

Company registration number: 07125607

Charity registration number: 1146488

Hillbrook Grange Residential Care Home

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2018



HALLIDAYS
MORE THAN JUST ACCOUNTANTS

Hallidays
Statutory Auditor
Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

SATURDAY



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COMPANIES HOUSE

Hillbrook Grange Residential Care Home

Contents

Reference and Administrative Details	1
Key Facts	2 to 5
Statement of Trustees' Responsibilities	6
Independent Auditors' Report	7 to 9
Statement of Financial Activities	10 to 11
Balance Sheet	12
Statement of Cash Flows	13
Notes to the Financial Statements	14 to 26

Hillbrook Grange Residential Care Home

Reference and Administrative Details

Trustees	Mr Bruce Bissell (resigned 15 May 2018) Mr Gavin Ferguson (appointed 15 May 2018 and resigned 19 September 2017) Dr Harry Hill Mrs Patricia Leck Ms Julia Shaw Mr Christopher Waddleton Miss June Westbrook Mr Mark Tattersall (appointed 13 June 2018) Mrs Hilda Renn (resigned 19 September 2017)
Secretary	Ms Julia Shaw
Principal Office	Hillbrook Grange Residential Care Home Ack Lane East Bramhall Stockport SK7 2BY The charity is incorporated in England and Wales .
Company Registration Number	07125607
Charity Registration Number	1146488
Auditor	Hallidays Statutory Auditor Riverside House Kings Reach Business Park Yew Street Stockport SK4 2HD

Hillbrook Grange Residential Care Home

Trustees Report (Including Strategic Report)

The trustees, who are also the directors, present their report and the financial statements of the charity for the year ended 31st March 2018.

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

The trustees who served during the period from 1st of April 2017 up to the date of approval of this report are set out below.

Harry F Hill (Chairman)

Robert Bruce Bissell (Vice Chairman) [resigned May 15, 2018 and succeeded by Gavin Ferguson]

Christopher M Waddleton (Treasurer)

Patricia A Leck

June W Westbrook

Julia M Shaw (Company Secretary)

Mark A Tattersall (appointed June 13, 2018)

Hilda Renn (Resigned September 19, 2018)

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 (Including Strategic 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.

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.

Hillbrook Grange Residential Care Home

Trustees Report (Including Strategic Report)

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 2017. 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.

Management of the Charity

Day to day operational control is vested with the Home's Registered Manager who is supervised by the Chairman and the Vice Chairman. The latter is also the General Manager of the charity and is responsible for all non-clinical activity.

Investment review

During the year under review the portfolio produced a yield of -1.05% (2017: 3.47%).

Some 17.10% 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

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.

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.

PLANS FOR FUTURE PERIODS

Land sale

During 2016/17, a small 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 were received and, following interview of the bidding parties, Messrs. McCarthy & Stone were declared the preferred bidder. If their proposed development is successful at Planning, the funds will be released. The proceeds of sale amounting to almost £3.9 million will cover the cost of demolishing the Old House and the construction in its place of a dedicated, self-contained, 20-24 bed dementia unit; as well as allowing the transfer of a significant sum to augment the Charity's investment portfolio.

Hillbrook Grange Residential Care Home

Trustees Report (Including Strategic Report)

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.

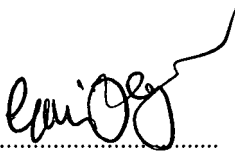
AUDITOR

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 18th September 2018 and signed on its behalf by:

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

Mr Gavin Ferguson

Trustee Director

Hillbrook Grange Residential Care Home

Statement of Trustees' Responsibilities

The trustees (who are also the directors of Hillbrook Grange Residential Care Home for the purposes of company law) are responsible for preparing 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 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 18 September 2018 and signed on its behalf by:



Mrs Patricia Leck
Trustee

Hillbrook Grange Residential Care Home

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

Opinion

We have audited the financial statements of Hillbrook Grange Residential Care Home (the 'charity') for the year ended 31 March 2018, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2018 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.

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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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 trustees are 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Hillbrook Grange Residential Care Home

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

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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the .

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 specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 6], the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity 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.

