and support that Brunelcare gives to its tenants. The increase from 2017-18 is mainly due to higher energy costs where we were unable to retain the favourable prices of our previous contract due to market movements

4. Board Internal Targets

In addition to the Sector Scorecard results discussed above, the Board set a series of internal operational targets for the 2018-19 financial year as follows:

Target 1: Housing return on assets

INTERNAL MEASURE	2017-18	2018-19	2018-19 benchmark
1. Housing return on assets exceeds the latest HCA benchmark figure	4.1%	4.1%	4.5%

This target was not achieved. Brunelcare is below the sector median on its Social Housing return on capital employed which mirrors our below sector average margin on social housing. Reasons, and additional activity being undertaken to close this gap, are discussed above.

Target 2: Care Homes return on assets

INTERNAL MEASURE	2017-18	2018-19
2. Care Homes return on assets is maintained above 5%	5.5%	6.0%

This target has been achieved. Care Home performance has improved greatly over the last three years, from persistent losses up to 2014-15 followed by increasing surpluses that now cover Head Office overheads and generate reserves for future investment.

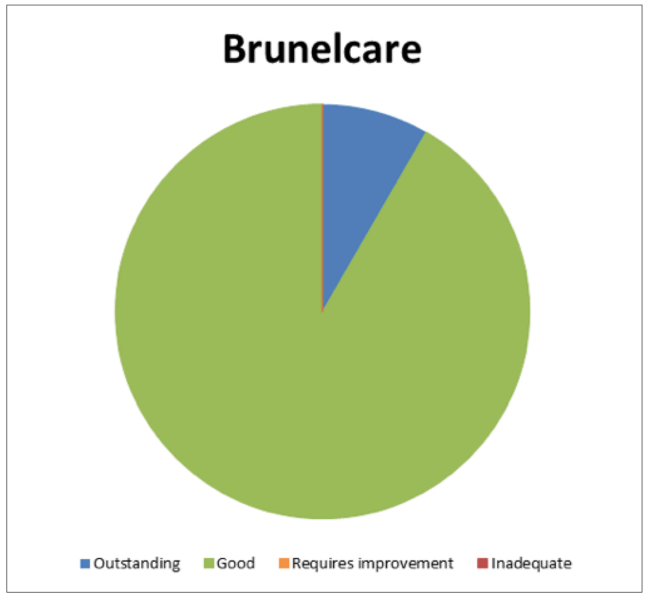
This has been achieved through better pricing, and improved management and efficiency whilst safeguarding the high quality of care that we are known for. At Brunelcare, we emphasise the 'home' part of our care homes.

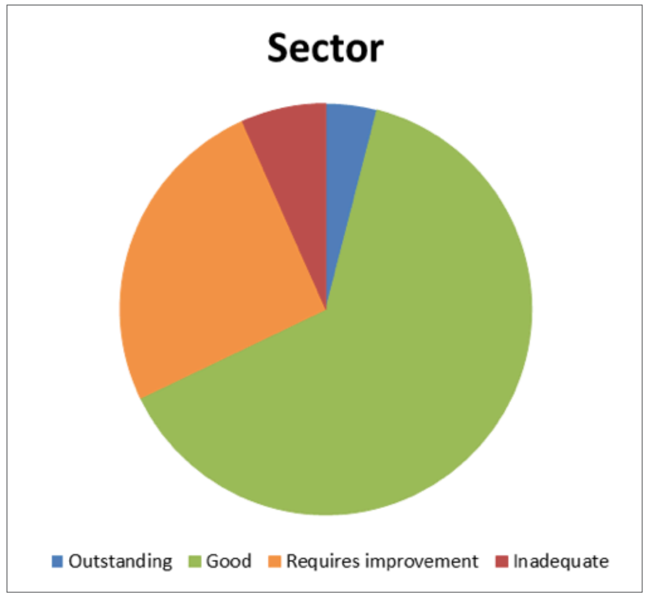
Target 3: Quality of care

This target has been comfortably achieved. The grading received from the inspection of care at our Care Homes and Extra Care provision is generally very good and the result shows the highly positive position as at the year-end.

INTERNAL MEASURE	2017-18	2018-19
3. 80% or more of our CQC regulated services are rates as 'Good' or 'outstanding'	91.7%	100.0%

Our CQC ratings remain above the sector average and were as follows at the year-end:





Target 4: Head Office performance

INTERNAL MEASURE	2017-18	2018-19
4. Central support services spend to be managed up to 10% of income	7.7%	8.5%

This target was achieved. This measure combines quality and cost and we have done well on both measures. All services rank the Head Office divisions at regular intervals and, overall, their scores in 2018/19 were favourable. At the same time, qualitative feedback has usefully identified further areas of improvement. Brunelcare remains efficient compared to sector norms on overhead costs. Performance has declined slightly internally from 2017-18 to 2018-19 but this is due to a reduction in income. Central costs have declined as an absolute figure year on year.

