



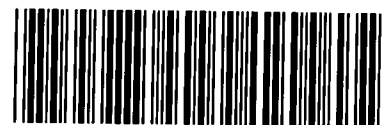
Every day well lived

# WCS Care Annual report and financial statements

For the year ended 31 March 2018



FRIDAY



\*A7CIAQ5K\*  
A05 17/08/2018 #62  
COMPANIES HOUSE

**Contents**

**Page number**

Reference and administration details	1
Welcome from the Chair of the Board and Chief Executive	2
Report of the Trustees including the strategic report	4
Financial review	8
Structure, management and governance	12
Independent auditor's report	16
Consolidated and company statement of financial activities	20
Consolidated and company balance sheet	21
Consolidated statement of cash flows	22
Notes to the financial statements	23

## Reference and administrative details of the charity, its trustees and advisors

**Registered name:** WCS Care Group Ltd

**Also known as:** WCS Care

**Registered company:** 2713150

**Registered charity:** 1012788

**Registered office** Whites Row  
Kenilworth  
CV8 1HW

**Trustees:** K W Demian – Chairman  
A T Last – Vice Chairman (resigned 31 March 2018)  
A F Levett - Vice Chairman (appointed 01 April 2018)  
B C Cressey  
L E Middleburgh  
S P Miller  
K J Nurcombe  
P J Southeard  
R L Merchant (appointed 27 November 2017)  
M R Andrews (appointed 27 November 2017)  
M A Malloy (resigned 01 April 2018)  
J E M Deeley (resigned 18 August 2017)  
A S Fossey (resigned 18 August 2017)

**Executive leadership team:** C A Asbury – Chief Executive  
P C Parekh – Director of Finance and Company Secretary  
E J Russell – Director of Innovation and Development  
T J Johnson – Director of Delivery  
K Salt – Director of Quality and Compliance

**Auditors:** BDO LLP  
Two Snowhill  
Birmingham  
B4 6GA

**Solicitors:** Wright Hassall LLP  
Olympus Avenue  
Leamington Spa  
Warwickshire  
CV34 6BF

**Bankers:** The Royal Bank of Scotland  
Derby Cornmarket Branch  
41 Cornmarket  
Derby  
DE1 2DG

## Welcome from the Chair of the Board

It's a pleasure to bring you our report, highlighting our 25<sup>th</sup> year. WCS Care, then called Warwickshire Care Services, was formed in 1992 when Warwickshire Council leased a number of its homes to the charity. Over the years the charity has gone from strength to strength, eventually being able to purchase our land and buildings outright. It's this ownership which has allowed us to invest in our new inspirational homes and the long-term improvements to the older homes in the group.

However, it's not always easy. We've had a year of highs and lows. The start of the year saw a 6<sup>th</sup> home rated as outstanding by the Care Quality Commission, which was followed six months later by a requires improvement rating for our newest home.

With a high profile in the sector and a reputation for pushing boundaries we never forget that our everyday focus must be on the delivery of high quality care for our residents. So, whilst we were obviously incredibly disappointed with this latest rating, the Board and I have every confidence in the team, who have simply rolled up their sleeves and got on with the job of raising standards in the home to the levels we aspire to.

We work in a sector that has many challenges and as an organisation we've faced some of our own this year, but despite this we know our team have delivered thousands of interactions which have had a positive and lasting impact on our residents and their families. Our focus will continue to be ensuring every day is well lived for our residents and to do that, we will continue to challenge the social care norms which can so often hold the sector in check.

Karl Demian  
Chair of the Board

## And a word from our Chief Executive

Our 25<sup>th</sup> year has come and gone and we're a stronger organisation and even more ambitious for our residents.

We continue to be incredibly successful; the care sector looks to us as a beacon of creativity and innovation: we're leading the way in the use of electronic care data, setting a standard for others to emulate, our research partnership with Coventry University has started to collect fascinating insights into the effects of circadian lighting on resident health and wellbeing, our re-ablement work with a local hospital trust has demonstrated the role care homes can play in supporting people to return home with improved independence after a hospital stay, and we've demolished one of our older homes to make way for an inspirational village-style care home.

That said, we've also had our hiccups this year, and had to face the fact that our flagship new home suffered from "new home" syndrome and received a low CQC rating. It's taught us some valuable lessons, especially about our own leadership and responsibility. I've always said we're willing to try new things which means we sometimes get it wrong. And we are only as good as the last act of care we delivered, so like everyone else we learn all the time. While there are many wonderful moments for the residents of Castle Brook, we've also had to recognise that some of the basics – such as recruitment – fell short.

I have had the opportunity to share our innovation, creativity and learning with a wide range of audiences over the last 12 months – both in our own Innovation Hub which has attracted over 300 visitors to date, and at a range of national conferences and events.

And if I didn't know it before, I do now – we operate in a sector that needs this openness, to share our experiences and recognise that we all make mistakes, but also that we're determined to do the best we can and improve things when they don't go smoothly.

I'd like to take this opportunity to recognise the work done every day by the staff who make up the life of WCS Care. The dedication and commitment to our aim of ensuring every day is well lived for our residents is visible in all of our homes. Our staff have played, been there, made people's day, and chosen their attitude, enriching the days and lives of the people who live with us.

Christine Asbury  
Chief Executive

## Report of the Trustees including the strategic report

### Introduction

The Trustees, who are also the directors of the company, present their report and the audited, consolidated financial statements for the year ended 31 March 2018.

### WCS Care's vision and mission

WCS Care is a leading provider of care homes for older people and those living with a dementia, and younger adults with life-long conditions or disabilities. We don't create a home from home, just a home, where people feel happy to be themselves in a safe and warm environment.

We want to ensure **every day is well lived** for our residents and staff by inviting people to choose the things they want to do and try new opportunities.

### Objectives for the year

This year the Charity focused on the following:

- During 2017 -18 WCS Care's objectives continued to be the delivery of a development programme across its 13 sites, subject to a forthcoming strategic review. The development of our new care home site in Warwick, which will provide a state of the art care home in September 2019
- Bringing to mature operations our latest care home in Kenilworth which opened in December 2016 providing 84 beds
- Ongoing embedding of our values to stimulate innovative and responsive practice into care delivery
- Utilising innovation and technology in frontline services and support functions to provide enhanced quality of care
- Developing the business infrastructure and ensuring there is sufficient human and financial resource to sustain the business and its development programme over the long term

### Strategies to achieve objectives

We achieve this by delivering against our strategic objective which challenges us to:

Continue to build a sustainable and effective organisation through:

- Excellent service - Engaging and giving people who are part of WCS the power to lead and practice creatively in line with our vision and values
- Excellent homes - Delivering our site redevelopment, growth and acquisition programme
- Excellent financials - Maintaining WCS Care's sound financial performance and funding

## **Achievements and performance**

What our residents, relatives, visitors and staff say about us:

*'I did not want to be lonely and I am never lonely now.'*

*'The insight of your teams to understand what is required to appropriately transform and challenge the status quo, in the social care industry, is fantastic and I applaud you all.'*

*'It was an enlightening visit.... which gave me such a good feel about the home. I like the way staff genuinely cared for the residents making them feel it was their own home and not just a place to be cared for in their later years.'*

*'I talk to the care staff, they are very nice. There's one I call the flower girl, she's lovely'*

***'Service users appeared so happy, content and at "home"'***

*'It was so refreshing to hear what's worked and what hasn't so well and a genuine openness to help others move forward.'*

*'Our mom couldn't have had better care anywhere else - she was treated with respect dignity and love. All staff, cleaners, cook, hairdresser and carers should be proud of themselves - they do a fantastic job, and treat family with respect. We can never thank them enough.'*

***'I am passionate about making their day, making them laugh and smile.....'***

## Report of the Trustees including the strategic report (continued)

### Embedding and sharing our values

As an organisation that is run by people for people we recognise that the behaviour of every member of our team contributes to the experience of our residents, relatives, visitors and staff. We continue to focus on our values; play, make someone's day, be there, and choose your attitude, and the underpinning principle; the standard you walk past is the standard you accept.

