BELONG LIMITED

Registered Society Number 27346R

GROUP ANNUAL REPORT

AND

FINANCIAL STATEMENTS

For the Year Ended
31 March 2018

GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

CONTENTS

BOARD REPORT
YEAR ENDED 31 MARCH 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure and Management

The Board members of Belong Limited present their Annual Report for the year ended 31 March 2018 under the Co-operative and Communities Benefit Societies Act 2014, including the Board Report and the Strategic Report, together with the audited financial statements for the year. Belong is a Registered Society (Number 27346R) with charitable status. The governing document enables a Unitary Board structure and permits the remuneration of Non-Executive Board members. The Board may consist of up to 12 members, with no more than one third of Board members being Executive Board members. Non-Executive Board members are elected by members at the Annual General Meeting. The Board meets up to 12 times a year and the effectiveness of the Board is reviewed annually. The Audit Committee of the Board meets 4 times a year and the Remuneration Committee meets at least once a year. The Board has accepted the recommendation of the Remuneration Committee that Non-Executive Board members' remuneration is paid at a level based on amounts paid by Registered Social Landlords. This remuneration policy and levels are reviewed by an external consultant every three years. Operational management is delegated to the Chief Executive and the Executive Board. The role and responsibilities of the Board and is set out in the document 'Your Guide to Being a Board Member'.

Recruitment, Selection and Induction of Board Members

The Society aims to reach as wide a pool of potential Board members as possible in order to achieve a Board that properly reflects the diversity of the population the organisation serves. The Board believes advertising publicly in local and where appropriate, national media is the preferred method. The recruitment and selection of Non-Executive Board members is delegated to a Sub-Committee of the Board who prepare a person specification based on the current skill mix and perceived future needs of the Board. Applicants are scored against these requirements in order to create a short list of applicants to be interviewed by a panel comprising usually of three Board members, including an Executive Board member, who report their recommendations to the Board. Care is taken in this process to ensure applicants are assessed in a fair and transparent way that tries to ensure applicants particularly those from diverse backgrounds are not disadvantaged by the process. All new Board members are provided with a programme of induction in order for them to learn about their role and how the Group is managed. The programme includes visits to the villages and other services in the Group.

Statement of Board Responsibilities

The Board members are responsible for preparing the Strategic Report, the Board report and the financial statements in accordance with applicable law and regulations. In preparing those financial statements the Board has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepared the financial statements on a going concern basis (unless it is inappropriate to presume that the Society will continue in operation).

Insofar as each of the Board members of the Society, at the date of approval of this report, is aware there is no relevant audit information (information needed by the Society's auditors in connection with preparing the audit report) of which the Society's auditors are unaware. Each Board member has taken all of the steps that they should have taken as a Board member in order to make themselves aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

The Board members have overall responsibility for ensuring that the Society has an appropriate system of controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with the Co-Operative and Communities Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Society and hence taking reasonable steps for the detection and prevention of fraud and other irregularities.

The new Governance Code for charities was published in July 2017. Although not a legal or regulatory requirement, it is recommended practice for good governance. The principles are broadly consistent with guidance provided within 'Your Guide to Being a Board Member' and the approach taken by Belong to governance. A detailed review of the Code's recommendations will be carried out during 2018.

Key Management Remuneration
The key management personnel of the Group comprise the Executive Directors (the Chief Executive and Deputy Chief Executive), the Chief Finance Officer and the Chief Operating Officer. The remuneration of key management personnel is set by the Board on the recommendation of the Remuneration Committee using benchmarks from the not-for-profit care industry and other charities. The total employee benefits of the key management personnel were £393,000 (2017: £350,000).

Employees
It is the policy of the Society to ensure that continued employment is offered to employees who become temporarily or permanently disabled. Furthermore, it is the policy of the Society to ensure that people with disabilities are treated fairly and that they are encouraged and supported to join, remain and progress within the Society, whilst recognising the special importance of health and safety in their employment. It is also the policy of the Society to keep employees informed on matters affecting their interests through normal management channels and due consideration is also given to their interests in the management decision making process.

OBJECTIVES, ACTIVITIES AND PUBLIC BENEFIT

Belong Limited's objects are to carry on any charitable purpose for the benefit of the community and in particular to provide accommodation, care, support and associated facilities, amenities and services for persons who by reason of age, illness, disability (including physical, mental and/or learning disability), poverty or social and economic circumstances are in need thereof.

Belong aims to provide high quality, person centred care for older people. In furtherance of its objectives, Belong provides quality care, accommodation and ancillary services to older people, in particular supporting people living with dementia. The Group's goal is to create village communities enabling older people to live the lives they choose and to establish Belong as a beacon of light for our market providing top quality services through great people at competitive prices.

The Belong villages provide a range of care, housing and support options for older people, as well as extensive amenities in the village centre including a bistro, hair salon, exercise studio and function rooms. Belong specialises in supporting people with dementia and 24-hour care is provided in extended family sized households, with modern open plan layouts specially designed around the needs of people with dementia and all employees working in Belong villages are trained in dementia awareness.

The Board members consider that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to Public Benefit guidance published by the Commission, including the guidance on Public Benefit and Fee Charging. Fees and rents are set at a level to cover costs and meet financial covenants. Any surpluses are reinvested to subsidise improved services for older people. Care fees are benchmarked against the Lang and Buisson published figures for the efficient cost of care. Belong at Home fees are benchmarked against the UK Homecare Association's minimum price for homecare. Access to people in poverty is provided by making facilities available to residents funded by their local authority or Clinical Commissioning Groups at subsidised rates. This is assisted by negotiations with Local Authorities and Clinical Commissioning Groups to ensure their contributions to residents' fees provide full cost recovery and by supporting residents to claim all benefits to which they are entitled.

STRATEGIC REPORT

Achievements and Performance
During the year, two of the twelve Belong registered services were inspected by the Care Quality Commission, both Belong Crewe and Belong Atherton were rated "Outstanding". Belong now has 100% of its regulated services rated "Good" or "Outstanding".

During the year Belong Macclesfield won Cook/Chef of the year at the North West Care Awards and the National Care Awards. Belong Atherton won Non-Clinical Staff Member of the Year and Staff Member of the Year awards at the Wigan and Leigh Hospice Awards. Belong also maintained a Gold accreditation on its Investors in People review.

