



**THE EXTRACARE
CHARITABLE TRUST**

REPORT AND ACCOUNTS

31 March 2011

THE EXTRACARE CHARITABLE TRUST

ANNUAL REPORT AND ACCOUNTS

For the year ended 31 March 2011

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THE EXTRACARE CHARITABLE TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

31 March 2011

Charity Name:	The ExtraCare Charitable Trust	
Governing instrument:	The charity is a company limited by guarantee and not having a share capital. As such it is governed by its Memorandum and Articles of Association. It was incorporated on 11 December 1987.	
Registered charity number:	327816	
Company registered number:	2205136	
Members:	The subscribers to the Memorandum of Association and other persons elected by the members shall, with their agreement, be admitted to membership of the company. The number of members is unlimited.	
Trustees:	Alan Stark (Board Chair, Chair's Advisory Group) Sheena Jones (retired 15 November 2011) (Board Vice-Chair, Audit Committee) Richard Clarke (Chair's Advisory Group) Michael Higgs (appointed 15 November 2010) (Audit Committee) Ruth Hyndman (appointed 15 November 2010) (Chair's Advisory Group) Paul Jennings (appointed 15 November 2010) (Chair's Advisory Group) Martin Leppard (appointed 15 November 2010) (Chair's Advisory Group) Judith Mortimer Sykes (appointed 15 November 2010) (Audit Committee) Rod Scribbins (Audit Committee Chair) Martin Shreeve (Chair's Advisory Group) Sidney Tyrrell (Audit Committee) Selvavinayagam Vireswer (appointed 15 November 2010) (Audit Committee) Ian Wilks (Audit Committee)	
Secretary:	Steve Whiffen	
Principal members of staff: (Executive Directors)	Nick Abbey Angela Bradford David Campey Mark Curran Angela Harding Leann Hearne John Payne Chris Skelton	- Chief Executive - Commissioning Director - Fundraising Director (retired 31 December 2010) - Development Director - Human Resources Director - Operations Director - Partnership Director - Finance Director
Registered and principal office:	Abbey Park Humber Road Coventry CV3 4AQ	

THE EXTRACARE CHARITABLE TRUST

LEGAL AND ADMINISTRATIVE INFORMATION (continued)

31 March 2011

Principal Bankers: The Royal Bank of Scotland Plc
Lloyds Banking Group Plc

Solicitors: Newsome Vaughan
Greyfriars House
Greyfriars Lane
Coventry
CV1 2GW

Auditors: Baker Tilly UK Audit LLP
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

THE EXTRACARE CHARITABLE TRUST

REPORT OF THE TRUSTEES

MISSION AND VISION

ExtraCare's Vision is "Better Lives for Older People". Its mission is to give older people an independent, safe and secure future in a network of inspirational communities. This newly worded mission, adopted in November 2010, means that we will provide high quality homes to rent or buy with vibrant village centres at the heart of local communities with social and activity opportunities for all. Each affordable home will be in a safe environment, with 24 hour care and support available if needed along with award-winning health and wellbeing advice.

EXTRACARE'S VALUES

We **respect** our Residents as **individuals** who deserve the opportunity to live safely and healthily in high quality affordable homes.

We **listen** to our Residents, volunteers and each other so that we can continuously improve, always **aiming for excellence**, in a world of openness and accountability.

We **embrace diversity**, recognising that everyone has something enriching to contribute to the vibrant community in which they live and work.

We **value our staff** and encourage them to deliver unparalleled person centred services in a caring, consistent and timely way.

We strive to **create welcoming environments**, where Residents, local older people, volunteers and staff can enjoy each other's company and feel fulfilled.

OVERVIEW

The ExtraCare Charitable Trust was founded in 1988 and has grown quickly in its short history from owning a small number of nursing homes to now being a leading provider of activity and support based housing for the over 55s throughout central England. In addition, the charity has received national recognition for its Wellbeing service and for its pioneering "Enriched Opportunities" programme for dementia sufferers.

The charity's portfolio is focussed on extracare housing schemes and retirement villages where older people are able to live in their own home, enjoy a wide range of social activities and receive the care and support they require allowing them to achieve the best possible quality of life regardless of their health or financial means. Simply, this is what we mean by "Better Lives for Older People".

The charity operates eleven retirement villages and nineteen smaller housing schemes encompassing 3,181 individual homes in all. The charity owns three retirement villages and three smaller housing schemes itself. The remainder are owned by our Housing Association partners and operated by ExtraCare under various management agreements. ExtraCare works particularly closely with Midland Heart with whom we jointly own Touchstone ExtraCare Limited and for which ExtraCare manages thirteen extracare housing schemes and four retirement villages. ExtraCare also works closely with Arena Housing Group for whom we manage three retirement villages. The charity works with five other housing associations providing three retirement villages and three extracare housing schemes.

