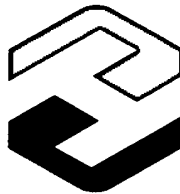


Hillbrook Grange Residential Care Home

(A company limited by guarantee)
Annual Report and Financial Statements
for the Year Ended 31 March 2017



HALLIDAYS
MORE THAN JUST ACCOUNTANTS

Hallidays
Chartered Accountants
Riverside House
Kings Reach Business Park
Yew Street
Stockport
Cheshire
SK4 2HD



Hillbrook Grange Residential Care Home

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Hillbrook Grange Residential Care Home

Reference and Administrative Details

Charity name	Hillbrook Grange Residential Care Home
Charity registration number	1146488
Company registration number	07125607
Principal office	Hillbrook Grange Residential Care Home Ack Lane East Bramhall Stockport SK7 2BY
Registered office	Hillbrook Grange Residential Care Home Ack Lane East Bramhall Stockport SK7 2BY
Trustees	Mr Bruce Bissell Mr Gavin Ferguson Dr Harry Hill Mrs Patricia Leck Mrs Hilda Renn Ms Julia Shaw Mr Christopher Waddleton Miss June Westbrook
Secretary	Mr Gavin Ferguson
Registered Manager	Mrs Jeannie Fowler
Auditor	Hallidays Riverside House Kings Reach Business Park Yew Street Stockport SK4 2HD

Hillbrook Grange Residential Care Home

Trustees Report

The trustees, who are also the directors, present their report and the financial statements of the charity for the year ended 31st March 2017.

REFERENCE AND ADMINISTRATIVE DETAILS

Reference and administrative details are shown in the schedule of members of the board and their professional advisers on page 1 of the financial statements

THE TRUSTEES

Hilda Renn (Chairman) succeeded by Harry F Hill

Patricia Leck (Vice Chairman) succeeded by Bruce Bissell

Bruce Bissell (Treasurer) succeeded by Christopher Waddleton

Harry F Hill

June Westbrook

Christopher Waddleton

Julia Shaw

Gavin Ferguson (Company Secretary)

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is governed by its Memorandum and Articles of Association dated 14th October 2011. The charity is run by its Board, which consists of four Principal Officers and no more than 14 other members, with power to co-opt as necessary no more than two extra members and to fill vacancies at any time prior to election at the next Annual General Meeting.

The period of membership of those filling such vacancies shall be the outstanding period of the member replaced. The four Principal Officers are Chairman, Vice Chairman, Secretary, and Treasurer.

Recruitment and appointment of trustees

The Board shall be elected for three years, and one-third of the Board shall retire each year in rotation. Retiring members shall be eligible for re-election by the remaining Board members at the AGM each year. Following election at the AGM, the full Board shall appoint from their number the four Principal Officers who shall hold office for one year but, on retirement, shall be eligible for re-election for a maximum of four years. The Board may also appoint such other officers as they deem appropriate.

Induction and training

The charity does not possess a formal policy for the training and induction of trustees.

Hillbrook Grange Residential Care Home

Trustees Report

Organisational structure

The Board and its Sub Committees are responsible for the overall running of Hillbrook Grange Residential Care Home. The Board is required to meet at least six times per annum, including the Annual General Meeting.

There are at present two sub-Committees – the Operations sub-Committee and the Finance sub-Committee. Up to one third of the membership of a sub-Committee may be comprised of co-opted members. Staff remuneration is discussed at the sub-committees with a recommendation being taken forward for approval by the Board of Trustees. In recent years, across the board percentage pay increases have been the norm, while benchmarking of pay rates has been undertaken using data on websites and in the public domain.

The day to day operation of the Home is vested with the Registered Manager who reports regularly to the Operations sub-Committee.