Whilst we've been able to introduce a range of new concepts to our newly built homes, it's vital that residents in our older homes also benefit from similar enhancements and we work hard to bring creativity and opportunity to all of our homes and their residents. In 2017/18 we introduced side-by-side bikes for two and bike tracks at four of our older homes and our first new build home, beautiful water features have been installed to create focal points in our gardens and we've made improvements to living areas from refreshing decoration to new kitchenettes which give people more control and independence.

In 2017/18, our leadership and use of technology was recognised through several award nominations: Charity Times: Best Use of Technology and Charity of the Year; Third Sector Care Awards: Technology Award; Coventry Business Awards: Best Not-For-Profit Organisation; National Care Awards: Care Home Group; and the Caring UK Awards where we won the awards for Care Group of the Year, and Best Innovation in Care.

We continue to be members of the National Care Forum, and our Chief Executive is a member of its Board.

### Providing a home

In 2017/2018 we provided a home to over 510 people across our 12 homes, successfully meeting our self-funder occupancy target at 96% (95% - 2017).

Our 13<sup>th</sup> home, Woodside in Warwick, was demolished in 2017 and the groundwork prepared for building work to being on our new village-style care home for 72 residents. This inspirational development will build on our existing concepts, pushing our care delivery model to new boundaries with small households for up to six residents, an outdoor shopping precinct complete with shop, launderette, café, cinema and gardens and the inclusion of the latest technology to make every day well lived for the residents who'll live there.

Because the people currently living in our older properties don't have time left to wait for a new building to be provided, we're cascading key elements of practice and environments to older homes. In 2017/18 we've put effort into enhancing our outdoor spaces with the addition of bike tracks, greenhouses, raised beds and water features, while indoors we've focussed on decoration and furniture as well as kitchenette facilities.

2017/18 also brought with it a Care Quality Commission rating of 'Requires Improvement' for Castle Brook, our latest home opened in December 2016. 'New home syndrome' problems linked to slow recruitment and the effective use of established systems undermined the opportunities this specially designed home has to offer. Whilst disappointing, we recognised the areas that needed improvement and the home is benefitting from a dedicated team of managers who are making a significant difference to life in the home, and we're committed to ensuring the residents of Castle Brook benefit from the high quality care WCS is recognised for.



#### Implementing technology and innovation

Our roll out of mobile care monitoring was completed at the end of 2017 with our two younger adult services starting to use the system. With thousands of care interventions being captured every day the volume of data we have available to us has grown exponentially. Analysis of this data has given us the opportunity to improve our care delivery, focus our attention on problem areas and provide coaching to managers and carers so we can improve the experience, health and wellbeing of our residents.

Building on our successful implementation of night-time acoustic monitoring, we've now trialled cameras linked to the system. Providing a visual prompt which supports the auditory information picked up by the bedroom's microphone, the use of these cameras has added valuable detail to support care decisions and interventions at night, in one case preventing a resident from falling approximately nine times in the night.

Our study into the effectiveness of circadian lighting also started in 2017 at Drovers House. Whilst this 'natural' lighting is being installed throughout our new-build at Warwick, we're working in partnership with Coventry University to gather research into the impact it has on the health and wellbeing of residents at Drovers House as part of a PhD study. Initial anecdotal feedback shows reductions in medication, positive changes in mood and improved sleep patterns for the residents living on the household that features the circadian lighting.

#### Partnership working

##### **Warwickshire County Council**

We continue to maintain our contract with Warwickshire County Council (WCC) to provide socially funded places to residents of Warwickshire. WCS Care believes everyone should be able to benefit from the same standard of care however it's paid for, and as such our socially funded residents, who make up approximately 50% of our residents, will continue to enjoy the same high quality care that is the benchmark of WCS Care homes. Day care services are also used well, in particular by those referred by WCC.

##### **South Warwickshire Foundation Trust**

2017/18 was the first complete year of our partnership with South Warwickshire Foundation Trust (SWFT) for the step-down facility at Castle Brook in Kenilworth. In the partnership's first year we've supported people who've been discharged from hospital to us for re-ablement, to return to independent living.

#### **Innovation and creativity partners**

Our Innovation Hub continues to host visitors from across a wide range of social and health care sectors every week, welcoming over 300 people to date. By sharing our experience, successes and failures, we hope to contribute to the development of care for people in care homes beyond our own walls.

As one visitor said after their visit:

*'I have to say that coming from an organisation who have developed and delivered over 10,000 care beds in our 40 year history and who are arguably the leading developer of care homes in the UK I think that what you have done is superb. It has certainly given me some fresh perspective on how technology can disrupt operational models and simultaneously improve the resident experience. Bravo.'*

#### **Volunteers**

This year saw the embedding of our work with Gift of Years across our Rugby homes. This faith

based volunteer programme provides spiritual care and support to residents, relatives and staff. From church services and singing groups to one-to-one time with residents, the team from Gift of Years have made a valuable contribution to the lives of our Rugby residents.

**Sharing WCS Care's achievements during the year**

We want to share the experience of living in a WCS Care home, to raise the profile of WCS as a provider of high quality care, attracting new customers, but also to remove the fear that many people have when they consider moving into a home themselves or are thinking about care for a loved one.

At WCS Care we work where people live, they don't live where we work, so our residents are in charge. This simple premise means they live the life they want to and we share their lives through our newsletter, social media accounts and media stories.

We've also shared our story and experience at a number of conferences and events this year including: Care Home Professional round tables on use of data and dementia friendly design; Digital leadership, Health Education England; Demos round table on inactivity in older age; CQC Inspector conferences and the launch of their Quality Matters report; the National Care Forum Conference; Best Practice in the Care Home Sector conference; an NHS England Care Together conference; and a Think Local Act Personal conference.

### **Financial review**

#### **Taxation status**

As a charity WCS Care Group Limited is exempt from corporation tax on its charitable activities.

#### **Insurance of directors and trustees**

The charity maintains insurance for the directors and trustees of WCS Care Group Limited in respect of their duties for the organisation.

#### **Reserves policy and going concern**

It is the policy of the charity to target free reserves at a level which will support the operation of the business for a minimum of six months (approximately £8m). Reserves are also held to provide funds for the future development of its property portfolio, continual improvement of services and growth within the charity. The reserves policy is reviewed on an annual basis.