In line with ExtraCare's ambitious plans to grow, a further village was opened in Gloucester (owned by Rooftop Housing Association) in the year and two further retirement villages are currently under development in Milton Keynes (owned by ExtraCare) and Birmingham (owned by ExtraCare). These two new developments will eventually provide a further 480 individual homes.

The properties in which ExtraCare operates provide facilities that enable the residents to enjoy an engaged lifestyle. These include restaurants, bars, gyms, health spas, shops, hairdressers, craft and woodwork rooms, greenhouses, IT suites and libraries. ExtraCare's restaurants are operated to high standards of hospitality with our chefs being extensively trained. The charity itself holds the Hospitality Assured award. ExtraCare's award winning nurse led well-being service ensures that every resident has the opportunity to have a health screen annually and advice can be given about such illnesses as diabetes and osteoporosis. Additionally when required ExtraCare acts as the residents' advocate to secure appropriate care packages and their full Benefits entitlement.

THE EXTRACARE CHARITABLE TRUST

REPORT OF THE TRUSTEES (continued)

OVERVIEW (continued)

During the year, and following a period of consultation with residents, staff and the wider local community Lady Forester Community Nursing Home was transferred to English Care, thereby securing the future for this smaller scheme.

The provision of activities for residents is partly funded by the charity's subsidiary company, Extra Care Shops Limited, which operates 60 charity shops. The subsidiary company had another highly successful year in difficult trading conditions. It opened four more shops and delivered substantially higher profits than the previous year. In 2010/11, the net profit paid to the charity under Gift Aid amounted to almost £0.7 million. Volunteers, importantly including residents themselves, are a crucial element in the charity's philosophy in providing support. We greatly appreciate the contribution made by around 3,000 volunteers who support our residents in a number of activities and in managing many of the receptions, libraries, coffee bars, activity clubs and shops. In 2010/11, approximately 180,000 hours were worked by volunteers. An estimate of the monetary value of these hours is £1.0 million.

We are most grateful for the support of our many charitable donors including the following who have specifically requested acknowledgement in our annual report. We thank all our donors, including those who wish to remain un-named in this report.

The Homes and Communities Agency
Department of Health
Skills for Care

OUTLOOK

A Commission into the funding for care in later life, chaired by Andrew Dilnot, published its findings in July 2011 and attempted to bring some much needed certainty to this area. The Government has indicated that it wishes to respond with a White paper in Spring 2012. The future model of care provision will be affected by continuing local and national government cut-backs in expenditure. Against this backdrop, The ExtraCare Charitable Trust's provision of housing with care appears even more relevant today than at any time in the past. The charity expects to launch, during 2011, its own "Care For Life" scheme, offering a measure of certainty to new purchasers at Shenley Wood (Milton Keynes) over future care costs.

There is no doubt, given the demographic data available, that the numbers of people living longer and requiring care and support will continue to increase, nor that the charity's model for delivering housing with care is one that is becoming more widely recognised as successful. Indeed, in 2010, the Government announced that all local authorities should develop their own extracare housing strategy. The key challenges for the charity are therefore to grow its portfolio of housing, either operating separately or in appropriate partnerships with others, and to improve its older housing schemes where possible.

It seems likely that the success in recent years of attracting substantial grants from the Homes and Communities Agency (HCA) and Department of Health (DoH) will be harder to repeat in future, given the generally gloomy economic forecasts. Indeed, funding from the DoH has now been withdrawn by the Government and an application made in mid-2011 for funds from the HCA in the coming four year period was unsuccessful. The charity's model of housing with care available to all older people, irrespective of means, will therefore need to continue to have a substantial sales element within it in order to provide sufficient cross-funding for rented homes to be made available. In addition, wherever a new village is being established, a capital fundraising appeal has been launched to generate contributions towards the village facilities, well-being and dementia services. In Gloucester, this generated £377,000 for the St Oswalds village.

The charity has been fortunate to find in Birmingham City Council a partner willing and able to support its growth aspirations: New Oscott, completed in 2010 is the first of five new villages that are to be provided in the City. The second village, Pannel Croft, will be opened in late 2012 and the third village, Hagley Road, will be opened in late 2013. Similarly, in Milton Keynes, development of a second village is progressing well and will be opened in early 2012.