OBJECTIVES AND ACTIVITIES

The Constitution defines the objects of the Charity as:

- a) to promote and assist the general good of elderly people principally, but not exclusively, in the district of Bramhall and Woodford who are in need, by providing specially designed or adapted accommodation or housing, and services or facilities calculated to meet the needs of such persons;
- b) to assist statutory authorities and other voluntary organisations engaged in providing facilities for physical improvement and furthering health; or in pursuing any objects which now are or subsequently may be deemed by law to be charitable;
- c) to provide and manage the residential care home known as “Hillbrook Grange” in Ack Lane, Bramhall or together with any other facilities for the elderly as may be deemed by the directors to be necessary to attain the objects of the charity;
- d) to promote and advance all such purposes as are recognised from time to time by the laws of England and Wales to be charitable. The Board considers that the objects are met by the principal activity, which is the provision of residential accommodation for the elderly.

During November 2012, the Home entered into an arrangement with Stockport NHS /Stockport Metropolitan Borough Council to provide five Crisis response beds for persons requiring care but not in hospital. Designed to prevent bed blocking, this contract is ongoing and has provided beneficial to local hospitals as well as augmenting the skills set of Hillbrook staff.

During 2017/'18, it is proposed that the sale of a small parcel of land will fund the construction of a self-contained dementia unit which facility does not currently exist in the immediate area; as well as significantly augmenting the investment portfolio.

Hillbrook Grange Residential Care Home

Trustees Report

PUBLIC BENEFIT

In planning our activities for the year, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance on public benefit and fee charging. The Trust relies on the income from fees and charges to cover its operating costs. In setting the level of fees, the trustees give due consideration to the need to ensure the residential accommodation of Hillbrook Grange is accessible to elderly people principally though not exclusively in the district of Bramhall and Woodford.

ACHIEVEMENTS AND PERFORMANCE

Residents' fees remain the principal source of funds for the charity. The Care Quality Commission (CQC) completed their latest unannounced inspection in October 2016. The inspection resulted in Hillbrook Grange receiving a "requires improvement" grade. Issues raised in the report are in course of being addressed.

Expenditure continues to be tightly controlled but running costs have continued to remain at a high level due to the increased costs of food, energy and in particular agency staff required to backfill as a result of gaps in the rota.

Investment review

During the year under review the portfolio produced an income yield of 3.67% (2016 – 5.35%).

Some sixteen per cent of the portfolio comprises low risk investment in fixed interest bonds. The balance comprises medium risk investment in ethical concerns based predominantly in UK, Europe and North America; with more limited exposure to companies in the Far East, the emerging economies, property and AIM.

FINANCIAL REVIEW

Year-end position

2016/'17 has been a year of financial consolidation for Hillbrook Grange. Occupancy levels have stabilised at 80%+ though the six bedrooms in the Old House have consistently proved less attractive to prospective residents and therefore difficult to sell. A rebuild of the Old House is proposed to address this issue.

During the year, the charity benefited from dissolution of the Over 60's Club which resulted in a transfer of funds. There was also a gain on the investment portfolio.

The sale of some investments proved necessary to fund operating expenditure.

However, the charity's balance sheet at financial year end remains strong.

Looking forward to 2017/'18, occupancy remains the key to cash flow and the recent improving performance is encouraging. Plans to develop the capacity of the Home by creating a dedicated dementia unit, funded by the sale of a small parcel of land, are at an early stage.

Reserves policy

The Board consider that the present level of funding remains adequate to support the continuation of the Charity's activities now in operation for the medium term, and its financial position remains

satisfactory. The Board are thus of the opinion that a reasonable level of free reserves would be a sum sufficient to fund six months' expenses estimated to be a maximum of £500,000.

Hillbrook Grange Residential Care Home

Trustees Report

Investment policy

The charity will not knowingly invest in securities that do not accord with its principles. If investments that are considered inappropriate are received as legacies, they are sold as soon as practicable and the proceeds are re-invested.