Target 5: Working capital

INTERNAL MEASURE	2017-18	2018-19
5. Increase the 2017-18 closing working capital balance of £7.6M	106.4%	115.9%

This target was achieved. Brunelcare holds strong levels of cash compared to sector norms and these have increased since the last year-end. For the new financial year, Brunelcare's investment into the Waverley Gardens extension will reduce the level, which will be allowed to fall because the instant access revolving credit facility provides additional working capital if required, and increased EBITDA delivered by the project will generate additional cash again in the medium term.

Target 6: Agency usage

INTERNAL MEASURE	2017-18	2018-19
6. Further reduce the charity's agency usage to less than 5% of employee-related costs	5.5%	6.9%

Agency usage has increased from last year's 5.5% figure, so this target was not achieved. This was due to difficulties recruiting in the sector in general and in particular the recruitment of qualified nurses. Nursing staff are more expensive to hire through an agency, so agency recruitment will skew the metric upwards compared to the number of posts involved.

Recruitment and retention is Brunelcare's major risk and we have a number of plans in place to improve the position. For example: we have a scheme in place to recruit nurses from overseas; and in 2018-19 we launched a series of targeted adverts as part of a marketing campaign to attract more qualified staff. We offer an incentive scheme of a one-off pay bonus to existing staff to recommend us as an employer. The effectiveness of these initiatives is reviewed by the Senior Management Team.

Target 7: Sickness absence

INTERNAL MEASURE	2017-18	2018-19
7. Reduce sickness absence in line with the social care sector average	2.9%	4.7%
CIPD Health & Wellbeing at Work Survey care sector (not for profit)	2.5%	4.1%

The target was not achieved as the percentage of days lost to sickness is worse than the benchmark figure and also higher than the 2.5% recorded last financial year. This is largely due to a small number of complex and sensitive cases of long-term absence where Brunelcare has extended its normal timetable for resolution to support the individuals involved. This is unusual, but the trend will be monitored closely in 2019-20 and actions in place to address include an improved focus on staff wellbeing which includes an emphasis on earlier intervention in cases of absence and more rigorous management of absences.

Target 8: Employee retention

INTERNAL MEASURE	2017-18	2018-19
8. Achieve in employment retention level of higher than 78.5%	76.3%	71.6%

Our retention of staff was below the target partly due to the transfer of the North Somerset contract which caused instability in the affected workforce, some of whom moved to new jobs rather than wait for the transfer of the service. If the impact of the North Somerset transfer is removed, the underlying figure for 2018-19 is 75% which is comparable to the previous year.

Target 9: Employee benefits

INTERNAL MEASURE	2017-18	2018-19
9. Introduce an employee benifit package with at least 50% take-up	44%	50%

This target was achieved. We subscribed to a comprehensive health and advice support service for all staff. We have also teamed up with an external company to offer good value loan finance to staff which has provided 23 offers so far.

Target 10: Occupancy

INTERNAL MEASURE	2017-18	2018-19
10. Achieve a level of occupancy in Care Homes and Sheltered Housing of higher than 95%		
Occupancy in Care Homes	95.0%	94.6%
Occupancy in Sheltered Housing and Extra Care	99.3%	99.0%

The occupancy of our social housing and extra care stock was good at over 99%, reflecting the quality and desirability of our schemes and easily exceeding the target set by the Board.

Care Homes very narrowly missed the occupancy target set of 95%, achieving 94.6%. We had higher voids at some of our care homes, particularly Glastonbury, where the local authority has set its funding rate below our break-even level so we have opted to fill beds with private-payers, which has led to some significant void periods.

Bristol City Council's weekly proposed fee rate (called the 'Bristol Rate') for new local authority-funded care home residents is below our breakeven cost so we have taken the decision to refuse further local authority funded clients unless there is an agreement that brings the income up to the level required for the additional quality care that we provide. This decision has increased voids in the short term. The recent trend in care homes occupancy is upwards, however, particularly with some competitors closing their provision in the region, and occupancy improvements are expected to continue into 2019-20.

Independent auditor's report to the members of Brunelcare

Opinion

We have audited the financial statements of Brunelcare ("the association") for the year ended 31 March 2019 which comprise the statement of comprehensive income, statement of changes in equity, statement of financial position, cash flow statement and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the association as at 31 March 2019 and of its surplus for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the defined benefit pension scheme obligation and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the association or to cease its operations, and as they have concluded that the association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the association's business model, including the impact of Brexit, and analysed how those risks might affect the association's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the association will continue in operation.

Other information

The directors are responsible for the other information, which comprises the Report of the Board and Strategic Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report and the report of the Board for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the association'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 they either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities**

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association'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 association and the association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Victoria Sewell (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

Statement of comprehensive income
For the year to 31 March 2019

	Notes	2019	2018
		£000	£000
Turnover	3	33,293	33,021
Operating costs	3,5,8	(31,964)	(31,727)
Operating Surplus		**1,329**	**1,294**
Interest receivable	6	33	8
Interest payable	7	(702)	(624)
Change in fair value of Investment properties	12	551	-
Surplus for the year		**1,211**	**678**
Remove pension deficit recovery creditor	23	3,851	-
Opening adjustment in pension scheme fair value	23	(5,479)	-
Actuarial loss in respect of pension schemes	23	(1,580)	-
Total comprehensive income for the year		**(1,997)**	**678**

All of the above results derive from continuing operations.