In June 2018 Belong issued a bond for an initial £35m through Retail Charity Bonds plc, with a further £15m of retained bonds available to be issued at a later date. All outstanding bank debt was repaid from the proceeds of the bond, the LIBOR interest rate swap was settled and all security held by our bankers was released on repayment of the debt. The proceeds of the bond issue will fund the development of Belong Birkdale and Belong Chester.

In July 2017 Nick Dykes retired as Chief Executive of the organisation and Tracey Stakes was appointed as Chief Executive. In March 2018 Stacey McCann was appointed as Chief Operating Officer to lead the established Belong villages, allowing Tracy Paine to focus on the new developments and Belong at Home.

The key objectives for 2017/18 were:

- To maintain occupancy at the 2016/17 level;
- To reduce expenditure on agency staff;
- To open Belong Morris Feinmann and Belong Newcastle-under-Lyme;
- To start on site with the development of Belong Birkdale;
- To obtain planning permission and funding for the development of Belong Chester and start on site there.
- To grow the number of community based customers;

The performance against the first two objectives is discussed in the Financial Review 2017/18 section below.

The sixth Belong village, Belong Morris Feinmann opened in June 2017. By the end of the year the village was generating a monthly operating surplus, with three households open and 12 of 13 apartments occupied. Our thanks go to the Feinmann Trust for the donation of £150,000 towards the furniture and equipment at Belong Morris Feinmann.

The seventh Belong village, Belong Newcastle-under-Lyme was completed in February 2018 and opened in April 2018. Our thanks go to the Heritage Lottery Fund for awarding £1.8m towards the development of the Heritage Gallery at Belong Newcastle-under-Lyme (£1.5m has been received to 31 March 2018).

The eighth Belong village, Belong Birkdale is expected to be completed in late 2019. Site preparation work began in early 2018, with the development commencing in June 2018.

The ninth Belong village, Belong Chester obtained planning permission in May 2017 and is expected to be completed in late 2019. Site preparation work began in July 2017 under an enabling works contract.

The planning applications for the tenth and eleventh Belong villages at Wirral and Beeston (Nottingham) have been submitted and are currently being considered by the respective councils.

During 2017/18 Belong supported 690 household residents and 178 apartment tenants in six villages. The organisation is also a registered domiciliary care provider and can support people in their own home, through its Belong at Home service. During 2017/18, Belong at Home provided about 60,800 hours of support (2016/17: 56,500) to 357 customers. The number of customers at the end of March has increased to 200 people by 2018 (2017: 167 people), with turnover increasing to £1.2m (2016/17: £1.1m).

Experience days have been developed at the Belong Villages to offer an alternative to day care providing an opportunity for older people get involved in the Belong community and enjoy some of the activities that we offer. During 2017/18 this produced £269,000 of income (2016/17: £176,000) and almost 4,700 days to 111 customers (2016/17: 3,200 days) provided over the year.

The key objectives for 2018/19 are:

- To maintain occupancy at the 2017/18 level within the established villages;
- To increase occupancy at Belong Morris Feinmann and Belong Newcastle-under-Lyme;
- To reduce expenditure on agency staff;
- To grow the number of community based customers;
- To progress with the developments of Belong Birkdale and Belong Chester;
- To obtain planning permission for the development of Belong Wirral and Belong Beeston.

Financial Review 2017/18

The Financial Statements have now been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) which was effective from 1 January 2015, including the Charities Statement of Recommended Practice applicable to charities preparing accounts in accordance with FRS102.

The Group has achieved net income for the year of £1.3m (2016/17: net income of £15.1m). Net income for 2017/18 included £1.1m of one-off grant income. In 2016/17 net income included £11.8m from the sale of the CLS homes and one-off grant income.

Occupancy in Belong households (excluding Belong Morris Feinmann) was maintained at 97.5% in 2017/18 (2016/17: 97.8%). The proportion of self-funding residents at the end of the year is 70.5% (2017: 69.6%). Average fee rates increased from £907 per week to £958 per week over the year. Agency costs decreased slightly within the Belong villages to £506,000 (2016/17: £516,000). From April 2017, Belong introduced pay levels based on the real living wage.

The net income for the year and the actuarial gains in the Local Government Pension schemes of £400,000 for the Group (2016/17: £2.9m loss) have increased the Group reserves to a surplus of £28.3m (2017: £26.6m). The Group pension deficits decreased to £10.2m (2017: £11.1m) and the employer's contribution to the Local Government Pension Schemes is currently set at levels to achieve a funding level of 100% over a 15-20 year period.

The Society had no fundraising activities requiring disclosure under S162A of the Charities Act.

Principal Risks and Uncertainties
Belong has undertaken a review of its business processes and attempted to identify the major business risks to which it is exposed. It is satisfied that systems and strategies are in place to mitigate these risks. Identification and review of business risks remains an on-going management process. The key risks and uncertainties facing the Group are:

- The volatility of the pension deficit and the risk of triggering a deficit payment;
- Reduced occupancy.
- Increases in development costs;
- Increases in costs rising at a rate higher than potential fee increases;
- Payroll cost overspends.

Reserves Policy
The total Group reserves held as at 31 March 2018 were £28.3m (2017: £26.6m). This includes £360,000 of restricted reserves (2017: £753,000) in relation to community fee balances collected from apartment tenants and held for future major repairs. Therefore, as at 31 March 2018, unrestricted reserves held on the balance sheet were £27.9m (2017: £25.8m).

In line with the organisation's strategy to create village communities enabling older people to live the lives they choose, Belong aims for unrestricted funds to be held mainly as fixed assets for charitable use.

In setting the annual budget, the Board ensures that there is sufficient working capital to support operations, sufficient borrowings to fund development plans and that debt covenants are met. The financial impact of the key risk areas is considered as part of the budgetary and risk management processes. Financial forecasting covering cashflow, earnings and debt levels is prepared which demonstrates that the organisation has sufficient cash and borrowings to deliver its strategy and cover anticipated risks.

Belong recognises its major source of income is from care fees and is, therefore, vulnerable to an unforeseen decline in occupancy.

In addition, Belong acknowledges the significant risk attached to the local government pension deficits. The pension deficits, as valued on an on-going basis, are currently being repaid over a 15-20 year period and these repayments are included in the annual budget and are covered from existing income.