Restricted fund

The restricted fund represents half of the balance on the Florence Lee Wood fund. The terms of the gift stipulate that half of the annual income from this fund is due to the Bramhall & Woodford Over 60s Club.

During the year under review, the Over 60's Club signalled their intention to wind up the Club. Under the terms of the agreement, all funds belonging to the Over 60's Club accrue to Hillbrook Grange Residential Care Home.

PLANS FOR FUTURE PERIODS

Land sale

During 2013/'14, the Board approved the sale of a small parcel of land adjacent to Bramhall Lane South. An agent was appointed to manage the sales process and advise the Board in accordance with Charities law. That sale process is ongoing.

During 2016/'17, a further parcel of land was designated for sale. An agent was appointed to manage the sales process and advise the Board in accordance with Charities law. Two formal bids have been received and, following re-interview of the bidding parties, a final decision as to disposal will be made by the Board. It is intended that the proceeds of sale will cover the cost of re-building the Old House; as well as allowing a significant sum to augment the Charity's reserves.

RISK STATEMENT

The major risks to which the charity is exposed have been identified and reviewed by the trustees; and systems and procedures have been established to manage those risks.

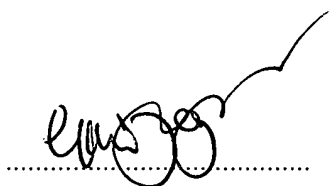
AUDITOR

Hallidays have been re-appointed as auditor for the ensuing year.

Small company provisions

The report has been prepared in accordance with the small companies' regime under the Companies Act 2006.

Approved by the Board on 19th September 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Gavin Ferguson', is written over a dotted line.

Mr Gavin Ferguson
Trustee Director

Hillbrook Grange Residential Care Home

Statement of Trustees' Responsibilities

The trustees (who are also directors of Hillbrook Grange Residential Care Home for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations..

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees 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 charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

Approved by the trustees of the charity on 19th September 2017 and signed on its behalf by:



.....
Mr Gavin Ferguson
Trustee

Hillbrook Grange Residential Care Home

Independent Auditors' Report to the Members of Hillbrook Grange Residential Care Home

We have audited the financial statements of Hillbrook Grange Residential Care Home for the year ended 31 March 2017, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)).

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

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 6), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Hillbrook Grange Residential Care Home

Independent Auditors' Report to the Members of Hillbrook Grange Residential Care Home

.....continued

Opinion on financial statements

In our opinion the financial statements

- Give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of its results for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006

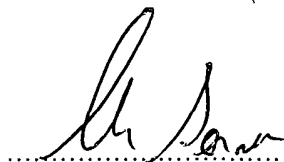
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees report (which also incorporates the directors report required by company law) for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Anna Bennett (Senior Statutory Auditor)

For and on behalf of Hallidays, Statutory Auditor

19th September 2017

Hillbrook Grange Residential Care Home

Statement of Financial Activities (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses) for the Year Ended 31 March 2017

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
Income and endowments from					
Donations and legacies	2	2,925	-	2,925	548
Investment income	3	16,754	-	16,754	26,098
Charitable activities	4	946,543	-	946,543	969,288
Other income	5	4,168	-	4,168	620
Total income		970,390	-	970,390	996,554
Expenditure on					
Cost of raising funds		4,414	-	4,414	3,891
Charitable activities	6	1,105,104	-	1,105,104	1,054,788
Total expenditure		1,109,518	-	1,109,518	1,058,679
Net expenditure before other recognised gains and losses		(139,128)	-	(139,128)	(62,125)
Transfers between funds		69,510	(69,510)	-	-
Other Recognised gains (losses):					
Gains/(losses) on investment assets		63,434	-	63,434	(58,482)
Net movements in funds		(6,184)	(69,510)	(75,694)	(120,607)
Reconciliation of funds					
Total funds brought forward		3,970,920	69,510	4,040,430	4,161,037
Total funds carried forward		3,964,736	-	3,964,736	4,040,430