The financial statements were approved by the Board on 10th September 2019 and signed on its behalf by:

A Evans
Chair

B Edwards
Company Secretary

Statement of changes in equity
For the year to 31 March 2019

	Accumulated Capital Fund	Revenue Reserve	Total
	£000	£000	£000
At April 2018	1,192	22,675	24,587
Surplus of the year	-	1,211	1,211
Other comprehensive income	-	(3,208)	(3,208)
Transfers	(61)	61	-
Total funds at 31 March 2019	**1,851**	**20,739**	**22,590**

Statement of changes in equity
For the year to 31 March 2018

	Revaluation Reserve	Accumulated Capital Fund	Revenue Reserve	Total
	£000	£000	£000	£000
At April 2017	10,403	1,973	11,164	23,540
Surplus of the year	-	-	678	678
Reclassifications	-	-	369	369
Transfers	(10,403)	(61)	10,464	-
Total funds at 31 March 2019	**-**	**1,912**	**22,675**	**24,587**

At the start of the 2017-18 financial year the Revaluation Reserve was absorbed into the Revenue Reserve. The Revaluation Reserve recorded the change in value of fixed assets that were revalued on the adoption of FRS15 but under FRS102 this value has been treated as deemed cost and Brunelcare does not revalue its fixed assets. Consequently, it was deemed a better presentation to reclassify them as revenue reserves.

Statement of financial position
at 31 March 2019

	Notes	2019	1218
		£000	£000
Tangible fixed assets			
Tangible fixed assets - properties	10	52,046	50,953
Tangible fixed assets - other assets	11	1,602	1,692
Investment properties	12	680	103
Total fixed assets		54,328	52,748
Current Assets			
Properties held for sale	13	228	421
Trade receivables	14	2,467	2,582
Cash		8,771	7,565
		11, 466	10,568
Creditors: amounts falling due within one year	15	(5,697)	(4,793)
Net Current assets		5,769	5,775
Total assets less current liabilities		60,097	58,523
Creditors: amounts falling due after more than one year	16	(30,954)	(33,936)
Provisions: Pension deficit	23	(6,553)	-
Net Assets		**22,590**	**24,587**
Equity			
Designated reserves		1,851	1,912
Revenue reserves		20,739	22,675
Total funds		**22,590**	**24, 587**

The financial statements were approved by the Board on 10th September 2019 and signed on its behalf by:

A Evans
Chair
A. D. Evans

B Edwards
Company Secretary

Cash flow statement
For the year to 31 March 2019

	2019	2018
	£000	£000
Net cash inflow from operating	3,851	2,813
Cash outflow from financing activities		
Interest received	33	8
Interest paid	(568)	(624)
Total cash outflow from financing activities	(535)	(616)
Cash outflow from capital expenditure		
Investment in existing housing properties	(2,827)	(633)
Construction and investment in existing nursing and residential care home properties	(204)	(254)
Purchase of other fixed assets	(225)	(153)
Capital grants received	1,833	0
Total cash outflow from capital expenditure	(1,423)	(1,040)
Financing		
Housing capital loans repaid	(687)	(705)
Total cash outflow from financing	(687)	(705)
Net change in cash and cash equivalents	1,206	452
Cash and cash equivalents at the start of the year	7,565	7,113
Cash and cash equivalents at the end of the year	8,771	7,565

Reconciliation of operating surplus to net cash inflow from operating activities for the year to 31 March 2019

	2019	2018
	£000	£000
Operating surplus before interest	1,329	1,295
Depreciation and impairment of tangible fixed assets	2,137	2,419
Grant amortisation	(289)	(289)
Deficit on disposal of tangible fixed assets	89	55
	3,266	3,479
Working capital movements		
Decrease/(Increase) in debtors	(243)	(382)
(Decrease)/Increase in creditors	3,484	(284)
Less fair value changes in assets and liabilities	(2,656)	-
Net cash inflow from operating activities	3,851	2,813

Statement of changes in net debt
For the year to 31 March 2019

	Cash and cash equivalents	Borrowings	Total
	£000	£000	£000
Net debt at 1st April 2018	7,565	(15,316)	(7,751)
Cash flow in the year	1,206	687	1,893
Net debt at 31st March 2019	8,771	(14,629)	(5,858)

Notes to the Financial Statements

1. Legal Status

Brunelcare is a charity registered with the Charities Commission, under the Companies Act 2006, and with the Regulator for Social Housing as a social landlord. It is a company limited by guarantee, registered in England and Wales and, as such, has no share capital. The liability of the members, in the event of winding up, is limited to an amount not exceeding £1 per member.

Brunelcare meets the definition of a public benefit entity.