At the year end, free reserves represent unrestricted reserves after the pension liability of £15.093m, less fixed assets of £25.003m, plus debt used to finance assets of £12.861m, which equals £2.951m (2017: £1.703m), which is between 2 and 3 months expenditure. The charity will strive to increase the level of free reserves over the coming years.

The deficit in the charity's defined benefit pension scheme is detailed in note 13 to these accounts. The deficit has arisen due to the relatively weak performance of stock markets throughout the world, changes in the assumptions on the life expectancy of members of the scheme and low interest rates which increase the current cost of future liabilities. The pension fund is closed to new members and so employer contributions for future service liabilities are steadily falling. However, separate employer contributions are also being made with the aim of reducing the deficit on past service liabilities.

The directors have considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements. The trustees are of the view that adequate resources are

available to the organisation to continue to operate as a going concern over the foreseeable future from the date of approval of the financial statements.

**Statement of disclosure of information to auditor**

The directors at the time when the Report of the Trustees was approved confirm that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- each director has taken steps that ought to have been taken as a director in order to be aware of any information needed by the charity's auditor in connection with preparing their report and to establish that the charity's auditor is aware of that information.

**Strengthening the financial position**

Excluding the changes in the pension scheme liability the charity has made modest surpluses in the year, building on the reserves generated in previous years.

**Financial results**

The Charity generated an overall operational surplus before pension adjustment of £712,000 (2017: £1,255,000) in the financial year ended 31 March 2018. This year's financial performance has had a positive impact on the Charity's balance sheet which, after allowing for the pension fund deficit, shows net assets of £15,096,000 (2017 - £13,767,000). More information on the application of reserves is provided on page 11.

The above result is after adjusting for FRS 102 Section 28 'Employment Benefits'. The net assets of the Charity before this pension adjustment are £16,804,000 (2017 - £16,093,000) and whilst substantial net assets are not the prime business objective, a strong balance sheet is important in providing the resources to support the Charity's development. The Charity remains in a position to be able to pay its debts as and when they fall due and it continues to provide quality care to its service users.

The Parent Charity, WCS Care, saw overall income from sales increase by 12% due to a combination of sales from new rooms at Castle Brook and annual inflationary increase. Income from WCC purchases also increased due to higher sales from spot purchases.

Care operating expenditure continues to absorb relatively high property maintenance costs and additional depreciation from fixture and fitting replacements and from the new care home. The Executive Leadership Team is charged with maintaining a tight control over operating and administrative expenditure whilst still recognising the need to undertake major maintenance works at some homes so that the high level of service to our service users is maintained.

Payroll costs have increased this year due to the deployment of additional staffing at Castle Brook, in support services and implementation of the National Living Wage increase. As occupancy has increased so has the deployment of staff. While the homes make every effort to minimise the use of agency staff, costs in this area have increased by £576,000 mainly due to the opening of the new care home, despite this agency costs remain at a relatively low level for all other homes.

The cost of all refurbishment and capital works has been depreciated since the completion of each individual scheme. The Charity has undertaken the refurbishment of all its Homes and combined with plant replacements and the new homes, depreciation costs have increased this year to £1,341,000 (2017 - £1,236,000). Further information on depreciation costs can be found in note 8 to the Financial Statements.

The expenditure on property maintenance continues to be a priority for the charity at £718,000 (2017 - £624,000). Smaller items of furnishings and equipment purchased by the Homes which, in accordance with the Charity's accounting policies has not been capitalised, increased to £84,000 (2017 - £44,000). This expenditure reflects the Charity's continuing commitment to maintain a high level of décor and furniture within the Homes for the benefit of our service users.

Cost increases were experienced in care and management staff, through the deployment of additional resources in care, pension contributions and Head Office support services, social activities for residents, residential expenses and professional services.

Although the charity operates on a 'not-for-profit' basis, the financial future of the business can only be secured through the delivery of an efficient and effective service that provides operating surpluses to finance even higher standards and future developments. The Charity is required to generate sufficient surpluses in order to raise finances from the bank to invest in existing and new homes.

Despite the continuing underlying financial success of the charity a number of significant financial pressures remain and these include:

### **i) Staffing costs**

Over many years now the real cost of employing direct care staff in our residential homes has been increasing by significantly more than the rate of inflation. The increase in cost has resulted from meeting the needs of ever frailer residents, specific requirements to meet Dementia Care standards, enhancing service quality in areas such as social activities and laundry. Changes in legislation this year has resulted in over 4% increase in direct care staff wages due to increases in the National Living Wage and the continuing professionalisation of the workforce continues to maintain the upwards pressure on staffing costs.

In recent years the tightening financial position of the charity and the economy in general has led to relatively small increases in pay-grade rates. Due to the lack of fee increases by our main local authority funder, WCC, it has been essential for pay awards to be kept to a minimum, in line with many employers in the sector, other than to recognise the increase in the National Living Wage each year. Despite this, there is still pressure on the organisation to generate the income to meet its major costs.

### **ii) Property maintenance costs, ICT and environment expenditure**

The charity's previous refurbishment programme did not address all property aspects and certain equipment, such as boilers. A programme of boiler replacements has been established and the charity will work through the remainder of this over the next few years. Further resources have also been earmarked to roll out enhanced technology supporting electronic care planning and acoustic night-time monitoring within the homes. There is also an ongoing programme to purchase new furniture, flooring and curtains.

### **iii) Other costs**

Expenditure on insurance and water services is now more stable while the cost of food, energy, waste disposal and CQC registration fees remain at significant risk of rising.

In seeking to meet the increasing operational costs faced by the charity, the business strategy is geared towards improving income streams whilst being as efficient as possible in the deployment and management of staff and in contracting for services.

Places within our homes are purchased either by people with independent means or those supported through public expenditure to meet the specific care needs of very frail older people and adults with disabilities. The charity remains committed to ensuring that places will be available at support prices throughout Warwickshire to meet its commitment to operating for the public benefit.

WCC support prices rose in line with inflation in 2017/18, however, this did not entirely cover the wage increase resulting from the statutory National Living Wage.

The need to balance rising care standards and costs with income generation has driven the Charity's business strategy since inception. However, to secure the charity's future position as the leading independent care provider in Warwickshire, directors are committed to the generation of higher operating surpluses with the aim being to continue to strengthen the charity's Balance Sheet and to invest in new residential care homes. The directors have a long-term aim of building unrestricted reserves to a level that would support the operation of the charity for a minimum of six months. This objective has not been achieved, but as explained on page 8, the charity will strive to increase the level of free reserves over the coming years.

On the basis that WCC support rates rise in line with expectations and National Living Wage increases, directors remain confident the charity will be able to maintain care standards and develop its core services, as envisaged in the Business Plan.

#### **Plans for future periods**

The business strategy adopted focuses on ensuring the organisation has the capacity and capability to develop and deliver future-proofed services. This strategy is predicated on a programme of redevelopment of all its care homes across the county.

The key elements of the growth strategy is to grow WCS older people's services over a 5-10 year period based on a mix of successful existing homes operated by WCS; expansion and redevelopment and new build/new acquisitions.

#### **Development programme**

The charity has developed two new residential care homes. The first home was opened in 2013 in Rugby, providing specialist dementia care for 75 people and the second opened in 2016 in Kenilworth, housing 84 residents. The latest development at Warwick is due to open in September 2019 with 72 beds. All three care homes are developed with a mix of internally generated funds and bank lending.