Since the schemes are closed to new members, with only 4 current employees across the two schemes, there is a risk that the pension deficit payment will be triggered. In these circumstances the deficits will be valued on a gilts basis rather than the FRS102 basis at an estimated additional cost of £5m.

Belong's policy is, therefore, for available reserves to be sufficient to cover the impact of key risks and commitments on continuing operation; available reserves being general reserves excluding assets used in the course of business for charitable purposes, debt thereon and local government pension scheme deficits. On this basis, the target level of available reserves should be around £1.7m. Currently, available reserves are minus £1.5m. It is anticipated that the shortfall of £3.2m will reduce over time as investment in new developments bring increased financial returns in future years. Cash flow forecasts indicate that the key risks can be covered within the 2018/19 budget period if necessary, particularly as it is unlikely that all of these risk events will occur at the same time.

Plans for Future Periods
Belong's strategy is to create village communities enabling older people to live the lives they choose by providing top quality services by great people at competitive prices. The continued development of Belong villages aims to fulfil this strategy over the next 4 years, and the society plans to operate at least 10 villages by 2021.

AUDITORS

On 25 June 2018, the incumbent auditors Crowe Clark Whitehill LLP changed its name to Crowe U.K. LLP. Crowe U.K. LLP have expressed their willingness to continue in office and a resolution to reappointment them will be proposed at the Annual General Meeting.

My thanks go to all staff for their commitment and achievements and to the Board for their dedication, enthusiasm and hard work.

This Annual Report was approved by the Board Members on 18 July 2018, including approving the Strategic Report contained therein and is signed as authorised on its behalf by

Roger Hoyle
Chair
18 July 2018

SUMMARY OF INFORMATION

1. The Board Members

Non-Executives

Roger A Hoyle TD, BA (Law), DipHSM, VR	Chair
Nicola Brooks BA Hons, FCIPD	Vice Chair
Robert Armstrong BSc (Open)	
Kate Baldwin BA Hons, PG Dip (Law), PG Dip (Legal Practice)	
Andrea Campbell MA	
Mike Cooney BA, MBA, DMS, CQSW	
John Roddy ACIB	
Clive Unitt FCA	

Executives

Nick Dykes BA Hons, MBA	Chief Executive (left 31 July 2017)
Tracey Stakes BSc, FCA, DipChA, MBA	Finance Director and Secretary (to 30 June 2017) Chief Executive (from 1 July 2017)
Tracy Paine RN, MA, MSc	Operations Director (to 30 June 2017) Deputy Chief Executive and Development Director (from 1 July 2017)

2. The Senior Staff

Chris Hughes MBA, FCCA, BA Hons	Chief Finance Officer and Secretary (from 1 July 2017)
Stacey McCann RN, MSC	Chief Operating Officer (from 5 March 2018)

3. Bankers

Royal Bank of Scotland
2nd Floor
41 Cornmarket
Derby
DE1 2DH

4. Statutory Auditor

Crowe U.K. LLP
Statutory Auditor
3rd floor
The Lexicon
Mount Street
Manchester
M2 5NT

5. Principal Solicitors

Trowers and Hamlin
Sceptre Court
40 Tower Hill
London
EC3N 4DX

6. Registered Office

Pepper House
Market Street
Nantwich
Cheshire
CW5 5DQ

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELONG LIMITED

Opinion

We have audited the financial statements of Belong Limited (the "Society") for the year ended 31 March 2018 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).
In our opinion, the financial statements:

- give a true and fair view of the state of the group's and Society's affairs as at 31 March 2018 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of controls over transactions has not been maintained; or
- the Society has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 1, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Society's members as a body in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP.

Crowe U.K. LLP
Statutory Auditor
Manchester

18 July 2018

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

	Note	Unrestricted Funds £'000s	Restricted Funds £'000s	Total Funds 2018 £'000s	Total Funds 2017 £'000
Income:					
Donations	2	6	175	181	5
Charitable activities	3	21,205	1,739	22,944	30,635
Other trading activities	4	37	-	37	43
Investment income	5	7	-	7	16
Other income	6	-	-	-	11,385
Total		**21,255**	**1,914**	**23,169**	**42,084**
Expenditure:					
Raising funds	7	-	-	-	1
Charitable activities	8	19,721	2,307	22,028	27,062
Other expenditure	10	7	-	7	-
(Gains) on change in fair value of financial instruments		(163)	-	(163)	(74)
Total		**19,565**	**2,307**	**21,872**	**26,989**
Net Income		**1,690**	**(393)**	**1,297**	**15,095**
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension schemes		449	-	449	(2,890)
Net movement in funds		**2,139**	**(393)**	**1,746**	**12,205**
Reconciliation of funds:					
Total funds brought forward		25,797	753	26,550	14,345
Total funds carried forward		**27,936**	**360**	**28,296**	**26,550**

All of the above transactions relate to continuing operations.

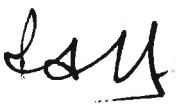
The notes on pages 12 to 28 form part of the financial statements.

BALANCE SHEET
AS AT 31 MARCH 2018

	Note	GROUP 2018 £'000s	GROUP 2017 £'000s	BELONG 2018 £'000s	BELONG 2017 £'000s
Fixed Assets					
Tangible assets	13	70,479	56,539	71,651	57,633
Current Assets					
Stocks	14	46	32	44	32
Debtors	15	2,911	2,849	2,759	2,839
Cash at bank and in hand		2,756	8,863	2,243	7,897
		5,713	11,744	5,046	10,768
Creditors: amounts falling due within one year	16	(12,005)	(11,029)	(13,880)	(12,851)
Net Current (Liabilities)/Assets		**(6,292)**	**715**	**(8,834)**	**(2,083)**
Total Assets Less Current Liabilities		64,187	57,254	62,817	55,550
Creditors: Amounts falling due after more than one year	17	(25,672)	(19,578)	(25,672)	(19,468)
Net assets excluding pension liabilities		**38,515**	**37,676**	**37,145**	**36,082**
Defined benefit pension scheme liabilities	30	(10,219)	(11,126)	(7,508)	(8,163)
Net assets including pension liabilities	21	**28,296**	**26,550**	**29,637**	**27,919**
Financed by:					
Unrestricted reserves	20	27,936	25,797	29,277	27,166
Restricted reserves	20	360	753	360	753
		28,296	**26,550**	**29,637**	**27,919**

The notes on pages 12 to 28 form part of these financial statements.