This statement of financial activities include all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes on pages 13 to 26 form an integral part of these financial statements

Hillbrook Grange Residential Care Home (Registration number: 07125607)

Balance Sheet at 31 March 2017

		2017		2016	
		£	£	£	£
Fixed assets	Note				
Tangible assets	11		3,556,201		3,619,972
Investments	12		456,829		487,485
			<u>4,013,030</u>		<u>4,107,457</u>
Current assets					
Stocks and work in progress		150		150	
Debtors	13	5,835		11,811	
Cash at bank and in hand		16,498		11,748	
		<u>22,483</u>		<u>23,709</u>	
Creditors: Amounts falling due within one year	14	<u>(70,777)</u>		<u>(90,736)</u>	
Net current liabilities			(48,294)		(67,027)
Net assets			<u>3,964,736</u>		<u>4,040,430</u>
The funds of the charity:					
Restricted funds			-		69,510
Unrestricted funds					
Revaluation reserve		46,098		(16,689)	
Unrestricted income funds		3,918,638		3,987,609	
Total unrestricted funds			<u>3,964,736</u>		<u>3,970,920</u>
Total charity funds			<u>3,964,736</u>		<u>4,040,430</u>

These accounts are prepared in accordance with the special provisions of part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are circulated to members of the company.

The notes on pages 13 to 26 form an integral part of these financial statements.

Hillbrook Grange Residential Care Home (Registration number: 07125607)

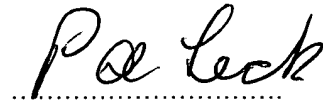
Balance Sheet at 31 March 2017

.....continued

The financial statements on pages 9 to 26 were approved by the trustees, and authorised for issue on 19th September 2017 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'B. Bissell', written over a horizontal dotted line.

Mr Bruce Bissell
Trustee

A handwritten signature in black ink, appearing to read 'P. Leck', written over a horizontal dotted line.

Mrs Patricia Leck
Trustee

The notes on pages 13 to 26 form an integral part of these financial statements.

Hillbrook Grange Residential Care Home

Statement of Cash Flows for the Year Ended 31 March 2017

	<u>Note</u>	<u>Total Funds</u>	<u>Prior Year</u>
		<u>2017</u>	<u>2016</u>
		<u>£</u>	<u>£</u>
Net cash generated from operating activities	19	(99,575)	(7,192)
Cash flows from investing activities			
Interest and dividends		20,844	26,098
Purchase of tangible fixed assets		(4,889)	(45,046)
Proceeds from sale of investments		134,629	788,252
Purchase of investments		(46,260)	(524,286)
Net cash (expected / provided by investing activities)		104,325	245,018
Cash flows from financing activities			
Repayment of borrowings		-	(230,889)
Change in cash and cash equivalents in the year		4,750	6,937
Cash and cash equivalents brought forward		11,748	4,811
Cash and cash equivalents carried forward		16,498	11,748

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2017

1. Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

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

Basis of preparation

Hillbrook Grange Residential Care Home 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 notes.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity.

Transition to FRS 102

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was required. No restatements are required as a result of the transition to FRS 102.

Income and endowments

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of the income receivable can be measured reliably.

Donations and legacies

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

Legacy gifts are recognised on a case by case basis following the grant of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2017

..... continued

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Raising funds

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustee's meetings and reimbursed expenses.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the 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 of the 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.

Tangible fixed assets

Individual fixed assets costing £100 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Moveable Fixtures, fitting and equipment	10 – 33% reducing balance
Property – Fixed Equipment	5 – 10% straight line
Property – Structure	1 – 3% straight line

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2017

..... continued

Fixed asset investments

Fixed asset investments, other than programme related investments, are included at market value at the balance sheet date. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities based on the market value at the year end.

Stock

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell, after due regard for obsolete and slow moving stocks. Cost is determined using the first-in, first-out (FIFO).