The development programme will then roll forward to the next site to be redeveloped and discussions at Board level are currently underway about which location this will be.

#### **Principal risks and uncertainties**

General risk management

On a continuous basis specific risks are identified and rated high, medium or low in a matrix format.

Controls are then designed to minimise or mitigate the risk through quality measures, indicating action required and by whom. The Business Risk Assessment forms an integral part of our board meetings.

The directors have examined the principal areas of the charity's operations and considered the major risks faced in each of these areas. The Executive Leadership Team reviews key organisational risks on a bi-monthly basis and these are assessed for their likelihood and potential impact on the charity. Action is taken to mitigate any significant risks and the outcome is reported to the board. In

the opinion of the directors, the charity has established resources and review systems which, under normal conditions, should allow these risks to be mitigated to an acceptable level in its day to day operations.

Service failures, the threat from competitors and higher wage costs due to statutory National Living Wage increases are the most significant risks faced by the charity.

The charity's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate risk. The charity has in place a risk management programme that seeks to limit any adverse effects on the financial performance of the charity by fixing majority of its' loans to avoid interest rate fluctuations.

The charity does not use derivative financial instruments to manage interest rate risks and as such, no hedge accounting is applied.

Given the size of the charity, the directors have not delegated the responsibility of monitoring financial risk management to a sub group of the board. The policies set by the board of directors are implemented by the charity's finance department.

### **Structure, management and governance**

#### **Governing document**

The charity is governed by its memorandum and articles of association dating from May 1992 which were last amended on 18 January 2010.

The charity reviews its governance arrangements and changes its governance procedures to meet best practice principles in the charitable sector.

The charity was registered with eight members and this was subsequently increased to 12. The Management Committee (Board of Directors) may at their sole discretion increase the number of members. All members currently constitute the Management Committee. All present members have been appointed in response to public advertisement.

Board members are recruited by advertising and through various websites. A nomination committee, which consists of some of the directors and the Chief Executive, formally shortlists and interviews candidates, with the final appointment approved by the Board. A job description is provided for all directors.

In accordance with the charity's Articles of Association one third of the Management Committee members retire each year and those offering themselves for re-election are those serving longest since their election or re-election.

Mr B C Cressey and Mr A F Levett retire by rotation and will offer themselves for re-election at the annual general meeting.

#### **Trustee induction and training**

Induction consists of a Trustees Handbook; a comprehensive session with each member of the Executive Leadership Team; and an in depth tour of the organisation.

Training is carried out both with external agencies and via in-house training.

#### **Management of organisation**

The body responsible for the management of the charity is the Board of Directors (Management Committee). The Board has five scheduled meetings each year with other meetings arranged as necessary. Members are elected every three years and serve a maximum term of nine years, unless otherwise agreed. The maximum number of members that can be elected to the Board is 12. The Board elects the Chairman at the December Board Meeting.

The Board receives reports from three formally constituted sub groups:

- Service Quality Sub Group
- Finance, Risk and Audit Sub Group
- Development Sub Group

Each sub group has specific terms of reference and functions delegated by the Board. There has been a governance review during 2018 and these sub groups are changing to committees with an additional Governance committee to provide strategic oversight of the governance structures of the company.

The Chief Executive and the Executive Leadership Team attend meetings of the Board. The Chief Executive attends the sub group meetings and is accompanied by members of the Executive Leadership Team as necessary.

The Board has overall responsibility for ensuring the charity has an appropriate system of internal financial and managerial controls across the entire organisation.

The Executive Leadership Team meets monthly, the focus being on strategy, and financial and operational issues. The strategic outcome of these meetings is conveyed to all locations through the Director of Innovation and Delivery.

The Director of Delivery is supported by the four service managers in the management and development of services. Service managers line manage a designated group of care homes and monitor and support the operational and quality performance against WCS's care management system which has achieved, and been reaccredited with, BS EN ISO 9001:2008 Quality Management System, BS EN ISO 14001:2004 Environment Management System and OHSAS 18001:2007 Health & Safety Management System during the year.

The Director of Innovation and Development is responsible for the commissioning of new homes and service improvements and the Director of Quality and Compliance is responsible for ensuring that WCS meets its quality performance of WCS's care management system.

WCS continues to maintain the registration of all services with the Care Quality Commission and the charity complies with the Commission's Fundamental Standards.

#### **Related parties**

The organisation has one wholly owned subsidiary which was active during the year: Common Lane Developments Limited (CLDL). The charity acquired the entire share capital of CLDL in May 2013 and developed the site it owns in Kenilworth into an 84 bed specialist residential dementia care home which completed in December 2016. CLDL will continue to operate as a development company for WCS Group Limited. It is currently in the process of developing an existing care home in Warwick.

#### **Significant contracts**

The charity has a care contract with Warwickshire County Council (WCC) which was re-negotiated in December 2016. The contract involves delivering residential care services to older people and people with disabilities and provides the charity with around half of its income with the remainder generated from sales to private individuals or other public authorities.

### Key performance indicators

Each home within the residential care operation prepares a monthly Management Report which includes key performance indicators to ensure each part of the business is compliant with the following standards which are both internally and externally audited:

- BS EN ISO 9001:2008 Quality Management System
- BS EN ISO 14001:2004 Environment Management System
- OHSAS 18001:2007 Health & Safety Management System

### Governance review

At the board's annual away day the board of directors review all issues related to governance with outcomes and actions agreed. Progress is reported during the year. The Chairman also conducts informal reviews with each board member.

### Public benefit

The charity trustees have complied with the requirement contained in section 4 of the Charities Act 2011 to have due regard to the guidance on public benefit published by the Charity Commission in exercising their duties.

Fees charged to service users are commensurate with maintaining the financial viability of the organisation.

Service users who are not able to fund their place entirely from their own resources are normally subsidised by their local authority, predominately Warwickshire County Council, following an assessment of care needs.

In this way, the charity is able to ensure that individuals across the whole community are able to benefit from the high quality services WCS offers.

### Statement of Directors' responsibilities

The directors are responsible for preparing the report of the trustees incorporating the strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for the year. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and accounting 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



- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

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

#### **Independent auditor**

A resolution to reappoint BDO LLP as auditor to the charity will be proposed at the annual general meeting.

#### **People management**

An extensive programme of training on organisational values and aspirations continued to be delivered to staff across the organisation to ensure values are shared and cascaded into all areas of care and practice. Evidence that this was successful is apparent in recent reports from CQC which recognise the strong culture, leadership and innovation at all levels of WCS Care and individual homes.

Staff turnover remained the same at 21% (2017 - 21%) just above the internal target of 20%. Despite the level of staff turnover WCS does not have many staff vacancies, with the exception of Castle Brook care home which opened in Dec 2016.

The percentage of care staff with the Diploma in Health and Social Care Level 2 qualification has fallen this year at 65% (2017 – 71%)

WCS has in place Conditions of Service which comply with legislation, are flexible, support the organisation's values and objectives, and which promote employee satisfaction. They include:

- full and fair consideration of applications for employment made by disabled persons, having regard to their particular aptitudes and abilities
- continuing the employment of, and arranging training for, employees who have become disabled persons while employed
- the training, career development and promotion of disabled persons

Sickness absence has reduced slightly at 6.8% (2017 – 7.4%) and is above the internal target of 5.5%.