2. Accounting policies

2.1. Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 102 - the applicable financial reporting standard in the UK and Republic of Ireland (FRS102) and the Statement of Recommended practice: Accounting by Registered Social Housing Providers Update 2014 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2.2. Accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the year. The organisation based its estimates and assumptions on parameters available at the time the financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market circumstances, legislation or other circumstances beyond the organisation's control. Such changes are reflected in the assumptions and estimates when they occur.

The judgements on estimated useful lives of property, plant and equipment have had the most significant effect on amounts recognised in the financial statements.

2.3. Estimated lives of Property, Plant and Equipment

At the date of capitalising tangible fixed assets, the organisation estimates the useful life of the asset based upon management's judgement and experience.

2.4. Impairment of trade and other receivables

The company makes an estimate of the recoverable value of trade and other account receivables. When assessing the impairment, management consider factors including the current credit rating of the account, the ageing profile and historical experience. See note 14 for the net position of debtors and associated provision.

2.5. Valuation of housing properties

The Company tests annually whether there are any impairment triggers that would require the company to undertake a full impairment review of housing properties or other cash generating unit activities under FRS 102.

The recoverable value is assessed as the higher of fair value or value in use. The SORP 2015 – Social Housing Providers considers depreciated replacement cost as a reasonable estimate for value in use taking into consideration the service potential of social housing. The valuation of housing properties at the year-end have therefore been assessed using depreciated replaced cost. These calculations require the use of assumptions and estimates, in particular in relation to the identification of cash generating units, expected replacement cost and the service potential of the asset.

2.6. Measurement convention

The financial statements are prepared on the historical cost basis with Investment Properties and the Pension Deficit marked to Fair Value based on external valuations.

2.7. Going Concern

Brunelcare has sufficient financial resources based on forecasts and current expectations of future sector conditions. As a consequence, the Board believes that Brunelcare is well placed to manage their business risks successfully. The Board considers that Brunelcare has adequate resources to continue in operational existence for the foreseeable future. The Board therefore continues to adopt the going concern basis in preparing these financial statements.

2.8. Turnover

Turnover represents housing property rental income and service charges receivable, care home fees, day centre and domiciliary care fees receivable, fees receivable for home care services provided based on care hours provided and income from donations, and Social Housing Grant amortisation.

2.9. Revenue Recognition

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

2.10. Value added tax

Brunelcare charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by Brunelcare and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

2.11. Land and buildings

Works to existing properties are works 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 are capitalised. Subsequent additions have been, and future additions will be, taken in at cost, and a policy of periodic valuation has not been adopted.

2.12. Investment properties

Investment properties are fixed assets that we intend to sell for a capital gain. They are held at fair value and revalued annually until sale by an experienced third-party valuer.

2.13. Shared Ownership properties held for sale

Shared ownership first tranche sales, completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal. Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion of shared ownership properties is classed as a current asset in the Balance Sheet. Related sale proceeds will be included in Turnover in the year of sale. The remaining element of shared ownership properties is held in fixed assets and included in Shared Ownership Properties Held for Letting.

2.14. Leasehold properties held for sale

Buyback properties are valued at current market rates by an independent estate agent, prior to buyback. These are stated in the financial statements at the cost of the buyback. Buybacks are recognised in the accounts as a creditor when the deed of surrender has been received. Cash sales are recognised on completion with any sale proceeds included in Turnover and Costs of sales in expenditure.

2.15. Impairment

Housing properties which are depreciated over a period in excess of 50 years are subject to impairment reviews annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down is charged to the income and expenditure account.

2.16. Depreciation

Social housing properties are depreciated on a straight-line basis over their estimated useful lives under component accounting. These components are:

Component	Useful life
Structure	75 years
Flat roof	15 years
Bathrooms	15 years
Wiring	30 years
Alarm/Call system	15 years
Ground works	30 years

Component	Useful life
Pitched roof	50 years
Doors & windows	30 years
Kitchens	10 years
Heating	20 years
Lifts	25 years
Leasehold land	Lease term

Freehold land is not depreciated.

Care homes are depreciated on a straight-line basis over their estimated useful lives under component accounting. Land is not depreciated. The land element for each property has been estimated at 15% of the total value, where not known.

2.17. Other fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over their useful estimated lives:

Asset group	Useful life
Computer equipment	4 years
Motor vehicles	5 years
Office equipment	5 years
Fixtures and fittings	5 years
Offices	75 years

2.18. Capitalisation limit

The ‘de minimis’ limit for the capitalisation of purchased fixed assets was £1,000 per item during the year.

2.19. Social housing grants

Social housing grant (SHG) is receivable from Homes England (formerly the Homes and Communities Agency) and is utilised to reduce the capital costs of housing properties, including land costs. SHG due or received in advance is included in creditors. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with the Homes and Communities Agency. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors.

2.20. Other capital grants

These include grants from local authorities and other organisations. Other grants are initially recognised at fair value as a long term liability, specifically as deferred grant income and released through the statement of consolidated income as turnover over the life of the structure of housing properties in accordance with the accrual method applicable to social landlords accounting for housing properties at cost.

Grants in respect of revenue expenditure are credited to the statement of consolidated income in the same period as the expenditure to which they relate.