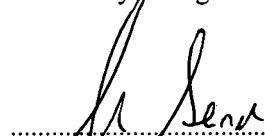
As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Hillbrook Grange Residential Care Home

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the charity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the charity audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Anna Bennett (Senior Statutory Auditor)
For and on behalf of Hallidays, Statutory Auditor

Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

Date: 18-09-18

Hillbrook Grange Residential Care Home

Statement of Financial Activities for the Year Ended 31 March 2018 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Total 2018 £
Income and Endowments from:			
Donations and legacies	3	6,122	6,122
Charitable activities	4	1,088,915	1,088,915
Investment income	5	18,543	18,543
Other income	6	13,377	13,377
Total Income		<u>1,126,957</u>	<u>1,126,957</u>
Expenditure on:			
Raising funds		(3,776)	(3,776)
Charitable activities	7	(1,200,691)	(1,200,691)
Total Expenditure		<u>(1,204,467)</u>	<u>(1,204,467)</u>
Net expenditure		(77,510)	(77,510)
Other recognised gains and losses			
Gains/losses on investment assets		(12,748)	(12,748)
Net movement in funds		(90,258)	(90,258)
Reconciliation of funds			
Total funds brought forward		<u>3,964,736</u>	<u>3,964,736</u>
Total funds carried forward	20	<u><u>3,874,478</u></u>	<u><u>3,874,478</u></u>

Hillbrook Grange Residential Care Home

Statement of Financial Activities for the Year Ended 31 March 2018 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2017 £
Income and Endowments from:				
Donations and legacies	3	2,925	-	2,925
Charitable activities	4	946,543	-	946,543
Investment income	5	16,754	-	16,754
Other income	6	4,168	-	4,168
Total Income		<u>970,390</u>	<u>-</u>	<u>970,390</u>
Expenditure on:				
Raising funds		(4,414)	-	(4,414)
Charitable activities	7	<u>(1,105,104)</u>	<u>-</u>	<u>(1,105,104)</u>
Total Expenditure		<u>(1,109,518)</u>	<u>-</u>	<u>(1,109,518)</u>
Gains/losses on investment assets		<u>63,434</u>	<u>-</u>	<u>63,434</u>
Net expenditure		(75,694)	-	(75,694)
Transfers between funds		<u>69,510</u>	<u>(69,510)</u>	<u>-</u>
Net movement in funds		(6,184)	(69,510)	(75,694)
Reconciliation of funds				
Total funds brought forward		<u>3,970,920</u>	<u>69,510</u>	<u>4,040,430</u>
Total funds carried forward	20	<u><u>3,964,736</u></u>	<u><u>-</u></u>	<u><u>3,964,736</u></u>

All of the charity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2017 is shown in note 20.

Hillbrook Grange Residential Care Home

(Registration number: 07125607)
Balance Sheet as at 31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	14	3,505,393	3,556,200
Investments	15	<u>380,582</u>	<u>456,828</u>
		<u>3,885,975</u>	<u>4,013,028</u>
Current assets			
Stocks	16	150	150
Debtors	17	11,528	5,837
Cash at bank and in hand		<u>25,837</u>	<u>16,498</u>
		37,515	22,485
Creditors: Amounts falling due within one year	18	<u>(49,012)</u>	<u>(70,777)</u>
Net current liabilities		<u>(11,497)</u>	<u>(48,292)</u>
Net assets		<u>3,874,478</u>	<u>3,964,736</u>
Funds of the charity:			
Unrestricted income funds			
Unrestricted funds		<u>3,874,478</u>	<u>3,964,736</u>
Total funds	20	<u>3,874,478</u>	<u>3,964,736</u>

The financial statements on pages 10 to 26 were approved by the trustees, and authorised for issue on 18 September 2018 and signed on their behalf by:



Mrs Patricia Leck
Trustee

Hillbrook Grange Residential Care Home

Statement of Cash Flows for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash expenditure		(90,258)	(75,694)
Adjustments to cash flows from non-cash items			
Depreciation		73,868	68,659
Investment income		<u>12,748</u>	<u>(63,434)</u>
		(3,642)	(70,469)
Working capital adjustments			
(Increase)/decrease in debtors	17	(5,691)	5,974
Decrease in creditors	18	<u>(21,765)</u>	<u>(19,959)</u>
Net cash flows from operating activities		<u>(31,098)</u>	<u>(84,454)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets	14	(23,061)	(4,888)
Purchase of investments	15	(154,419)	(46,260)
Sale of investments	15	<u>217,917</u>	<u>140,352</u>
Net cash flows from investing activities		<u>40,437</u>	<u>89,204</u>
Net increase in cash and cash equivalents		9,339	4,750
Cash and cash equivalents at 1 April		<u>16,498</u>	<u>11,748</u>
Cash and cash equivalents at 31 March		<u><u>25,837</u></u>	<u><u>16,498</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2018

1 Charity status

The charity is a charity limited by guarantee and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £10 towards the assets of the charity in the event of liquidation.