The charity was reaccredited with Silver Investors in People status in November 2017.

#### **Approval of the report of the trustees and the strategic report**

The Report of the trustees incorporating the strategic report has been approved by the Board of Directors and is signed on behalf of the board by:

K W Demian - Chairman



03 August 2018

## **Independent auditor's report to the members of WCS Care Group Limited**

### **Opinion**

We have audited the financial statements of WCS Care Group Limited ("the Parent") and its subsidiary ("the Group") for the year ended 31 March 2018 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2018 and of the Group's incoming resources and application of resources 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 Group and the Parent Charitable Company in accordance with the ethical requirements 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 related to going concern**

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the Annual Report and financial statements, other than the financial statements and our auditor's report thereon. The other information comprises: Welcome from the Chair of the Board and Chief Executive; and the Trustees' report including the strategic report. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

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

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

### **Responsibilities of Trustees**

As explained more fully in the Statement of Directors' responsibilities, 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, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group and the Parent Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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

BDO LLP

Kyla Bellingall (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Birmingham

United Kingdom

Date 8 August 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Consolidated statement of financial activities (including income and expenditure account) for the year ended 31 March 2018**

	Notes	Unrestricted funds £000	Restricted funds £000	Total funds 2018 £000	Total funds 2017 £000
<b>Income:</b>					
Voluntary Income		-	-	-	1
Income from Charitable Activities					
Provision of care services	2	17,362	-	17,362	15,481
Exceptional Items					
Other income	2	-	-	-	3,208
Investment income	4	3	-	3	7
<b>Total income</b>		<b>17,365</b>	<b>-</b>	<b>17,365</b>	<b>18,697</b>
<b>Expenditure</b>					
Charitable expenditure:					
Care operating expenses	6	15,831	-	15,831	13,709
Exceptional					
Other expenditure	2	-	-	-	613
Interest payable	5	368	-	368	300
<b>Total Expenditure</b>		<b>16,199</b>	<b>-</b>	<b>16,199</b>	<b>14,622</b>
<b>Net income before other recognised gains and losses</b>	7	<b>1,166</b>	<b>-</b>	<b>1,166</b>	<b>4,075</b>
Actuarial gain/(loss) on defined benefit pension scheme	13	163	-	163	16
<b>Net income and net movement in funds for the year</b>		<b>1,329</b>	<b>-</b>	<b>1,329</b>	<b>4,091</b>
<b>Reconciliation of funds</b>					
<b>Fund balances brought forward at 1 April</b>		<b>13,764</b>	<b>3</b>	<b>13,767</b>	<b>9,676</b>
Net movement in funds after actuarial gain in defined benefit pension scheme		1,329	-	1,329	4,091
<b>Fund balances carried forward at 31 March</b>		<b>15,093</b>	<b>3</b>	<b>15,096</b>	<b>13,767</b>

All activities are continuing. No differences exist between the net incoming resources as reported in the statement of financial activities and the historical cost results (2017: £nil).

## Balance sheet as at 31 March 2018

		Group		Company	
	Notes	2018 £000	2017 £000	2018 £000	2017 £000
<b>Fixed assets</b>					
Tangible assets	8	25,003	25,461	24,357	25,273
Investments	9	-	-	-	-
		<b>25,003</b>	<b>25,461</b>	<b>24,357</b>	<b>25,273</b>
<b>Current assets</b>					
Debtors	10	2,008	1,733	2,662	1,913
Cash at bank and in hand		5,588	4,445	5,495	4,432
		<b>7,596</b>	<b>6,178</b>	<b>8,158</b>	<b>6,345</b>
<b>Creditors: amounts falling due</b>					
Within one year	11	(3,712)	(2,743)	(3,609)	(2,708)
<b>Net current assets</b>		<b>3,884</b>	<b>3,435</b>	<b>4,549</b>	<b>3,637</b>
<b>Total assets less current liabilities</b>		<b>28,887</b>	<b>28,896</b>	<b>28,906</b>	<b>28,910</b>
<b>Creditors: amounts falling due</b>					
after more than one year	12	(12,082)	(12,803)	(12,082)	(12,803)
<b>Net assets excluding pension scheme liability</b>		<b>16,805</b>	<b>16,093</b>	<b>16,824</b>	<b>16,107</b>
<b>Pension scheme liability</b>	13	<b>(1,709)</b>	<b>(2,326)</b>	<b>(1,709)</b>	<b>(2,326)</b>
<b>Net assets including pension scheme liability</b>		<b>15,096</b>	<b>13,767</b>	<b>15,114</b>	<b>13,781</b>
<b>Funds</b>					
Unrestricted:					
Designated fund	16	-	-	-	-
Other charitable fund	17	16,802	16,090	16,820	16,104
		<b>16,802</b>	<b>16,090</b>	<b>16,820</b>	<b>16,104</b>
<b>Pension scheme liability</b>	13	<b>(1,709)</b>	<b>(2,326)</b>	<b>(1,709)</b>	<b>(2,326)</b>
<b>Unrestricted funds including pension liability</b>		<b>15,093</b>	<b>13,764</b>	<b>15,111</b>	<b>13,778</b>
Restricted fund	15	3	3	3	3
<b>Total funds</b>		<b>15,096</b>	<b>13,767</b>	<b>15,114</b>	<b>13,781</b>

The financial statements on pages 18 to 37 were approved and authorised for issue by the board of directors on 03 August 2018 and were signed on its behalf by:

K W Demian  
Chairman



**Statement of Consolidated Cash flow for the year ending 31 March 2018**

	Notes	2018 £000	2017 £000
<b>Cash used in operating activities</b>	18	<b>2,492</b>	<b>4,964</b>
<b>Cash flows from investing activities</b>			
Interest income		3	8
Purchase of tangible fixed assets		(813)	(6,377)
<b>Cash provided by (used in) investing activities</b>		<b>(810)</b>	<b>(6,369)</b>
<b>Cash flows from financing activities</b>			
Cash outflow from repayment of borrowings		(8,389)	(6,194)
Cash inflows from new borrowings		7,850	10,537
<b>Cash used in financing activities</b>		<b>(539)</b>	<b>4,343</b>
Increase/(Decrease) in cash and cash equivalents in the year	19	1,143	2,938
Cash and cash equivalents at the beginning of the year		4,445	1,507
<b>Total cash and cash equivalents at the end of the year</b>		<b>5,588</b>	<b>4,445</b>
<b>Cash and cash equivalents</b>			
Cash and bank and in hand		5,588	4,445
<b>Total cash and cash equivalents</b>		<b>5,588</b>	<b>4,445</b>

Note: All cash and cash equivalents are held in instant access deposit accounts.



## Notes to the Financial Statements for the year ended 31 March 2018

### 1. Accounting policies

WCS Care Group Limited is a company limited by guarantee, registered in England and Wales with registration number 2713150, and a registered charity, number 1012788. The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

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 (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

### Basis of consolidation

The consolidated statement of financial activities, income and expenditure account, cash flow statement and balance sheet include the financial statements of the charity and its subsidiary undertaking made up to 31 March 2018 on a line by line basis. Intra-group sales and surpluses are eliminated fully on consolidation. Uniform accounting policies are applied across the whole charity.