In the Summer of 2011, our management agreement with Anchor Housing Association at Chillcott Gardens in Telford will come to an end and the scheme will be passed back. We will be sad to see the scheme, which we opened eleven years ago, leave the charity, but we are sure that the residents there will continue to be well served.

THE EXTRACARE CHARITABLE TRUST

REPORT OF THE TRUSTEES (continued)

OUTLOOK (continued)

The trustees and senior staff at ExtraCare have completed a major strategic review during the past twelve months. This has resulted in a new mission statement (see above) and revised values. The Plan also introduces some new policies such as:

- a) the requirement generally for new villages to be of at least 150 apartments
- b) consideration to be given to co-locating villages with specialist facilities for people with advanced dementia
- c) residents to be allowed to enter schemes and villages with a dementia diagnosis where appropriate staff resources are in place
- d) a formal communications policy setting out key audiences and measures to be taken to keep them apprised of progress

PERFORMANCE

ExtraCare measures its success in delivering its mission and vision in three main areas – resident led quality, best place to work with older people and financial growth.

Resident Led Quality: One of the advantages of a wider age and frailty range is the ability to more actively engage residents in defining and improving quality. ExtraCare routinely and regularly surveys residents about all aspects of service and drives quality improvements based upon the results. Residents are also involved in benchmarking best practice inside and outside our industry to more clearly define high standards in activities, well-being, hotel services and safety. Measuring progress and communicating the results to all residents is a key part of moving this issue forward.

ExtraCare seeks feedback from its customers on the services and standards being delivered through customer satisfaction surveys in each scheme and village on a bi-annual basis. As a result of these surveys, ExtraCare is able to identify centres of excellence and work with lower scoring schemes and villages to improve customer satisfaction levels. The latest round of surveys began in January 2011 and a total of seven surveys had been held by the beginning of July 2011, including the two newest villages. The participation rate currently stands at 69% (729 residents) compared to a participation rate in the same locations of 39% in the surveys held in 2009/10. This increase in participation reflects the changes made to the process by introducing postal and electronic responses in support of the group feedback approach previously used. The results have improved from 70% satisfaction across these locations in the 2009/10 surveys to 75%. This represents a 'Very Good' rating and is achieving the organisation's target for this year's surveys. Once again we will aim to improve the overall rating in the year ahead.

Best Place to Work with Older People: ExtraCare values its staff and wishes to be known as an employer of choice. As well as gaining standard re-accreditation under Investors in People, in 2010, we were proud to achieve the "Bronze" level IIP award. The Trust conducted an independent staff survey during 2010. This showed a significantly higher degree of satisfaction and engagement with ExtraCare as an employer, than was evident at the last survey in 2007, and it was pleasing that there were still areas where staff made suggestions about how to improve current arrangements. As a result, we introduced a number of new reward elements and more flexible working options.

ExtraCare continues to invest in training. All frontline support staff are required to obtain an NVQ in Health & Social Care at level 2 or above and in total over 93% of staff reach this level within nine months of starting. Non-support staff are also supported to obtain a suitable NVQ. Over 80% of this group have a level 2 or above. We have continued to work hard over the last year to improve our recruitment and induction processes, both of which actively involve our residents. As a result our staff turnover continues to fall and our stability index, which measures staff retention, regularly averages 85%. Our annual staff turnover has reduced again in 2010/11 from 16.2% to 14.7%. Reducing staff turnover was a key objective for the year and it is particularly pleasing to see the figures dropping below our targets. We have targeted a further 1.5% drop in 2011/12. 2011 also sees the launch of a new Equality and Diversity strategy for the Trust and associated practical awareness and training programme for everyone. This work is being underpinned by the introduction of an Equality and Diversity Charter, which staff and all others associated with ExtraCare, will be encouraged to follow to enhance the richness of their workplace.

Financial Growth: Financial performance is regularly monitored by the trustees and executive management. In spite of very difficult economic conditions, the organisation out-performed its budget in 2010/11 and increased the underlying operational return from its schemes and villages.

THE EXTRACARE CHARITABLE TRUST

REPORT OF THE TRUSTEES (continued)

OTHER OBJECTIVES AND ACHIEVEMENTS

In addition to those outlined in the PERFORMANCE section above, the charity set itself several non financial objectives for the year which were all achieved. The construction of the St Oswalds village in Gloucester was completed and the village was opened successfully. This included the recruitment and induction of all staff. The show apartments at the Shenley Wood village in Milton Keynes were opened and the Pannel Croft village in Birmingham started on-site construction. Improvements were made to our regulatory body ratings meaning that both the Care Quality Commission and Supporting People frameworks were more effectively applied.