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2017

..... continued

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustee's discretion in furtherance of the objectives of the charity.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2017

..... continued

Debt instruments

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods. (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2017

..... continued

Derivative financial instruments

The charity uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The charity does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in statement of financial activities immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statement of financial activities depends on the nature of the hedge relationship.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2017

..... continued

2 Income from donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
Legacies	<u>2,925</u>	<u></u>	<u>2,925</u>	<u>548</u>

3 Investment income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
Income from listed investments	<u>16,754</u>	<u>-</u>	<u>16,754</u>	<u>26,098</u>

4 Income from charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
Charitable activity				
Residential care fees	<u>946,543</u>	<u>-</u>	<u>946,543</u>	<u>969,288</u>

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2017

..... continued

5 Other income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
Other income	-	-	-	-
Other income	4,168	-	4,168	620
	<u>4,168</u>	<u>-</u>	<u>4,168</u>	<u>620</u>

6 Expenditure on charitable activities

		Residential Care Home £	Total £
Direct costs			
Cost of goods sold		64,274	64,274
Employment costs		742,850	742,850
Establishment costs		42,637	42,637
Repairs and maintenance		74,588	74,588
Equipment hire		2,107	2,107
Advertising and promotion		5,113	5,113
Bank charges		1,747	1,747
Interest payable		12	12
Other finance charges		-	-
Depreciation of tangible fixed assets		68,660	68,660
		<u>1,001,988</u>	<u>1,001,988</u>
	Governance £	Support £	Total £
Support and Governance costs			
Employment costs	2,000	2,000	4,000
Establishment costs	-	12,027	12,027
Office expenses	-	17,462	17,462
Printing, posting and stationary	-	9,783	9,783
Subscriptions and donations	-	7,750	7,750
Cleaning	-	13,981	13,981
Accountancy fees	4,200	-	4,200
Auditors' remuneration	7,302	-	7,302
Legal and professional costs	1,069	25,542	26,611
	<u>14,571</u>	<u>88,545</u>	<u>103,116</u>
	<u>14,571</u>	<u>1,090,533</u>	<u>1,105,104</u>

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2017

..... continued

7 Trustees' remuneration and expenses

Gavin Ferguson received £23,521 (2016: £25,533) through Ferguson Associates for consultancy services and not for the work undertaken in his role as a trustee. All trustees are covered by professional indemnity insurance which is paid for by Hillbrook Grange.

No trustees received reimbursement for expenses during the year (2016: nil).

8 Net income/(expenditure) for the year

Net expenditure is stated after charging:

	2017	2016
	£	£
Auditors' remuneration		
- Audit services	4,800	4,590
- Accountancy services	3,975	3,910
- Other services	5,002	4,029
Foreign currency losses/(gains)	-	36
Depreciation of tangible fixed assets	<u>68,659</u>	<u>74,569</u>

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2017

..... continued

9 Staff costs

The average number of persons employed by the charity (including trustees) during the year was as follows:

	2017 No.	2016 No.
Charitable activities	<u>38</u>	<u>30</u>

The aggregate payroll costs of these persons were as follows:

	2017 £	2016 £
Wages and salaries	515,436	501,045
Social security	32,877	30,215
Pension costs	<u>360</u>	<u>-</u>
	<u>548,673</u>	<u>531,260</u>

Senior employees

During the year, the number of senior employees who received emoluments falling within the following ranges was:

	2017 No.	2016 No.
£60,000 - £70,000	<u>-</u>	<u>-</u>

During the year, defined contribution pension contributions on behalf of these staff amounted to £nil (2016 - £nil)

Key management personnel

The total employee benefits of the key management personnel were £27,791.

10 Taxation

The company is a registered charity and is, therefore, exempt from taxation.