The financial statements were approved by the Board on 18 July 2018 and are signed on its behalf by:



Roger A Hoyle
Chair

Nicola Brooks
Vice Chair

Chris Hughes
Secretary

CONSLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Note	GROUP 2018 £'000s	2017 £'000s
Cash flows from operating activities			
Net cash provided by operating activities	24	3,904	6,257
Cash flows from investing activities			
Net cash (used in) provided by investing activities	22	(9,575)	9,215
Cash flows from financing activities			
Net cash (used in) financing activities	22	(1,068)	(11,994)
Change in cash and cash equivalents in the reporting period		**(6,739)**	**3,478**
Cash and cash equivalents at the beginning of the reporting period		**8,847**	**5,369**
Cash and cash equivalents at the end of the reporting period	23	**2,108**	**8,847**

1 ACCOUNTING POLICIES

(a) Basis of preparation of the Financial Statements

The financial statements have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Belong Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

(b) Going Concern

After reviewing the group's forecasts and projections, the board members have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group continues to adopt the going concern basis in preparing its consolidated financial statements.

(c) Basis of Consolidation

The Group financial statements incorporate the audited financial statements of Belong Limited and all of its subsidiary undertakings.

(d) Critical accounting judgements and estimation uncertainty

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

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

Provisions

Provision is made for asset retirement obligations, dilapidations and contingencies. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Defined benefit pension scheme (note 30)

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

(e) Income

Income is recognised when the organisation has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Income is classified under the following headings within the SOFA:

- Donations include the monies donated and any associated gift aid.
- Charitable activities relate to those activities undertaken for the charitable purposes of the organisation. Activities are categorised as 'Care Services provided in Villages', 'Apartment income', 'Care Services provided in customers homes' and 'Ancillary services' which consists of activity in the Villages Bistro, Salon, Gym, Venue and Laundry.
- Other trading activities include monies raised through fundraising events.
- Investment income consists of interest received for monies held on deposit.
- Other income consists of income not applicable to any other heading.

(f) Fund accounting

Unrestricted funds are available to spend on activities that further the purposes of the organisation. Designated funds are unrestricted funds that which the organisation has decided at their discretion to set aside to use for a specific purpose. Restricted community fee reserve relates to monies received in advance of maintenance and major repairs to Apartment buildings.

(g) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- Cost of raising funds comprises the costs of fundraising events held in the Villages. This includes an element of staff time in addition to goods and services.
- Expenditure on charitable activities includes the costs incurred in relation to the charitable activities of the organisation.
- Other expenditure represents those items of expenditure not being applicable to any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

(h) Fixed Assets

Equipment

All items with an individual value in excess of £250 and a useful life of at least 3 years are capitalised.

Works to Existing Villages

The Society capitalises expenditure incurred on the villages which increases their net income stream. An increase in the income stream may arise through increased revenue, a reduction in future maintenance costs or a significant extension of the life of the village.

(i) Depreciation

Depreciation is charged to write-off the cost of fixed assets over their useful working lives and is calculated on a straight line basis over the periods set out below:

Freehold Property	50 years
Leasehold Property	over the life of the lease
Leasehold Improvements	shorter of the life of the lease or 5 to 20 years
Furniture, Fittings and Fixtures	5 to 10 years
Computers, Plant and Equipment	3 to 10 years

Land and assets in the course of construction are not depreciated.

(j) Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared to its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the financial statements.

Where a fixed asset is primarily held for its service potential to beneficiaries, it would be inappropriate to measure value in use by reference to its cash flow. In such circumstances, it is more appropriate to regard value in use as the present value of the asset's service potential rather than the present value of its cash flow. Value in use measured on the basis of an asset's service potential will have particular relevance for specialist assets such as care villages. The market value of a village may not reflect the cost that the Society avoids by using that asset in providing services.

(k) Leases

Operating

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the income and expenditure account on a straight line basis over the life of the lease term.

Finance

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the income and expenditure account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

(l) Stocks

The value of stocks is stated at the lower of cost and net realisable value.

(m) Financial instruments

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the SOFA.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the SOFA.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the SOFA, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(n) Pension Costs

The Society operates defined contribution and defined benefit pension schemes for employees.

The costs of the defined benefit contribution arrangements are charged to the SOFA as incurred.

The defined benefit arrangements represent two funded schemes where the assets are held separately from those of the Society in trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to the SOFA are the current service costs and the costs of scheme benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the SOFA and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses

(o) Corporation Tax

The Society has been granted exemption from Corporation Tax under the Income and Corporation Taxes Act 2007.

2 INCOME FROM DONATIONS

	GROUP 2018 £'000s	GROUP 2017 £'000s
Donations	181	5

3 INCOME FROM CHARITABLE ACTIVITIES

	GROUP 2018 £'000s	GROUP 2017 £'000s
Care services provided in Villages	18,342	26,971
Apartment income	1,472	1,383
Ancillary services	769	713
Care services provided in customer homes	1,278	1,126
Heritage grant	1,083	442
	22,944	30,635

4 INCOME FROM OTHER TRADING ACTIVITIES

	GROUP 2018 £'000s	GROUP 2017 £'000s
Fundraising	37	43

5 INVESTMENT INCOME

	GROUP 2018 £'000s	GROUP 2017 £'000s
Interest	7	16

6 OTHER INCOME

	GROUP 2018 £'000s	GROUP 2017 £'000s
Profit on disposal of Fixed Assets	-	11,385

7 ANALYSIS OF EXPENDITURE ON RAISING FUNDS

	GROUP 2018 £'000s	GROUP 2017 £'000s
Fundraising costs	-	1

8 SUMMARY ANALYSIS OF EXPENDITURE AND RELATED INCOME FROM CHARITABLE ACTIVITIES

	Care provided in Villages £'000s	Apartment £'000s	Ancillary services £'000s	Care provided in customers' homes £'000s	Set up of new Villages £'000s	Heritage grant £'000s	2018 £'000s
Income	18,342	1,472	769	1,278	-	1,083	22,944
Expenditure:							
Depreciation	1,376	290	76	5	-	-	1,747
Interest Payable (note 12)	907	171	47	17	-	-	1,142
Support and Governance (note 9)	2,421	177	92	163	-	-	2,853
Activities undertaken directly	11,640	656	904	1,155	406	1,525	16,286
	16,344	1,294	1,119	1,340	406	1,525	22,028
Net surplus/(loss)	1,998	178	(350)	(62)	(406)	(442)	916

	Care provided in Villages £'000s	Apartment £'000s	Ancillary services £'000s	Care provided in customers' homes £'000s	Set up of new Villages £'000s	Heritage grant £'000s	2017 £'000s
Income	26,971	1,383	713	1,126	-	442	30,635
Expenditure:							
Depreciation	1,772	314	61	3	-	-	2,150
Interest Payable (note 12)	1,087	211	43	12	-	-	1,353
Support and Governance (note 9)	2,675	131	67	112	-	-	2,985
Activities undertaken directly	18,095	653	784	952	90	-	20,574
	23,629	1,309	955	1,079	90	-	27,062
Net surplus/(loss)	3,342	74	(242)	47	(90)	442	3,573

Comparatives have been reclassified to better reflect Heritage grant income in line with the current year.