2.21. Interest payable

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

a) interest on borrowings specifically financing the development programme after deduction of interest on social housing grant (SHG) in advance; or

b) interest on borrowings of the company as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the income and expenditure account in the year.

2.22. Leases

Where Brunelcare enters into a lease, which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a ‘finance lease’. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is the shorter.

Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the income and expenditure account, and the capital element, which reduces the outstanding obligation for future instalments.

All other leases are accounted for as ‘operating leases’ and rentals are charged to the income and expenditure account on a straight-line basis over the life of the lease.the life of the lease.

2.23. Service charge sinking funds

Included within the housing units managed by the organisation are 15 leasehold units. Sinking funds are maintained for the two sites involved to cover medium term cyclical maintenance. In addition, a maintenance fund is maintained to cover day-to-day services. Within Community Services there are 56 units which also have a sinking fund.

2.24. Pension costs

Brunelcare is a member of the Social Housing Pension Scheme defined contribution section. In the year is was also a member of the defined benefit section which provided benefits based on final pensionable pay or career average salary for some employees. At the end of the financial year Brunelcare withdrew from the defined benefit section so no further benefits are being accrued.

For the Social Housing Pension Scheme defined benefit section, scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the Group through reduced contributions or through refunds from the plan.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income.

2.25. Supporting People

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

2.26. Cyclical repairs and maintenance

Due to the number of properties held and the establishment of regular programmes of repair and maintenance, Brunelcare does not make provision for future works but charges actual costs incurred to the income and expenditure account unless capitalised under component accounting.

2.27. Tax

Brunelcare is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2.28. Liquid resources

Liquid resources are readily disposable current asset investments. They include some money market deposits, held for more than 24 hours, which can only be withdrawn without penalty on maturity or by giving notice of more than one working day.

2.29. Reserves

Brunelcare establishes restricted reserves for specific purposes where their use is subject to external restrictions and designated reserves where reserves are earmarked for a particular purpose.

Brunelcare has a designated reserve which is the Accumulated Capital Funds reserve. Donations to capital appeals are accounted for as non-operating, ordinary activities in the Income and Expenditure Account and then taken to the designated Accumulated Capital Funds reserve. Transfers from the reserve are then made annually in proportion to the depreciation charge for the assets, which were purchased using the proceeds of the appeal.

3. Turnover, cost of sales, operating costs and operating surplus

Note A	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)
	£000	£000	£000	£000
Social housing lettings (Note B)	7,423	-	(6,392)	1,031
Other social housing activity				
First tranche low cost home ownership sales	100	(87)	-	13
Other income	576	-	(32)	544
	8,099	(87)	(6,424)	1,588
Activities other than Social Housing				
Community Services	10,126	-	(11,319)	(1,193)
Care Homes	14,937	-	(14,134)	803
Fundraising and shops	131	-	-	131
	25,194	-	(25,453)	(259)
Total	**33,293**	**(87)**	**(31,877)**	**1,329**

Note B

	General Needs	Supported Housing	Shared Ownership	2019 Total	2018 Total
	£000	£000	£000	£000	£000
Turnover from social housing lettings					
Rent receivable net of identifiable service charges	18	4,833	61	4,912	5,042
Service charges receivable	3	2,151	32	2,186	2,213
Net rental income	**21**	**6,984**	**93**	**7,098**	**7,255**
Other income	-	40	1	41	38
Amortised Government grants	1	201	1	203	208
Other grants amortised	-	71	10	81	81
Turnover from social housing lettings	**22**	**7,296**	**105**	**7,423**	**7,582**
Expenditure on social housing lettings					
Management services	1	1,106	17	1,124	1,074
Service Charge costs	3	1,719	35	1,757	1,738
Routine maintenance	1	898	2	901	983
Planned maintenance	1	80	2	83	213
Major repairs expenditure	-	225	2	227	105
Depreciation	3	1,033	30	1,066	1,371
Bad debts	-	4	-	4	51
Other costs	-	1,222	8	1,230	1,035
Operating expenditure on social housing lettings	**9**	**6,287**	**96**	**6,392**	**6,408**
Operating surplus on social housing lettings	**13**	**1,009**	**9**	**1,031**	**1,102**
Void losses	**-**	**118**	**-**	**118**	**81**

Void losses are rental income lost as a result of property not being let, although it is available for letting. The 2017-18 figures are restated to reflect the treatment of non-eligible service charge income and expenditure on the same basis as 2018-19.