In the coming year, the charity intends to start on site with the construction of another village at Hagley Road in Birmingham and commence the marketing of the Pannel Croft village in Birmingham. The charity's twelfth village will be opened in Milton Keynes. The central support functions will relocate to more appropriate office accommodation in Coventry. In order to support the organisation efficiently, the newly agreed I.T. strategy will be implemented.

ExtraCare is already an accredited provider of landlord services with the Tenant Services Authority. As a result of the conditions attaching to receiving grants for the new village at Pannel Croft, Birmingham, the charity is applying for 'Registered Provider' status during 2011. This will enable it to own and manage social rented housing in its own right (and to receive grants from the Homes and Communities Agency) without needing to work with housing associations.

Around 25% of older people will experience mental health problems, notably dementia, depression and other psychological challenges. People who experience these life changes who live in our villages and schemes can become isolated and stigmatised. The charity has introduced the Enriched Opportunities Programme through which a specialist staff member, known as a Locksmith, works with people to help them achieve an optimal, active and independent lifestyle. This innovative work is funded entirely by charitable funds and donations. Working with the School of Health Studies at Bradford University the charity has researched the effectiveness of the programme using a random control trial comparing the intervention with a placebo and has published research. This has shown that people who live in a scheme or village where the enriched opportunities programme operates are much more likely to have a formal diagnosis and consequently are better placed to receive appropriate and needed services, that people reported greater activity and were shown to be 50% less likely to need to relocate to a more dependent care environment such as a care home. The charity extended this award winning locksmith programme to all its facilities during the last twelve months, and although this is not an activity that the Government currently supports financially, the charity's work places it well in relation to the aims of the national dementia strategy.

It is clearly of great importance that the charity is able to demonstrate to a variety of audiences, especially potential donors and to central and local government, the value of its work. To that end, further research will be commissioned during 2011/12 that is expected to establish health benefits for Extracare residents and savings to the public purse.

FINANCIAL REVIEW

For the year ended 31 March 2011, the established operations, generated a surplus of £3.48 million when profits from the sale of properties are excluded from net incoming resources within undesignated funds. This was ahead of the previous year. Key operational performance indicators such as support levels, support income, staff hours and occupancy levels were in line with the plan for the year.

During the year, timing differences meant that restricted funds totalling £6.9 million were received (including £5.9 million relating to grants for new village developments); whilst expenditure against restricted funds was £1.7 million. Expenditure against designated funds of £4.5 million was mainly in support of new developments.

Total incoming resources amounted to £60.7m, with total resources expended of £48.6m, net incoming resources amounted to £12.1m. This was above the corresponding figure for 2009/10 as that year suffered from the write-off of losses arising from the sale of the rented properties at New Oscott (Birmingham).

THE EXTRACARE CHARITABLE TRUST

REPORT OF THE TRUSTEES (continued)

FINANCIAL REVIEW (continued)

The consolidated Statement of Financial Activities summarises the incoming resources and resources expended and these are analysed between unrestricted funds and restricted funds. Restricted funds are funds subject to specific trusts declared by donors. Unrestricted funds are expendable at the discretion of the trustees in furtherance of the objects of the charity. Part of an unrestricted fund may be designated as a separate fund. Restricted funds have been, or will be, spent on the purpose for which they were received. Designated funds have been, or will be, spent on the provision of accommodation and care of older people, fixed assets, their maintenance and renewal and research and innovation. On a fund by fund basis the charity's assets are available and adequate to fulfil its obligations assuming anticipated continuing income. The charity's principal funding sources are matched by expenditure that supports the charity's key objective of better lives for older people.

Notes 16 and 17 to the accounts show an analysis of the restricted and designated funds and should be read in conjunction with notes 20 and 23 which show the pattern of future capital funding and expense over the next two years. At 31 March 2011, the net assets amounted to £55.2m, including tangible fixed assets with a net book value of £65.4m.

Details of the financial position of the charity are set out in the following accounts which have been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP revised 2005).

The accounts comply with all the current statutory requirements and with the requirements of the charity's governing instrument. After making all reasonable enquiries, the trustees have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. In coming to this decision, the trustees have considered on-going financial performance data, compliance with banking covenants and any actual or potential future liabilities. For this reason, they continue to adopt the going concern basis in preparing the accounts.