9 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	GROUP 2018 £'000s	GROUP 2017 £'000s
Support staff costs	2,100	2,028
Premises costs	107	215
Other support costs	367	386
Governance costs	279	356
	2,853	2,985

Support and Governance costs are apportioned to charitable activities in proportion to income earned from those activities.

10 OTHER EXPENDITURE

	GROUP 2018 £'000s	GROUP 2017 £'000s
Loss on disposal of Fixed Assets	7	-

11 STAFF COSTS, DIRECTOR REMUNERATION AND EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL

	GROUP	
	2018	2017
	£'000s	£'000s
Wages and salaries	12,429	14,702
National Insurance costs	775	780
Other pension costs		
Paid to defined contribution schemes	184	227
Defined benefit costs	336	343
	13,724	16,052

The average number of staff employed by the Group during the year was 920 (2017:1,256). These were made up of 555 Care Staff, 101 Administration Staff and 264 Housekeeping and Other Staff.

Staff paid in excess of £60,000 per annum are summarised as follows:

	Number of employees as at 31 March 2018
£60,001 - £70,000	6
£70,001 - £80,000	-
£80,001 - £90,000	1
£90,001 - £100,000	1
£100,001 - £110,000	-
£110,001 - £120,000	1
	9

The governing document of the organisation provides for remuneration and expenses to be paid to Non-Executive Directors

All 8 Non-Executive Directors are paid remuneration by the Society. The Chair of the Board receives remuneration of £13,000 per annum, Vice Chair £8,000 per annum, Chair of the Audit Committee £7,000 and all remaining Non-Executive Directors receive £6,000 per annum. In addition to the remuneration paid to Non-Executive Directors, travelling and other necessary expenses of £3,000 (2017: £4,000) were reimbursed by the Society to the Non-Executive Directors.

The key management personnel of the Group comprise the Executive Directors (the Chief Executive and Deputy Chief Executive), the Chief Finance Officer and Chief Operating Officer. The total employee benefits of the key management personnel were £393,000 (2017: £350,000).

12 INTEREST PAYABLE

	GROUP	
	2018	2017
	£'000s	£'000s
Interest payable in respect of:		
Bank loan and overdraft	498	724
Net interest on pension scheme liabilities	269	283
Finance charges payable under finance leases	375	346
	1,142	1,353

13 FIXED ASSETS

GROUP

	Freehold Property £'000s	Land £'000s	Assets in Course of Construction £'000s	Leasehold Property £'000s	Furniture & Office Equipment £'000s	Plant & Equipment £'000s	Totals £'000s
COST							
As at 1 April 2017	32,278	9,340	10,039	7,730	2,886	1,668	63,941
Additions during the year	4,578	1,858	177	7,330	1,111	646	15,700
Reclassification	9,558	403	(9,961)	-	-	-	-
Disposals during the year	-	(1)	-	-	(474)	(196)	(671)
As at 31 March 2018	46,414	11,600	255	15,060	3,523	2,118	78,970
DEPRECIATION							
As at 1 April 2017	2,567	-	-	2,454	1,590	791	7,402
Charge for the year	829	-	-	267	416	235	1,747
Eliminated on disposals	-	-	-	-	(463)	(195)	(658)
As at March 31 2018	3,396	-	-	2,721	1,543	831	8,491
NET BOOK VALUE							
As at 1 April 2017	29,711	9,340	10,039	5,276	1,296	877	56,539
As at 31 March 2018	43,018	11,600	255	12,339	1,980	1,287	70,479

Included above are assets required under finance leases with net book values as follows:

As at 1 April 2017	5,141	5,141
As at 31 March 2018	12,049	12,049

Depreciation charged for the year on assets purchased under finance leases totals £251,000 (2017: £257,000).

Included within Leasehold Property are £251,000 of assets for which The Heritage Lottery have taken security, which is expected to be in place for 10 years following completion of the development.

BELONG

	Freehold Property £'000s	Land £'000s	Assets in Course of Construction £'000s	Leasehold Property £'000s	Furniture & Office Equipment £'000s	Plant & Equipment £'000s	Totals £'000s
COST							
As at 1 April 2017	34,363	9,395	10,248	7,730	2,886	1,668	66,290
Additions during the year	4,604	1,902	208	7,330	1,111	646	15,801
Reclassification	9,779	408	(10,187)	-	-	-	-
Disposals during the year	-	(1)	-	-	(474)	(196)	(671)
As at 31 March 2018	48,746	11,704	269	15,060	3,523	2,118	81,420
DEPRECIATION							
As at 1 April 2017	3,822	-	-	2,454	1,590	791	8,657
Charge for the year	852	-	-	267	416	235	1,770
Eliminated on disposals	-	-	-	-	(463)	(195)	(658)
As at March 31 2018	4,674	-	-	2,721	1,543	831	9,769
NET BOOK VALUE							
As at 1 April 2017	30,541	9,395	10,248	5,276	1,296	877	57,633
As at 31 March 2018	44,072	11,704	269	12,339	1,980	1,287	71,651

Included above are assets required under finance leases with net book values as follows:

As at 1 April 2017	5,141	5,141
As at 31 March 2018	12,049	12,049

Depreciation charged for the year on assets purchased under finance leases totals £251,000 (2017: £257,000).

Included within Leasehold Property are £251,000 of assets for which The Heritage Lottery have taken security, which is expected to be in place for 10 years following completion of the development.