### Tangible fixed assets

Property and equipment is stated at cost less accumulated depreciation and impairment charges.

### Freehold land and buildings

Freehold land and buildings are capitalised at cost. Freehold land is not depreciated. New freehold buildings are depreciated on a straight line basis over their estimated useful economic life of 50 years commencing with the completion of the building or its acquisition. Capital expenditure incurred by the charity on refurbishing or improving older freehold properties acquired is capitalised. Depreciation on these properties is provided on a straight line basis over the expected economic life of the improvements, commencing with the period in which the improvement or refurbishment project is concluded. An average economic life of 25 years is used as a basis.

### Other tangible fixed assets

Items costing over £1,500 each are capitalised. The cost of fixed assets comprises their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Equipment, fixtures and fittings	20 – 33%

### Leases

Rentals paid under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

### Investments

Fixed asset investments include investment in subsidiaries which are stated at cost less any impairment.

#### **Investment income**

Interest income is accounted for on a receivable basis and is accrued up to the balance sheet date.

#### **Income from provision of care services**

Income, which excludes value added tax, represents revenue from residents and local authorities for care services. This revenue is recognised as the services are provided.

#### **Legacies**

Legacies are recognised when they are received or, if before receipt, there is sufficient evidence to provide the necessary certainty that the legacy will be received and the value can be measured with sufficient reliability.

#### **Resources expended**

Expenditure in relation to charitable activities is included on an accruals basis, inclusive of any value added tax which cannot be recovered.

#### **Support costs**

Support costs include all expenditure not directly attributable to the day to day operation of providing care services and relate to services provided by head office.

#### **Bad debts**

Specific provision is made for those debts which are not considered recoverable.

#### **Government grants**

Revenue grants are credited to the statement of financial activities. Capital grants are credited to deferred grants and amortised in the statement of financial activities over the estimated lives of the qualifying assets.

#### **Pension costs**

The charity participates in a defined benefit pension scheme, operated by WCC, which is contracted out of the State Second Pension. The Fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary.

Pension charges are accounted for under FRS102, with the annually calculated notional surplus or deficit on the funding of the scheme shown in the accounts as a Pension Fund Liability, which is deducted from Unrestricted Funds in the balance sheet. The trustees believe that the scheme currently meets statutory minimum funding requirements. The trustees note that the calculated notional deficit or surplus calculated under FRS102 can vary greatly from year to year depending on the assumptions made at the valuation date, but with normally little or no effect on short term cash flows.

The charity operates its own Stakeholder Pension Scheme and makes contributions based on length of service. The charity has also implemented an Auto Enrolment Scheme making contributions that follow the requirements of the relevant legislation. The cost of contributions is charged to the statement of financial activities as incurred.

#### **Taxation**

Taxation has not been provided on the net income for the year on the grounds that Part 11 of the Corporation Tax Act 2010 applies (tax exemption for charitable companies).

#### **Funds structure**

##### **Unrestricted designated fund**

Fund set aside out of unrestricted funds by the trustees to reflect the financial realignment with WCC related to capital expenditure in 2008. Income is released back to unrestricted funds as the capital investment in freehold improvements is depreciated. The current fund has now been fully transferred to unrestricted funds.

##### **Unrestricted other charitable fund**

Fund available to the charity to reinvest in the services it provides.

##### **Restricted fund**

Unexpended balances relating to legacies from former residents to be used for the sole benefit of the home receiving the bequest.

#### **Going concern**

The Directors have not identified any material uncertainties regarding the charity's ability to continue as a going concern. From a review of the charity's Business Plan and an assessment of future cash flows, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

## **2. Income**

##### **Provision of care services**

The income of the charity has arisen entirely within the United Kingdom and includes a total of £7,591,000 (2017: £7,516,000) which is received from WCC under a contract for the provision of care services. The income of the charity has arisen entirely from charitable activities.

## **3. Employee information**

The members of the Management Committee, who are directors of the charity, receive no remuneration for their services to the charity but are reimbursed for incidental expenses associated with attendance at committee and other meetings. The total of expenses in the year of £700 (2017: £600) was reimbursed to 3 directors (2017: 3).

The cost of indemnity insurance for the trustees was £1,000 (2017: £1,000).

The cost of employing staff during the year was:

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
<b>Staff costs</b>				
Wages and salaries	9,937	8,561	9,937	8,561
Social security costs	538	479	538	479
Pension costs	229	206	229	206
	<b>10,704</b>	<b>9,246</b>	<b>10,704</b>	<b>9,246</b>

Staff costs include expenditure on agency staff of £718,000 (2017: £142,000).

The average monthly number of persons employed within the charity by business activity was:

	2018	2017
	Number	Number
Residential care	679	656
Head office	22	20
	<b>701</b>	<b>676</b>

The following number of employees received remuneration (excluding pension contributions) falling within the following ranges:

	2018	2017
	Number	Number
£60,000 – £70,000	0	0
£70,001 – £80,000	0	2
£80,001 – £90,000	2	0
£90,001 – £100,000	0	1
£100,001 – £110,000	1	0

The number of staff receiving more than £60,000 to whom retirement benefits are accruing under a defined benefit scheme was 1 (2017: 1). Two of the above (2017: 2) were members of a money purchase scheme for which the contributions were £24,000 (2017: £23,000).

The key management personnel of the group and the charity comprise of the Chief Executive, Finance Director, Director of Innovation and Director of Delivery. The total remuneration was £307,000 (2017: £289,000).

#### 4. Investment income

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Income from shares in group undertakings	-	-	-	-
Interest receivable on short term deposits and other bank balances	3	7	3	7

3	7	3	7
---	---	---	---

## 5. Interest payable

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Interest payable on bank loans	317	219	317	219
Net interest cost on pension assets/liabilities	51	81	51	81
	<b>368</b>	<b>300</b>	<b>368</b>	<b>300</b>

## 6. Support costs

Care operating expenses include the following support costs:

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
General office and finance staff	1,019	960	1,019	960
Premises	179	164	179	164
Training	68	79	68	79
Information and communications technology	213	127	213	127
Banking and finance charges	70	16	70	16
Legal and professional	138	120	138	120
Governance costs	45	42	42	39
	<b>1,732</b>	<b>1,508</b>	<b>1,729</b>	<b>1,505</b>

## 7. Net income for the year

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000

Net income for the year is stated after crediting:

Inter-company management charge	-	-	-	40
Insurance claim re Drovers House	-	229	-	229
Prior year VAT claim	-	2,326	-	2,326
<b>And after charging:</b>				
Depreciation charge for the year:				
Tangible owned fixed assets	1,341	1,236	1,341	1,236
Auditor's remuneration for:				
Audit	30	25	26	21
Other services	1	1	1	1
Operating lease rentals:				
Other leases	4	3	4	3
Expenditure on furnishings and equipment in refurbished premises	84	80	84	80

**8. Tangible assets****Group**

	<b>Freehold land and buildings £000</b>	<b>Fixtures, fittings and equipment £000</b>	<b>Vehicles £000</b>	<b>Total £000</b>
<b>Cost</b>				
At 1 April 2017	34,698	1,784	-	36,482
Additions	533	334	15	882
<b>At 31 March 2018</b>	<b>35,231</b>	<b>2,118</b>	<b>15</b>	<b>37,364</b>
<b>Accumulated Depreciation</b>				
At 1 April 2017	10,077	943	-	11,020
Charge for the year	996	342	3	1,341
Transfer on freehold acquisition	-	-	-	-
Eliminated in respect of disposals	-	-	-	-
<b>At 31 March 2018</b>	<b>11,073</b>	<b>1,285</b>	<b>3</b>	<b>12,361</b>
<b>Net book value</b>				
<b>At 31 March 2018</b>	<b>24,158</b>	<b>833</b>	<b>12</b>	<b>25,003</b>
At 31 March 2017	24,620	841	-	25,461

The freehold land and buildings in the group include work in progress development costs of £636,000 for the Warwick care home due to open September 2019.