2 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.

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 2018

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 trustees'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 £100.00 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:

Asset class	Depreciation method and rate
Property - Structure	1 - 3 % straight line
Property - Fixed Equipment	5 - 10% straight line
Moveable Fixtures, fitting and equipment	10 - 33% reducing balance

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2018

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.

Fund structure

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

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2018

Pensions and other post retirement obligations

The charity operates a defined contribution pension scheme which is a pension plan under which fixed contributions are paid into a pension fund and the charity has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised in the Statement of Financial Activities when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

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.

Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publically 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.

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 2018

3 Income from donations and legacies

	Unrestricted funds		
	General	Total	Total
	£	2018	2017
		£	£
Donations and legacies;			
Donations	6,122	6,122	2,925
	<u>6,122</u>	<u>6,122</u>	<u>2,925</u>

4 Income from charitable activities

	Unrestricted funds		
	General	Total	Total
	£	2018	2017
		£	£
Residential care	1,088,915	1,088,915	946,543
	<u>1,088,915</u>	<u>1,088,915</u>	<u>946,543</u>

5 Investment income

	Unrestricted funds		
	General	Total	Total
	£	2018	2017
		£	£
Other income from fixed asset investments	18,543	18,543	16,754
	<u>18,543</u>	<u>18,543</u>	<u>16,754</u>

6 Other income

	Unrestricted funds		
	General	Total	Total
	£	2018	2017
		£	£
Other income	13,377	13,377	4,168
	<u>13,377</u>	<u>13,377</u>	<u>4,168</u>

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2018

7 Expenditure on charitable activities

		Unrestricted funds	Total 2018	Total 2017
	Note	General £	£	£
Direct Costs (excluding staff costs)		297,845	297,845	264,597
Staff costs (including training costs)		798,788	798,788	739,390
Allocated support costs (excluding staff costs)	8	91,040	91,040	86,546
Governance costs	8	13,018	13,018	14,571
		<u>1,200,691</u>	<u>1,200,691</u>	<u>1,105,104</u>
		Unrestricted funds	Total 2018	Total 2017
		General £	£	£
Direct Costs				
Cost of goods sold		79,739	79,739	64,274
Employment costs including staff training		809,183	809,183	742,850
Establishment costs		41,026	41,026	42,637
Repairs and maintenance		82,128	82,128	74,588
Equipment hire		-	-	2,107
Advertising and promotion		6,956	6,956	5,113
Bank charges		1,666	1,666	1,747
Interest payable		67	67	12
Depreciation of tangible fixed assets		73,868	73,868	68,659
		<u>1,094,633</u>	<u>1,094,633</u>	<u>1,001,987</u>

£1,094,633 (2017 - £1,001,987) of the above expenditure was attributable to unrestricted funds and £Nil (2017 - £Nil) to restricted funds.

In addition to the expenditure analysed above, there are also governance costs of £13,018 (2017 - £14,571) which relate directly to charitable activities. See note 8 for further details.

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2018

8 Analysis of governance and support costs

Support costs allocated to charitable activities

	Governance costs £	Other support costs £	Total 2018 £	Total 2017 £
Employment costs	2,000	2,000	4,000	4,000
Establishment costs	-	8,730	8,730	12,027
Office expenses	-	18,844	18,844	17,462
Printing, postage and stationary	-	9,031	9,031	9,783
Subscriptions and donations	-	8,068	8,068	7,750
Cleaning	-	17,029	17,029	13,981
Accountancy fees	6,818	-	6,818	4,200
Auditors remuneration	4,200	-	4,200	7,302
Legal and professional costs	-	29,338	29,338	26,611
	<u>13,018</u>	<u>93,040</u>	<u>106,058</u>	<u>103,116</u>

9 Net incoming/outgoing resources

Net outgoing resources for the year include:

	2018 £	2017 £
Audit fees	4,200	4,200
Other non-audit services	6,818	8,977
Depreciation of fixed assets	<u>73,868</u>	<u>68,659</u>

10 Trustees remuneration and expenses

During the year the charity made the following transactions with trustees:

Mr Gavin Ferguson

Mr Gavin Ferguson received remuneration of £19,678 (2017: £23,521) during the year.

Gavin Ferguson received the above 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 have received any reimbursed expenses from the charity during the year.