14 STOCK

	GROUP		BELONG	
	2018 £'000s	2017 £'000s	2018 £'000s	2017 £'000s
Consumable stocks	46	32	44	32

Consumable stocks comprise food, cleaning materials and medical supplies.

15 DEBTORS

	GROUP		BELONG	
	2018 £'000s	2017 £'000s	2018 £'000s	2017 £'000s
Amounts due from Group undertakings	-	-	6	-
Trade debtors	2,159	2,447	2,159	2,447
Other debtors	158	10	-	-
Pre-payments and accrued income	594	392	594	392
	2,911	2,849	2,759	2,839

Trade debtors are stated after provisions for impairment of £39,000 (2017: £130,000)

16 CREDITORS : Amounts falling due within one year:

	GROUP		BELONG	
	2018 £'000s	2017 £'000s	2018 £'000s	2017 £'000s
Bank loan and overdrafts	1,510	863	1,510	863
Amounts due to Group undertakings	-	-	3,202	3,726
Trade creditors	696	1,396	662	799
Other taxation and Social Security payable	380	264	375	260
Other creditors	6,614	5,774	5,387	4,525
Accruals and deferred income	2,703	2,315	2,642	2,261
Derivative financial instruments	85	248	85	248
Finance lease obligations	17	169	17	169
	12,005	11,029	13,880	12,851

Other creditors include obligations for apartments under a sale and repurchase agreement across all villages and retentions held in respect of Belong Morris Feinmann.

Derivative financial instruments comprise the fair value of a swap held by the organisation. See note 17 below for information about bank loans and overdrafts.

17 CREDITORS: Amounts falling due after more than one year:

	GROUP		BELONG	
	2018 £'000s	2017 £'000s	2018 £'000s	2017 £'000s
Bank loan				
- Due between one and two years	13,076	847	13,076	847
- Due between two and five years	-	13,076	-	13,076
- Due after more than five years	-	-	-	-
	13,076	13,923	13,076	13,923
Finance lease obligations				
- Due between one and two years	25	177	25	177
- Due between two and five years	131	587	131	587
- Due after more than five years	12,440	4,781	12,440	4,781
	12,596	5,545	12,596	5,545
Other Creditors	-	110	-	-
	25,672	19,578	25,672	19,468

The loan is secured on the value of six freeholds which are owned by Belong Limited and a floating debenture.

The refinance loan facilities have a term of five years from July 2014, with repayments calculated over a 20 year period. Interest rates are at 2.25% over LIBOR for the refinance facility.

A LIBOR interest rate swap at 1.538% has been arranged to cover 70% of the loan from January 2015 to July 2019.

18 FINANCIAL INSTRUMENTS

Financial assets measured at amortised cost:

	GROUP		BELONG	
	2018	2017	2018	2017
	£'000s	£'000s	£'000s	£'000s
Trade debtors	2,159	2,447	2,159	2,447
Other debtors	158	10	-	-
	2,317	2,457	2,159	2,447

	GROUP		BELONG	
	2018	2017	2018	2017
	£'000s	£'000s	£'000s	£'000s
Financial liabilities measured at fair value:				
Derivative financial instrument	85	248	85	248

	GROUP		BELONG	
	2018	2017	2018	2017
	£'000s	£'000s	£'000s	£'000s
Financial liabilities measured at amortised cost:				
Bank loans	13,923	14,770	13,923	14,770
Amounts due to Group undertakings	-	-	3,202	3,726
Trade creditors	696	1,396	662	799
Other creditors	6,614	5,774	5,387	4,525
Accruals and deferred income	2,703	2,315	2,642	2,261
Finance lease obligations	12,613	5,714	12,613	5,714
	36,549	29,969	38,429	31,795

19 SHARE CAPITAL

	GROUP		BELONG	
	2018	2017	2018	2017
	£'s	£'s	£'s	£'s
Allotted, called up and fully paid ordinary shares	19	19	19	19

20 CHARITABLE RESERVES

GROUP

	Balance 1 April 2017	Incoming resources	Resources expended	Gains	Balance 31 March 2018
	£0'000s	£'000s	£'000s	£'000s	£'000s
General reserve	25,785	21,192	(19,507)	449	27,919
Designated villages' reserve	12	63	(58)	-	17
	25,797	21,255	(19,565)	449	27,936
Restricted community fee reserve	311	656	(607)	-	360
Restricted heritage grant reserve	442	1,083	(1,525)	-	-
Restricted village set up reserve	-	175	(175)	-	-
Total	**26,550**	**23,169**	**(21,872)**	**449**	**28,296**

BELONG

	Balance 1 April 2017 £0'000s	Incoming resources £'000s	Resources expended £'000s	Gains £'000s	Balance 31 March 2018 £'000s
General reserve	27,154	21,189	(19,347)	264	29,260
Designated villages' reserve	12	63	(58)	-	17
	27,166	21,252	(19,405)	264	29,277
Restricted community fee reserve	311	656	(607)	-	360
Restricted heritage grant reserve	442	1,083	(1,525)	-	-
Restricted village set up reserve	-	175	(175)	-	-
Total	**27,919**	**23,166**	**(21,712)**	**264**	**29,637**

General reserve is the 'free reserves' after allowing for all restricted and designated reserves.

Restricted community fee reserve is monies received in advance of expenditure on maintenance and major repairs of apartment buildings.

Restricted heritage grant reserve is monies received from the Heritage Lottery Fund for the new development at Newcastle-under-Lyme.

Restricted village set up reserve is monies received towards the furniture and equipment and garden at Belong Morris Feinmann.

Designated homes and villages' reserves are monies donated and fundraised for the benefit of the residents.