4. Accommodation in management and development

At the end of the year units owned for each class of accommodation were:

	2019 Number	2018 Number
Social housing		
Social rent general needs housing	4	4
Supported housing	1,058	1054
Shared ownership	9	13
Leasehold accommodation	20	15
Total owned and managed	1,091	1,086
Accommodation included above and managed by others:		
Second Step	10	10
Non-social housing		
Registered care homes	294	294
Market rent flats	7	-
Retirement villages	56	56
Total owned and managed	357	350

5. Operating surplus

	Notes	2019 £000	2018 £000
Depreciation of tangible fixed assets	10,11	2,051	2,317
Operating lease rentals:			
Plant and machinery		50	91
Land and buildings		33	24
Vehicles		78	86
Auditor's remuneration (excluding VAT):			
Audit of these financial statements		29	25
Other services		14	20

6. Interest receivable and other income

	2019 £000	2018 £000
Income from short-term deposits	33	8

7. Interest payable and similar charges

	2019 £000	2018 £000
Bank loans and overdrafts	568	568
Pension net interest expense	134	56
	702	624

8. Employees

	2019 Number	2018 Number
Average monthly number of employees	1,175	1,200
Average monthly employees, expressed as full-time equivalents	864	932

Employee costs:

	2019 £000	2018 £000
Wages and salaries	18,564	19,043
Social security costs	1,426	1,422
Pension costs – defined benefit	258	-
Pension costs – defined contribution	208	392
	20,456	20,857

The average monthly employees, expressed as full-time equivalents, is calculated from monthly data collected by Brunelcare's HR department which records starters, leavers, hours worked, gender etc. This data is circulated monthly to aid managers.

Brunelcare employees are entitled to be members of the Social Housing Pension Scheme (SHPS). Some members of the SHPS also contribute additional voluntary contributions to The Pension Trust's Growth Plan. Brunelcare also complies with the Government Scheme of Auto Enrolment and has legal duties to enrol eligible jobholders into a qualifying workplace pension scheme and make contributions towards it. Further information on the scheme is given in Note 23.

Brunelcare has the following number of employees with remuneration of £60,000 or more, shown in bands of £10,000:

	2019 Number	2018 Number
Salary:		
£60,000 to £70,000	2	1
£70,000 to £80,000	1	1
£110,000 to £120,000	-	1
£150,000 to £160,000	1	-

9. Board members and executive directors

The key management personnel are deemed to be the board members and executive directors.

	Remuneration	Pension contributions	2019 Total	2018 Total
	£000	£000	£000	£000
Chief executive:				
Kevin Fairman	151	-	151	113
	151	-	151	113

None of the non-executive board members received emoluments. The emoluments of the highest-paid executive director, the Chief Executive, were £151,231 (2018: £112,773).

The Chief Executive, Kevin Fairman, is not a member of any pension scheme. He is entitled to three months' notice and is required to give the same. His pay included a one-off retention payment of £37,334.

The total emoluments of the executive directors, including pension contributions, were £519,843 for the year ended 31 March 2019 (2018: £434,554). The £519,843 was made up of salaries at £473,334, pension contributions of £8,701. There was one payment for compensation for loss of office made in the year of £30,000.

Total expenses reimbursed to board members and executive directors and not subject to UK income tax (i.e. those expenses incurred wholly, exclusively and necessarily in the course of Brunelcare's business) amounted to £5,178 (2018: £6,306).

10. Tangible fixed assets - properties

	Social housing properties held for letting	Social housing properties under construction	Shared ownership properties held for letting	Community services	Care homes	Care homes under construction	2019 Total
	£000	£000	£000	£000	£000	£000	£000
Cost							
At 1 April 2018	55,578	152	940	460	17,338	35	74,503
Additions in year	358	2,469	-	-	162	42	3,031
Transfers	2	-	-	(2)	-	(34)	(34)
Disposals	(376)	-	-	-	(85)	-	(461)
At 31 March 2019	55,562	2,621	940	458	17,415	43	77,039
Depreciation and impairment							
At 1 April 2018	(19,285)	-	(46)	(19)	(4,200)	-	(23,550)
Charge for the year	(1,351)	-	(25)	(13)	(426)	-	(1,815)
Released on disposal	291	-	-	-	81	-	372
At 31 March 2019	(20,345)	-	(71)	(32)	(4,545)	-	(24,993)
Net Book value							
At 31 March 2019	36,293	152	894	441	13,138	35	50,953
At 31 March 2019	35,217	2,621	869	426	12,870	43	52,046

Care Home assets under construction transferred from fixed assets are capitalised lease costs for the Little Health development that were moved to expenditure in the year

10. Tangible fixed assets - properties (continued)

	31 March 2019 Housing Properties	31 March 2019 Nursing and residential care homes	31 March 2018 Housing Properties	31 March 2018 Nursing and residential care homes
	£000	£000	£000	£000
Fixed assets with restricted title – leasehold land	1,447	-	1,460	-
Fixed assets pledged as security	13,914	3,357	14,246	2,648

The properties pledged as security are securing total facilities of £19,629k. The assets are held at cost but they are regularly revalued by our lenders to ensure they remain sufficient to cover the amount of the liabilities,

Sale of shared ownership properties

	Sales proceeds	Cost of sales	Disposal of fixed assets	Gain/ (loss)
	£000	£000	£000	£000
Shared ownership - 75% lease	100	(87)	-	13
Shared ownership - 25% staircase	152	-	(106)	46
Total funds at 31 March 2019	**252**	**(87)**	**(106)**	**59**