**8. Tangible assets****Company**

	<b>Freehold land and buildings £000</b>	<b>Fixtures, fittings and equipment £000</b>	<b>Vehicles £000</b>	<b>Total £000</b>
<b>Cost</b>				
At 1 April 2017	34,509	1,784	-	36,293
Additions	76	334	15	425
<b>At 31 March 2018</b>	<b>34,585</b>	<b>2,118</b>	<b>15</b>	<b>36,718</b>
<b>Accumulated Depreciation</b>				
At 1 April 2017	10,077	943	0	11,020
Charge for the year	996	342	3	1,341
<b>At 31 March 2018</b>	<b>11,073</b>	<b>1,285</b>	<b>3</b>	<b>12,361</b>
<b>Net book value</b>				
<b>At 31 March 2018</b>	<b>23,512</b>	<b>833</b>	<b>12</b>	<b>24,357</b>
At 31 March 2017	24,432	841	-	25,273

The net book value at 31 March 2018 represents fixed assets used entirely for direct charitable purposes.

## 9. Fixed asset investments

WCS is a member of the following group company:

Company	Principal activity
Common Lane Developments Limited	Construction development services

The liability of WCS as a member of Common Lane Developments Limited is £799; 100% of the ordinary share capital. It made an operating loss of £4,000 for the year (2017 loss: £4,000). The subsidiary has net liabilities of £28,000 (2017: £24,000).

## 10. Debtors

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
<b>Amounts falling due within one year</b>				
Trade debtors	1,876	1,575	1,876	1,575
Amounts owed by subsidiary undertakings	-	-	676	197
Taxation recoverable	22	17	-	-
Prepayments and accrued income	110	141	110	141
	<b>2,008</b>	<b>1,733</b>	<b>2,662</b>	<b>1,913</b>

## 11. Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Bank loans	783	602	783	602
Payments received on account	474	503	474	503
Trade creditors	540	441	321	284
Amounts owed to subsidiary undertakings	-	-	124	124
Other taxation and social security	119	128	119	120
Other creditors	539	273	539	279
Accruals	1,257	796	1,249	796
	<b>3,712</b>	<b>2,743</b>	<b>3,609</b>	<b>2,708</b>



**12. Creditors: amounts falling due after more than one year**

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Bank loans	12,078	12,798	12,078	12,798
Accruals and deferred income	4	5	4	5
	<b>12,082</b>	<b>12,803</b>	<b>12,082</b>	<b>12,803</b>

Bank loans are repayable as follows:

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
In one year or less	783	602	783	602
Between one and two years	791	2,951	791	2,951
Between two and five years	2,429	1,956	2,429	1,956
In five years or more	8,858	7,891	8,858	7,891
	<b>12,861</b>	<b>13,400</b>	<b>12,861</b>	<b>13,400</b>

The charity has three loan facilities which are fully drawn: (1) £2.3m variable loan to 2023. (2) Fixed loan of £5.1m with repayments to 2030. (3) Third loan, £5.5m fixed for 10 years to 2028 to finance the building of a new care home in Kenilworth received in May 2015. During the year, the Charity secured a new loan facility of £5.9m which is undrawn and will part finance the Warwick development due to open in September 2019.

On 13 May 2013 the charity entered into a debenture with The Royal Bank of Scotland plc to secure loan facilities by way of a fixed charge over all property, plant & machinery, goodwill, investments in subsidiaries and intellectual property. There is a floating charge over its undertaking and all its other property, assets and rights owned now or in the future which are not subject to an effective fixed charge under the debenture.

**13. Employee benefit obligations****Defined benefit pension scheme**

The charity participates in the Warwickshire County Council Pension Fund providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the charity. The assets and liabilities attributable to WCS have been separately identified from the overall totals within the Pension Fund and the result reflected within the statement of financial activities and the balance sheet.

The total pension charge for the charity for the defined benefit pension scheme in the current year, against which employer contributions paid over to the Fund in the year amounted to £644,000 (2017: £344,000), together with the actuarial gains and losses on the Fund for the year, is recognised in the Statement of Financial Activities.

The pension cost is assessed in accordance with the advice of an independent qualified actuary using the Projected Unit Method. The latest actuarial valuation of the scheme was at 31 March 2016. The

assumptions that have the most significant effect on the valuation are those relating to the rate of return on investments and rates of increase in salaries and pensions. For the purposes of the actuarial valuation it was assumed that the investment return will be 3.8% per year, pensions would increase at the rate of 2.4% and salary increases would be at 3.0%.

At the date of the latest actuarial valuation, the market value of the assets of the scheme was £1,665m and the actuarial value of the assets was sufficient to cover 82% of the benefits which had accrued to members, after allowing for expected future increases in earnings. Following the latest actuarial valuation of the scheme the contributions for future service liabilities have increased from £242,000 to £534,000 to further address the past service liability which is reflected in the pension fund deficit. The Charity is in talks with the Pension Fund on how to reduce future liabilities. The contributions for employees vary from 5.5% to 9.9%.

The next actuarial valuation will be for the three year period ending 31 March 2019, which will be published in 2020. The independent actuarial valuation of the scheme at the balance sheet date, undertaken by Hymans Robertson, has been based on an approximate update basis. This basis allows for the main financial changes and the key assumptions were:

	<b>2018</b>	<b>2017</b>
Rate of increase in salaries	<b>3.0%</b>	3.0%
Rate of increase in pensions (CPI inflation)	<b>2.4%</b>	2.4%
Expected return on assets	<b>2.5%</b>	3.3%
Discount rate	<b>2.6%</b>	2.5%

The discount rate in the table above is based on AA rated corporate bonds and takes into account the weighted average duration of the benefit obligation.

Using Club Vita analysis, life expectancy has been calculated from the Fund's Vita Curves with improvements in line with the CMI 2013 model assuming current rates of improvement have peaked and will converge to a long term rate of 1.25% per annum. Based on these assumptions a male (female) aged 65 lives for a further 22.5 (24.7) years, whilst a male (female) aged 45 is expected to live a further 24.3 (26.7) years after retiring at 65.