21 ANALYSIS OF NET ASSETS BETWEEN RESERVES

Reserve balances at 31 March 2018 are represented by:

	Unrestricted general reserve £0'000s	Unrestricted designated village £'000s	Restricted community fee reserve £'000s	Total reserves £'000s
Tangible fixed assets	70,479	-	-	70,479
Current assets	5,335	17	360	5,712
Current liabilities	(12,005)	-	-	(12,005)
Non-current liabilities	(25,672)	-	-	(25,672)
Pension scheme liability	(10,218)	-	-	(10,218)
Total net assets	**27,919**	**17**	**360**	**28,296**

22 GROSS CASH FLOWS

	GROUP 2018 £'000s	GROUP 2017 £'000s
Cash flows from investing activities		
Interest received	7	16
Bank loan and overdraft interest paid	(498)	(724)
Finance charges payable under finance leases	(375)	(346)
Payments to acquire tangible fixed assets	(8,709)	(9,988)
Receipts from sales of tangible fixed assets	-	20,257
	(9,575)	9,215
Cash flows from financing activities		
Finance lease repayments	(221)	(157)
Repayments of borrowing	(847)	(14,858)
Cash inflows from net borrowing	-	3,021
	(1,068)	(11,994)

23 ANALYSIS OF CHANGES IN NET DEBT

GROUP

	At 1 April 2017 £'000s	Cash flows £'000s	Other Charges £'000s	At 31 March 2018 £'000s
Cash in hand at bank	8,863	(6,107)	-	2,756
Overdraft	(16)	(632)	-	(648)
	8,847	(6,739)	-	2,108
Loans	(14,770)	847	-	(13,923)
Finance leases	(5,714)	284	(7,183)	(12,613)
Changes in debt	(20,484)	1,131	(7,183)	(26,536)
Changes in net debt	(11,637)	(5,608)	(7,183)	(24,428)

24 RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASHFLOW FROM OPERATING ACTIVITIES

	GROUP 2018 £'000s	GROUP 2017 £'000s
Net movement in funds	1,746	12,205
Pension costs	(727)	(745)
Depreciation	1,747	2,150
Losses/(Gains) on defined benefit pension schemes	(449)	2,890
(Surplus) on disposal of fixed assets	13	(11,385)
Interest receivable	(7)	(16)
Interest payable	1,142	1,353
(Gains)/Losses on change in fair value financial instruments	(163)	(74)
Increase/(Decrease) in bad debt provision	(91)	63
Decrease/(Increase) in stock	(14)	28
(Increase)/Decrease in debtors	29	744
Increase/(Decrease) in creditors	678	(956)
Net cash provided by operating activities	3,904	6,257

25 COMMITMENT TO CAPITAL EXPENDITURE

At the balance sheet date, the Society had the following commitments to Capital expenditure not provided for in these financial statements:

	GROUP 2018 £'000s	GROUP 2017 £'000s	BELONG 2018 £'000s	BELONG 2017 £'000s
Contracted	93	4,845	93	4,899

26 OPERATING LEASES

At 31 March 2018 the total Group and Society's future minimum lease payments under non-cancellable operating leases were:

	GROUP 2018 £'000s	GROUP 2017 £'000s	BELONG 2018 £'000s	BELONG 2017 £'000s
	Land & Buildings	Land & Buildings	Land & Buildings	Land & Buildings
Amounts due within one year	42	42	42	42
Amounts due between one and five years	109	151	109	151
Amounts due after five years	-	-	-	-

27 RELATED PARTY TRANSACTIONS

The Belong Life Assurance Scheme is open to all permanent employees between the ages of 16 and 70 and not members of the Local Government Superannuation Scheme. Belong Limited is a Corporate Trustee of the scheme. Belong Limited appoints 2 Non-Executive Directors and 3 members of the Senior Management Team as representatives of the Corporate Trustee.

There were no transactions in the year (2017: 4) for a total amount of £Nil (2017: £44,000). At the year end £Nil was still outstanding (2017: £Nil).

28 SUBSIDIARY UNDERTAKINGS

The Group financial statements include Borough Care Services Limited a wholly controlled subsidiary incorporated in the United Kingdom (company number 02603702). The principal activity of the subsidiary charity is the provision of residential accommodation, care and services for the elderly. A second 100% subsidiary, Belong (Construction) Limited, was incorporated on 16 October 2006 in the United Kingdom (company number 05968656). The principal activity of Belong (Construction) Limited is to design and build care facilities for the holding company. There are also three wholly controlled subsidiaries, Belong Villages Limited, Belong at Home Limited and CLS (Wigan) Limited, all of which are currently dormant.

Subsidiary	Net Assets £'000s	Income £'000s	Surplus/(Deficit) £'000s
Borough Care Services Limited	(168)	122	83
Belong (Construction) Limited	-	2,652	-
Belong Villages Limited	-	-	-
Belong at Home Limited	-	-	-
CLS (Wigan) Limited	-	-	-

29 POST BALANCE SHEET EVENT

On 20 June 2018 Belong issued a bond for an initial £35m through Retail Charity Bonds plc, with a further £15m of retained bonds available to be issued at a later date. The bond was issued at an interest rate of 4.5% for a period of 8 years. All outstanding bank debt was repaid from the proceeds of the bond, the LIBOR interest rate swap was closed out and all security held by our bankers was released on repayment of the debt.

On 27 June 2018 Belong entered a contract agreement with Pochin Limited to develop the Belong Birkdale village and apartments. The value of the contract is £11.2m.

30 PENSIONS

a. Defined Contribution Scheme

Employees who are not members of the Local Government Pension Scheme are eligible to be part of a stakeholder friendly defined contribution scheme or National Employment Savings Trust scheme. The assets of these schemes are held separately from those of the organisation in independently administered funds.

The amounts payable by the Society to the fund were:

	GROUP		BELONG	
	2018 £'000s	2017 £'000s	2018 £'000s	2017 £'000s
Total paid to the funds	184	227	184	227
Contributions payable to the funds at the year end and included in creditors	30	26	30	26

b. Defined Benefit Schemes –
Cheshire Pension Fund and Greater Manchester Pension Fund

The Society is an "Admitted Body" to the Cheshire Pension Fund. A number of the Society's eligible employees are members of that scheme. The subsidiary company, Borough Care Services Limited, is an "Admitted Body" to the Greater Manchester Pension Fund. A number of the company's eligible employees are members of that scheme. The Cheshire Pension Fund and Greater Manchester Pension Fund are part of the Local Government Pension Scheme, a defined benefit statutory scheme. The Funds are administered by Cheshire County Council and Tameside Metropolitan Borough respectively in accordance with the Local Government Pension Scheme Regulations 1997 as amended.

The Schemes are closed schemes and therefore under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

The Funds' assets and liabilities are assessed by the Funds' Independent Actuary every three years with the latest actuarial valuation taking place at 31 March 2016.

The amounts payable by the Society to the fund were:

	GROUP		BELONG	
	2018 £'000s	2017 £'000s	2018 £'000s	2017 £'000s
Total paid to the funds	795	805	618	627

The agreed employer's contribution rate for the Cheshire Pension fund for 2018/19 is 25.2% plus a deficit payment of £699,000. The agreed employer's contribution rate for the Greater Manchester Pension Fund for 2018/19 is 25.3% plus a deficit payment of £154,000.