11. Tangible fixed assets - other assets

	Assets under construction	Offices	Fixtures and fittings	Computer equipment	Motor vehicles	2019 Toal
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April 2018	12	1,333	2,607	1,428	240	5,620
Additions in year	70	-	30	125	-	225
Impairments	(52)	-	-	-	-	(52)
Disposals	-	(8)	(3)	(16)	(16)	(43)
At 31 March 2019	30	1,325	2,634	1,537	224	5,750
At 1 April 2018	-	(121)	(2,349)	(1,256)	(202)	(3,928)
Charge for the year	-	(14)	(119)	(94)	(9)	(236)
Disposals	-	-	1	15	-	16
At 31 March 2019	-	(135)	(2,467)	(1,335)	(211)	(4,148)
Net Book value						
At 31 March 2019	12	1,212	258	172	38	1,692
At 31 March 2019	30	1,190	167	202	13	1,602

In the year we incurred cancellation costs on an IT project, included in Assets under construction above.

12. Investment properties

	2019	2018
	£000	£000
Land at cost at start of period	103	83
Additions in the year at cost	26	20
Changes in fair value in the year	551	-
	680	103

The land held as a current asset is two thirds of the value of a plot of land in Nailsea, North Somerset, that was gifted without restriction to Brunelcare and St Peter's Hospice by the late Mrs Mary Sophia Shepstone. The two charities are preparing a planning application for the land and intend to sell it to a developer once planning is obtained. The valuation was carried out by JLL.

13. Properties held for sale

	2019	2018
	£000	£000
Properties held for sale	228	421

14. Debtors

	2019	2018
	£000	£000
Due within one year:		
Rent, fees and service charges receivable	1,795	1,970
Less: Provision for bad and doubtful debts	(189)	(194)
	1,606	1,776
Prepayments	399	312
Accrued income	455	483
Loans to employees	7	11
	2,467	2,582

Rent, fees and service charges receivable includes gross social housing rent arrears of £119k (2018: £132k).

15. Creditors: amounts falling due within one year

	Notes	2019	2018
		£000	£000
Bank loans	18	717	706
Trade payables		836	484
Rent and service charge received in advance		198	286
Other taxation and social security		516	546
Payroll costs		1,383	1,506
Other creditors		588	459
Accruals and deferred income		1,459	806
		5,697	4,793

16. Creditors: amounts falling after more than one year

	Notes	2019	2018
		£000	£000
Bank loans	18	13,912	14,610
Other creditors		163	103
Social housing grant		11,630	10,005
Other grants		5,198	5,280
Pension – deficit funding liability	23	51	3,938
		30,954	33,936

17. Deferred capital grants

	Social Housing Grant	Other grant
	£000	£000
Balance brought forward	10,213	5,361
Grants received in the year	1,833	-
Amortisation charge for the year	(208)	(81)
	11,838	5,280

18. Bank loan analysis

	2019	2018
	£000	£000
Due within one year:		
Bank loans	717	706
Due after more than one year:		
Bank loans	13,912	14,610
Total	14,629	15,316

The bank loans above are secured by fixed charges over individual properties.

The bank loans are repayable by instalments at fixed rates of interest ranging from 3.5% to 11.7%, with four loans totalling £4.5M on LIBOR variable rates. Based on the lender's earliest repayment date, borrowings are repayable as follows:

	2019	2018
	£000	£000
Within one year	717	706
Between two and five years	2,865	2,858
After five years	11,047	11,752
	14,629	15,316

19. Financial commitments

Capital expenditure commitments were as follows:

	2019	2018
	£000	£000
Capital expenditure		
Authorised by the Board but not contracted	1,703	1,354
Contracted but not delivered at the year-end	6,403	-

The above commitments will be financed using existing cash reserves and drawings from the new £5m revolving credit facility.

The future lease payments payable under non-cancellable leases are as follows:

	2019	2018
	£000	£000
Land and buildings:		
Less than one year	214	36
One to five years	3,073	40
Beyond five years	15,853	-
	19,140	76
Office equipment, computers and vehicles:		
Less than one year	24	16
One to five years	114	244
	138	260

20. Other commitments

Brunelcare has entered into a lease for the Little Heath Care Home at Cadbury Heath, from spring 2020 when construction is scheduled to end. This lease is for 25 years at an annual amount of £768k and is included in future lease payments for land and buildings in the table above under Note 19. Three month's lease costs are included in the less than one year category totalling £191k.

21. Contingent liabilities

There were 16 Woodland Court properties remaining as at 31 March 2019 which are owned by the current residents where their lease includes a buyback obligation clause. As such, Brunelcare may be obliged to buy back these properties at some future date and the properties would then be resold. At 31 March 2019, no buyback clauses had been activated.

These transactions are uncertain and therefore an amount has not been disclosed (2018: nil).

22. Related parties

The Social Housing Pension Scheme, managed by The Pensions Trust, is a related party. The details of the relationship are set out in these financial statements.

23. Pension schemes

The Charity participates in two defined benefit pension schemes, the Social Housing Pension Scheme and the Growth Plan, both of which are multi-employer final salary schemes. Both schemes are now closed to members.