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2017

..... continued

11 Tangible fixed assets

	Freehold interest in land and buildings £	Moveable fixtures, fittings and equipment £	Total £
Cost of Valuation			
As at 1 April 2016	3,643,369	264,401	3,907,770
Additions	-	4,888	4,888
As at 31 March 2017	<u>3,643,369</u>	<u>269,289</u>	<u>3,912,658</u>
Depreciation			
As at 1 April 2016	176,657	111,141	287,798
Charge for the year	36,396	32,263	68,659
As at 31 March 2017	<u>213,053</u>	<u>143,404</u>	<u>356,457</u>
Net book value			
As at 31 March 2017	<u>3,430,316</u>	<u>125,885</u>	<u>3,556,201</u>
As at 31 March 2016	<u>3,466,712</u>	<u>153,260</u>	<u>3,619,972</u>

Fixed assets include £2,800,000 in respect of the land and buildings and £14,556 in respect of fixtures and fittings transferred from Bramhall and Woodford Old People's Welfare Committee on 12th April 2012.

12 Investments held as fixed assets

	Other Investments £
Market Value	
As at 1 April 2016	487,485
Revaluation	63,434
Net charge	(5,721)
Additions	46,260
Disposal	(134,629)
As at 31 March 2017	<u>456,829</u>
Net book value	
As at 31 March 2017	<u>456,829</u>
As at 31 March 2016	<u>487,485</u>

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2017

12 Investments held as fixed assets (continued)

	2017 £	2016 £
Listed investments	452,171	477,105
Cash	4,658	10,380
	<u>456,829</u>	<u>487,485</u>

13 Debtors

	2017 £	2016 £
Trade debtors	-	98
Other debtors	-	-
Prepayments and accrued income	5,835	11,713
	<u>5,838</u>	<u>11,811</u>

14 Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	2,118	1,620
Taxation and social security	12,051	7,567
Accruals and deferred income	56,608	81,549
	<u>70,777</u>	<u>90,736</u>

15 Legal status of the charity

The charity is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £10 towards the assets of the charity in the event of liquidation. The company is registered in England and Wales and its registered office is detailed on page 10 of these accounts.

16 Related parties

Controlling entity

The charity is controlled by the trustees who are all directors of the company.

There were no related party transactions to disclose other than those in note 7 and 9.

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2017

..... continued

17 Analysis of funds

	At 1 April 2016	Incoming resources	Resources expended	Other recognised gains/losses and transfers	At 31 March 2017
	£	£	£	£	£
General Funds					
Unrestricted income fund	3,970,920	974,480	(1,109,518)	128,854	3,964,736
Restricted Funds					
Lee Wood Fund	69,510	-	-	(69,510)	-
	<u>4,040,430</u>	<u>974,480</u>	<u>(1,109,518)</u>	<u>59,344</u>	<u>3,964,736</u>

During the year, following the winding up of the over 65's club the Lee Wood restricted reserve was transferred to the general unrestricted reserve.

18 Net assets by fund

	Unrestricted funds	Restricted Funds	Total Funds 2017	Total Funds 2016
	£	£	£	£
Tangible assets	3,556,201	-	3,556,201	3,619,972
Investments	456,829	-	456,829	487,485
Current assets	22,483	-	22,483	23,709
Creditors: Amount falling due within one year	(70,777)	-	(70,777)	(90,736)
	<u>3,964,736</u>	<u>-</u>	<u>3,964,736</u>	<u>4,161,037</u>

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2017

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19 Reconciliation of net movement in funds to net cash flow from operating activities

	2017	2016
	£	£
Net movement in funds	(75,694)	(120,607)
Add back depreciation charge	68,660	74,569
Deduct interest and dividends	(20,844)	(26,098)
Deduct gains/add back losses on investments	(57,713)	58,482
Decrease in debtors	5,975	210
Increase/(decrease) in creditors	<u>(19,959)</u>	<u>6,252</u>
Net cash used in operating activities	<u>(99,575)</u>	<u>(7,192)</u>