The Group expects to make total contributions into the Funds of £906,000 during the next 12 months

CHESHIRE PENSION FUND

The amounts recognised in the balance sheet are as follows:

	31 March 2018 £'000s	31 March 2017 £'000s
Fair value of employer assets	9,391	9,185
Present value of funded obligations	(16,899)	(17,348)
Net pension liability	**(7,508)**	**(8,163)**

The amounts recognised in the Statement of Financial Activities are as follows:

	Year to 31 March 2018 £'000s	Year to 31 March 2017 £'000s
Current service cost	(29)	(31)
Interest on Employer Assets	229	316
Interest on Pension Scheme Liabilities	(426)	(496)
	(226)	**(211)**

Amounts recognised in other recognised gains/(losses):

	Year to 31 March 2018 £'000s	Year to 31 March 2017 £'000s
Actual return less expected return on pension scheme assets	24	(405)
Experience gains arising from scheme liabilities	-	(162)
Changes in financial assumptions underlying the present value of the scheme liabilities	239	(2,564)
Changes in demographic assumptions underlying the present value of the scheme liabilities	-	163
Actuarial gain/(loss) in pension plan	**263**	**(2,968)**

Changes in the present value of the defined benefit obligation are as follows:

	Year to 31 March 2018 £'000s	Year to 31 March 2017 £'000s
Opening defined benefit obligation	**17,348**	**14,913**
Current Service Cost	29	31
Interest Cost	426	496
Contributions by members	5	7
Remeasurement	(239)	2,563
Estimated benefits paid	(670)	(662)
Closing defined benefit obligation	**16,899**	**17,348**

Changes in the fair value of fund assets are as follows:

	Year to 31 March 2018 £'000s	Year to 31 March 2017 £'000s
Opening fair value of employer assets	**9,185**	**9,302**
Interest income	229	316
Contributions by members	5	7
Contributions by the employer	618	627
Remeasurement	24	(405)
Benefits paid	(670)	(662)
Closing fair value of employer assets	**9,391**	**9,185**

The major categories of fund assets are as follows:

	Assets at 31 March 2018 £'000s	Assets at 31 March 2017 £'000s
Equities	4,320	4,041
Bonds	3,944	4,317
Property	751	643
Cash	376	184
Total	**9,391**	**9,185**

The principal assumptions at the balance sheet date are:

	31 March 2018 % per annum	31 March 2017 % per annum
Inflation rate	2.4%	2.4%
Future salary increase rate	2.7%	2.7%
Future pension increase rate	2.4%	2.4%
Expected return on assets	2.6%	2.5%
Discount rate	2.6%	2.5%

Sensitivity analysis
Change in assumptions at 31 March 2017

	Approximate %	Approximate Amount £'000s
0.5% decrease in Real Discount Rate	7.0	1,236
0.5% increase in Salary Increase Rate	0.0	33
0.5% in the Pension Increase Rate	7.0	1,196

Mortality
The current mortality assumptions include sufficient allowance for the future improvements in mortality rates. The assessed life expectations on retirement age 65 are:

	Males	Females
Retiring today	22.3	24.5
Retiring in 20 years	23.9	26.5

GREATER MANCHESTER PENSION FUND

The amounts recognised in the balance sheet are as follows:

	31 March 2018 £'000s	31 March 2017 £'000s
Fair value of employer assets	7,982	8,028
Present value of funded obligations	(10,693)	(10,991)
Net pension liability	**(2,711)**	**(2,963)**

The amounts recognised in the Statement of Financial Activities are as follows:

	Year to 31 March 2018 £'000s	Year to 31 March 2017 £'000s
Current service cost	(38)	(29)
Total gain included in operating surplus (A)	**(38)**	**(29)**
Interest on Employer Assets	197	230
Interest on Pension Scheme Liabilities	(269)	(333)
Net Return included with interest payable (B)	**(72)**	**(103)**
	(110)	**(132)**

Amounts recognised in Other recognised gains/(losses):

	Year to 31 March 2018 £'000s	Year to 31 March 2017 £'000s
Actual return less expected return on pension scheme assets	43	1,160
Experienced gains and losses arising on scheme liabilities	-	433
Changes in assumptions underlying the present value of the scheme liabilities	(142)	(1,515)
Actuarial gain in pension plan	**(99)**	**78**

Changes in present value of the defined benefit obligation are as follows:

	Year to 31 March 2018 £'000s	Year to 31 March 2017 £'000s
Opening defined benefit obligation	**10,991**	**9,997**
Current service cost	38	29
Interest cost	269	333
Contributions by members	8	7
Remeasurement	(142)	1,082
Estimated benefits paid	(471)	(457)
Closing defined benefit obligation	**10,693**	**10,991**

Changes in the fair value of fund assets are as follows:

	Year to 31 March 2018 £'000s	Year to 31 March 2017 £'000s
Opening fair value of employer assets	**8,028**	**6,910**
Interest income	197	230
Contributions by members	8	7
Contributions by employer	177	178
Remeasurement	43	1,160
Benefits paid	(471)	(457)
Closing fair value of employer assets	**7,982**	**8,028**

The major categories of fund assets are as follows:

	Year to 31 March 2018 £'000s	Year to 31 March 2017 £'000s
Equities	5,268	6,021
Bonds	1,277	1,285
Property	559	401
Cash	878	321
Total	**7,982**	**8,028**

The principal assumptions of the balance sheet data:

	Year to 31 March 2018 % per annum	Year to 31 March 2017 % per annum
Inflation Rate	2.4%	2.4%
Future salary increase rate	3.2%	3.2%
Future pension increase rate	2.4%	2.4%
Expected return on assets	2.6%	2.5%
Discount rate	2.6%	2.5%

Sensitivity analysis

Change in assumptions at 31 March 2018

	Approximate %	Approximate Amount £'000s
0.5% decrease in Real Discount Rate	7.0	732
0.5% increase in Salary Increase Rate	0.0	17
0.5% increase in the Pension Increase Rate	7.0	711

Mortality

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assured life expectations on retirement age 65 are:

	Males Years	Females Years
Retiring today	21.5	24.1
Retiring in 20 years	23.7	26.2