It is not possible for the Charity to obtain sufficient information to enable it to account doe the Growth Plan as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme. The Charity's current liability for the Growth Plan is £61,345 (2018: £98k).

23.1 Social Housing Pension Scheme – Defined Benefit section

The company 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. At the end of the 2017-18 financial year it was not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounted for the scheme as a defined contribution scheme.

However, The Pensions Trust, which administers the Social Housing Pension Scheme, has undertaken an exercise to disaggregate the assets and liabilities of the fund between the various participating members so, for the year ended 31st March 2019, Brunelcare's full share of the assets and liabilities are shown on the balance sheet. The movement in the year comprises the movements between the opening and closing scheme assets and liabilities attributable to Brunelcare plus an adjustment to move from the previous year's accounting presentation.

The movement in the year in the pension scheme on the defined benefit approach is:

Present value of defined benefit obligation, fair value of assets and defined benefit liability

	31 March 2019 2019	1 April 2018
	£000	£000
Fair value of plan assets	18,912	17,973
Present value of defined benefit obligation	(25,463)	(23,452)
(Deficit) in plan	(6,553)	(5,479)
Unrecognised surplus	-	-
Defined benefit (liability) to be recognised	(6,553)	(5,479)

Reconciliation of opening and closing balances of the defined benefit obligation

	2018-19
Defined benefit obligation at start of period	23,452
Current service cost	258
Expenses	37
Interest expense	596
Contribution by plan participants	96
Actuarial losses/(gains) due to scheme experience	83
Actuarial losses/(gains) due to changes in demographic assumptions	74
Actuarial losses/(gains) due to changes in financial assumptions	1,558
Benefits paid and expenses	(690)
Defined benefit obligation at end of period	25,464

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

	2018-19
Fair value of plan assets at start of period	17,973
Interest income	464
Experience on plan assets (excluding amounts included in interest income) – gain/(loss)	135
Contributions by the employer	934
Contributions by plan participants	96
Benefits paid and expenses	(690)
Fair value of plan assets at end of period	18,912

The actual return on the plan assets (including any changes in the share of assets) over the year ended 31st March 2019 was £599,000.

Defined benefit costs recognised in the Statement of Comprehensive Income

	2018-19
Current service cost	258
Expenses	37
Net interest expense	132
Defined benefit costs recognised in the Statement of Comprehensive Income	427

Defined benefit costs recognised in Other Comprehensive Income

	2018-19
Experience of plan assets (excluding amounts included in net interest cost) – gain/(loss)	135
Experience gains and losses on the plan liabilities	(83)
Effect of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	(74)
Effect of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	(1,558)
Total actuarial gains and (losses) before restriction due to some of the surplus not being recognisable – gain/(loss)	(1,580)
Effect of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) – gain/(loss)	-
Total amount recognised in other comprehensive income – gain/(loss)	(1,580)

Assets

Capital expenditure commitments were as follows:

	31 March 2019	1 April 2018
	£000	£000
Global equity	3,182	3,550
Absolute return	1,636	2,195
Distressed opportunities	344	174
Credit relative value	346	-
Alternative risk premia	1,091	682
Fund of hedge funds	85	592
Emerging markets debt	653	725
Risk sharing	571	166
Insurance-linked securities	542	472
Property	426	827
Infrastructure	992	461
Private debt	254	160
Corporate bond fund	822	738
Long-lease property	278	-
Secured income	677	666
Liability driven investments	6,917	6,548
Net current assets	36	17
Total assets	**18,912**	**17,973**

None of the fair values of assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Key assumptions

	31 March 2019	1 April 2018
	% per annum	% per annum
Discount rate	2,31	2.56
Inflation (RPI)	3.29	3.19
Inflation (CPI)	2.29	2.19
Salary growth	3.29	3.19
Allowance for commutation of pension for cash at retirement	75% of minimum allowance	75% of minimum allowance

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

	Life expectancy at age 65
	Years
Male retiring in 2019	21.8
Female retiring in 2019	23.5
Male retiring in 2039	23.2
Female retiring in 2039	24.7

23.2. Social Housing Pension Scheme – Defined Benefit section

Brunelcare have a legal duty to enrol eligible employees into a qualifying workplace pension scheme and make contributions towards it. The employee isn't required to take any action in order to become an active member of the scheme. An employee who has been automatically enrolled is free to opt out and get a refund of the contributions they have paid.

Brunelcare uses the Social Housing Pension Scheme – Defined Contribution Section to invest these contributions.

23.3. Dementia Care Trust group personal pension scheme

The acquisition of the Assets and Liabilities of Dementia Care Trust (DCT) in July 2007 meant that the existing pension arrangements for employees of DCT, who remain on DCT employment contracts, became part of the overall Brunelcare pension arrangements. The scheme is a defined contribution scheme and Brunelcare contributes at the rate of 5% of salary with employees contributing at rates between nil & 5%. Being a defined contribution scheme there are no on-going liabilities for Brunelcare. As at 31 March 2019 there was one member of the scheme.Brunelcare uses the Social Housing Pension Scheme – Defined Contribution Section to invest these contributions.

brunelcare

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