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2018

11 Staff costs

The aggregate payroll costs were as follows:

	2018 £	2017 £
Staff costs during the year were:		
Wages and salaries	759,413	708,153
Social security costs	37,326	32,877
Pension costs	4,049	360
	<u>800,788</u>	<u>741,390</u>

The monthly average number of persons (including senior management team) employed by the charity during the year expressed as full time equivalents was as follows:

	2018 No	2017 No
Charitable activities	<u>39</u>	<u>38</u>

During the year, the charity made redundancy and/or termination payments which totalled £20,160 (2017 - £Nil).

No employee received emoluments of more than £60,000 during the year.

12 Auditors' remuneration

	2018 £	2017 £
Audit of the financial statements	<u>4,200</u>	<u>4,200</u>
Other fees to auditors		
All other non-audit services	<u>6,818</u>	<u>7,302</u>

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2018

13 Taxation

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

14 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Total £
Cost			
At 1 April 2017	3,643,368	269,290	3,912,658
Additions	-	23,061	23,061
At 31 March 2018	<u>3,643,368</u>	<u>292,351</u>	<u>3,935,719</u>
Depreciation			
At 1 April 2017	213,053	143,405	356,458
Charge for the year	<u>45,530</u>	<u>28,338</u>	<u>73,868</u>
At 31 March 2018	<u>258,583</u>	<u>171,743</u>	<u>430,326</u>
Net book value			
At 31 March 2018	<u>3,384,785</u>	<u>120,608</u>	<u>3,505,393</u>
At 31 March 2017	<u>3,430,315</u>	<u>125,885</u>	<u>3,556,200</u>

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2018

15 Fixed asset investments

	2018 £	2017 £
Other investments	<u>380,582</u>	<u>456,828</u>

Other investments

	Listed investments £	Total £
Cost or Valuation		
At 1 April 2017	456,828	456,828
Revaluation	(12,748)	(12,748)
Additions	154,419	154,419
Disposals	<u>(217,917)</u>	<u>(217,917)</u>
At 31 March 2018	<u>380,582</u>	<u>380,582</u>
Net book value		
At 31 March 2018	<u>380,582</u>	<u>380,582</u>
At 31 March 2017	<u>456,828</u>	<u>456,828</u>

16 Stock

	2018 £	2017 £
Stocks	<u>150</u>	<u>150</u>

17 Debtors

	2018 £	2017 £
Trade debtors	2,544	-
Prepayments	8,904	5,837
Other debtors	<u>80</u>	<u>-</u>
	<u>11,528</u>	<u>5,837</u>

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2018

18 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	1,679	2,118
Other taxation and social security	10,465	12,051
Other creditors	744	1
Accruals	36,124	56,607
	<u>49,012</u>	<u>70,777</u>

19 Pension and other schemes

Defined contribution pension scheme

The charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the charity to the scheme and amounted to £4,048 (2017 - £360).

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2018

20 Funds

	Balance at 1 April 2017 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Balance at 31 March 2018 £	
Unrestricted funds						
General	<u>(3,964,736)</u>	<u>(1,126,957)</u>	<u>1,204,467</u>	<u>12,748</u>	<u>(3,874,478)</u>	
	Balance at 1 April 2016 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2017 £
Unrestricted funds						
General	(3,970,920)	(970,390)	1,109,518	(69,510)	(63,434)	(3,964,736)
Restricted funds	<u>(69,510)</u>	<u>-</u>	<u>-</u>	<u>69,510</u>	<u>-</u>	<u>-</u>
Total funds	<u>(4,040,430)</u>	<u>(970,390)</u>	<u>1,109,518</u>	<u>-</u>	<u>(63,434)</u>	<u>(3,964,736)</u>

Hillbrook Grange Residential Care Home

Notes to the Financial Statements for the Year Ended 31 March 2018

21 Analysis of net assets between funds

	Unrestricted funds General £	Total funds £
Tangible fixed assets	3,505,393	3,505,393
Fixed asset investments	380,582	380,582
Current assets	37,515	37,515
Current liabilities	(49,012)	(49,012)
Total net assets	<u>3,874,478</u>	<u>3,874,478</u>

22 Analysis of net funds

	At 1 April 2017 £	Cash flow £	At 31 March 2018 £
Cash at bank and in hand	16,498	9,339	25,837
Net debt	<u>16,498</u>	<u>9,339</u>	<u>25,837</u>

23 Non adjusting events after the financial period

A section of land owned by Hillbrook Grange Residential Care Home has been sold subject to receipt of planning consent for £3.895 million. Confirmation of the sale will be upon receipt of planning consent which may not be received until December 2018. A non refundable deposit of £10,000 was received in respect of the land sale in March 2018 and is included within other income.