The amounts recognised in the Statement of Financial Activities comprised:

	2018 £000	2017 £000
<b>Operating charge</b>		
Current service cost	(139)	(121)
<b>Total operating charge</b>	<u>(139)</u>	<u>(121)</u>
<b>Other finance cost</b>		
Expected return on pension fund assets	212	238
Interest on pension fund liabilities	(263)	(319)
<b>Net interest</b>	<u>(51)</u>	<u>(81)</u>
<b>Total charge to expenditure in the Statement of Financial Activities</b>	<u><u>(190)</u></u>	<u><u>(202)</u></u>

The amounts recognised in respect of funded and unfunded benefit obligations in the balance sheet at 31 March are:

	2018 £000	2017 £000
Present value of funded and unfunded obligations	(10,567)	(10,640)
Fair value of plan assets	8,858	8,314
<b>Net obligation recognised in the balance sheet</b>	<u><u>(1,709)</u></u>	<u><u>(2,326)</u></u>

Unfunded benefit obligations included in the above were £nil (2017: £nil). The contributions expected to be paid to the scheme by the charity during 2017/18 are £644,000.

Movement in defined benefit scheme obligations (funded and unfunded) during the year:

	2018 £000	2017 £000
Defined benefit obligation at 1 April	(10,640)	(9,549)
Current service cost	(139)	(121)
Interest on pension liabilities	(263)	(319)
Member contributions	(31)	(30)
Actuarial losses on liabilities	150	(1,120)
Benefits/transfers paid	356	499
<b>Defined benefit obligation at 31 March</b>	<u><u>(10,567)</u></u>	<u><u>(10,640)</u></u>

## WCS Care Group Ltd

### Movement in fair value of plan assets during the year:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Fair value of plan assets at 1 April	<b>8,314</b>	7,065
Interest income on plan assets	<b>212</b>	238
Actuarial gains/(losses) on plan assets	<b>13</b>	1,136
Employer contributions	<b>644</b>	344
Member contributions	<b>31</b>	30
Benefits/transfers paid	<b>(356)</b>	(499)
<b>Fair value of plan assets at 31 March</b>	<b>8,858</b>	<b>8,314</b>

### Net actuarial loss for the year:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Actuarial gain/(losses) on liabilities	<b>150</b>	(1,120)
Actuarial gain/(losses) on plan assets	<b>13</b>	1,136
<b>Net actuarial gain/(loss) for the year</b>	<b>163</b>	<b>16</b>

### The major categories of plan assets as a percentage of total plan assets were:

	<b>2018</b>	<b>2017</b>
Equities	<b>60%</b>	64%
Bonds	<b>22%</b>	26%
Property	<b>12%</b>	9%
Cash/Liquidity	<b>6%</b>	1%

**History of experience gains and losses**

	2018	2017	2016	2015	2014
Experience adjustments arising on scheme assets:					
Amount - £000	(13)	(1,136)	(76)	441	167
Percentage of scheme assets	(0.0%)	(13.7%)	(1.1%)	6.3%	2.7%
Experience gains and losses on scheme liabilities:					
Amount - £000	(150)	1,120	587	(700)	(108)
Percentage of scheme liabilities	(0.0%)	(10.5%)	(6.1%)	6.9%	1.2%
Present value of scheme liabilities - £000	(10,567)	(10,640)	(9,549)	(10,078)	(9,306)
Fair value of scheme assets - £000	8,858	8,314	7,065	6,694	6,231
<b>Deficit - £000</b>	<b>(1,709)</b>	<b>(2,326)</b>	<b>(2,484)</b>	<b>(3,114)</b>	<b>(3,075)</b>

**Defined contribution scheme**

The charity participates in a Stakeholder Pension Scheme operated by Aviva which meets the government's Auto Enrolment requirements. This scheme was closed to new entrants in March 2015. Charity contributions range from 3% to 6% dependent on length of service and the level of contribution made by employees, which is flexible and governed by the Stakeholder Pension Scheme rules. On 1 April 2014 the charity implemented an Auto Enrolment Scheme making contributions that follow the requirements of the relevant legislation. At present, employee and employer contributions are 1%.

The total pension cost for the charity for the defined contribution schemes in the current year was £67,000 (2017: £62,000). The outstanding contributions at the end of the year were £4,500 (2017: £4,500).

**14. Deferred grants**

	Group		Company	
	2018 £000	2017 £000	2018 £000	2017 £000
At 1 April	4	5	4	5
Transfer to statement of financial activities	(1)	(1)	(1)	(1)
<b>At 31 March</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>4</b>

Deferred grants are included within accruals and deferred income.

**15. Restricted funds**

The income funds of the charity include restricted funds (represented by net current assets) comprising the following unexpended balances relating to donations received for the benefit of certain homes. The donations cannot be used for any other purpose and their net value at the end of the financial year was represented by a cash balance of £3,275.

	Balance April 2017 £000	Group and company Movement in funds		Balance 31 March 2018 £000
		Incoming resources £000	Expenditure £000	
Donations	3	-	-	3

**16. Designated fund**

The charity does not have any designated funds which have been set aside by the trustees.

**17. Other charitable fund**

The other charitable funds of the charity are represented by the following balances and movements in the year related to operational surpluses and transfers from the designated fund.

	Group		Company	
	2018 £000	2017 £000	2018 £000	2017 £000
At 1 April	16,090	12,158	16,104	12,168
Net incoming resources	712	3,932	716	3,936
Transfer from designated funds	-	-	-	-
<b>At 31 March</b>	<b>16,802</b>	<b>16,090</b>	<b>16,820</b>	<b>16,104</b>

**18. Reconciliation of changes in resources to net cash inflow from continuing operating activities**

	2018 £000	2017 £000
Net incoming resources for the period	1,329	4,091
Difference between pension charge and cash contributions	(617)	(136)
Depreciation on tangible fixed assets	1,341	1,236
Interest receivable	(3)	(8)
Increase in trade debtors	(301)	(473)
Decrease in prepayments and other debtors	27	(89)
Increase in trade creditors	29	286
Increase in accruals and other creditors	687	57
<b>Net cash inflow from continuing operating activities</b>	<b>2,492</b>	<b>4,964</b>

**19. Analysis of changes in net debt**

	At 1 April 2017 £000	Cash Flows £000	Financing Change £000	At 31 March 2018 £000
Cash at bank and in hand	4,445	1,143	-	5,588
Debt due within 1 year	(602)	-	(181)	(783)
Debt due after 1 year	(12,798)	539	181	(12,078)
	<b>(8,955)</b>	<b>1,682</b>	<b>0</b>	<b>(7,273)</b>

**20. Capital commitments**

	Group		Company	
	2018 £000	2017 £000	2018 £000	2017 £000
At 31 March	7,112	100	0	0

Group capital commitments relate to the pre-construction fees for a care home development in Warwick. Work on the development started in January 2018 and is scheduled for completion in September 2019.

**21. Financial commitments**

At 31 March 2018 the Group and Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings £000	2018 Other £000	Land and buildings £000	2017 Other £000
Group and company				
Expiring within one year	-	0	-	2
Expiring between two and five years inclusive	-	10	-	1
	-	10	-	3

**22. Contingent liabilities**

At 31 March 2018 the Group and Company had no contingent liabilities (2017: £nil).

**23. Related party transactions**

The organisation has one wholly owned subsidiary which was active during the year, Common Lane Developments Limited (CLDL). The charity acquired the entire share capital of CLDL in May 2013 and the company is used to redevelop care homes for WCS Care Group limited. Currently, CLDL is redeveloping Woodside home in Warwick due to open in September 2019.