PUBLIC BENEFIT

The organisation's object is: *"to provide, directly or indirectly, accommodation for persons in necessitous circumstances, the elderly and the handicapped (either gratuitously or otherwise according to their means) living in housing, nursing homes, sheltered homes, hostels and care homes and to provide nursing and general attendance care for such persons (either gratuitously or according to their means) and to preserve and promote the good health of such persons in any way"*. In drafting the above statements, the trustees have complied with the duty of Section 4 of the Charities Act 2006, to have due regard to the public benefit guidance published by the Charity Commission. ExtraCare recognises that terms such as "the elderly" and "the handicapped" need to be replaced with more appropriate terms when its objects are next formally reviewed.

ExtraCare carries out these objects by:

Providing quality accommodation for over 3,500 residents over the age of 55 through a variety of tenure types that allow access to all, irrespective of their personal wealth. The charity provides advice to both residents and prospective residents enabling them to ensure that they are fully claiming all welfare benefits to which they are entitled; as well as providing advice and advocacy to ensure that residents are receiving the most appropriate level of care support for their needs.

Providing in residents' own homes personal care and support tailored to the individual needs of each person. The level of support ranges from reminders and help with everyday living through to full nursing care.

Good health is promoted through a number of initiatives. A well-being service is provided and all residents are encouraged to have a well-being check each year. A wide range of activities is available for residents to take part in. The benefits of an active life clearly include improved physical and mental health.

At its own expense, the charity employs "Locksmiths" at all schemes and villages. Locksmiths work closely with those residents who are affected by dementia. This award winning service ensures that many residents are able to improve their quality of life despite this significant impairment.

The charity is committed to doing business in a sustainable way. All of our current developments meet exacting environmental standards and we are continuing to develop our approach to sustainability of existing stock and office buildings.

THE EXTRACARE CHARITABLE TRUST

REPORT OF THE TRUSTEES (continued)

REGULATION AND GOVERNANCE

Group Structure

The financial structure of The ExtraCare Charitable Trust shown in the following accounts reflects the consolidated financial position of the charity, its wholly owned subsidiary companies and joint venture. These accounts show the proportionate share of income and expense in respect of schemes and villages operated under such management agreements below. The subsidiary companies are ExtraCare Shops Limited, ExtraCare Services Limited, ExtraCare Nominee 1 Limited and ExtraCare Nominee 2 Limited. Further details are shown in notes 3 and 10 of the accounts.

The charity has a 49% shareholding in a company, Touchstone ExtraCare Limited which was dormant throughout the year and the previous year.

Organisation and Decision Making

The trustees, who are also the directors and members of the Management Board, are listed on page 3. All directors are independent directors. The trustees meet quarterly. There are two sub-committees; a Chair's Advisory Group, which meets before board meetings; and an Audit Committee, which meets at least four times a year. Trustees are recruited by a number of methods including by advertisement. Induction and training processes for trustees are the same as those available to staff. New trustees receive an introduction to ExtraCare, tailored to their individual needs in relation to their respective backgrounds and roles as trustees.

The Chair's Advisory Group considered all key issues affecting staff. This included major resourcing and training initiatives, whether there should be an annual pay award and any significant changes to terms and conditions. The committee was also kept up to date on all developments surrounding the pension schemes which the charity is involved with. The committee also worked closely with the Chief Executive to select and recruit new trustees who were subsequently appointed in November 2010.

The Audit Committee carried out its duties by reviewing the major risks facing the charity at each of its meetings. It also reviewed the financial performance of new villages and other financial and control issues at the relevant time. The committee also spent time twice during the year with the external auditors planning and reviewing the annual accounts.

The principal members of staff are listed on page 3 and they constitute the executive team. The Chief Executive and the other executive directors lead and manage the day-to-day operations of the charity. This team meets at least weekly. Trustees are appraised annually by the Chair during a one to one session based on information gathered prior to the meeting.

Employees

In each scheme and village, a regular team briefing is held for all members of staff at which information is given concerning them as employees of the charity. The skill and commitment of our staff is the bedrock of our service to our residents. Management development will focus both on the achievement of NVQs and leadership training. Early staff appointment is undertaken in new villages in order to successfully transfer the ExtraCare ethos into new projects. Similar attention to the induction of all new employees at existing schemes and villages remains a priority.

The charity believes that it is working towards a better understanding of diversity issues both in employment and the provision of services. An extensive programme of equality and diversity training was delivered in the year. With regard to disabled persons, the charity's policy is to give full and fair consideration to applications for employment by disabled people having regard to their particular aptitudes and abilities. Training and career development opportunities are available to all employees and the charity will endeavour to retrain any member of staff who develops a disability during employment.

We would like to express our appreciation to all our staff and supporters who work so hard to achieve a rewarding life style for older people.

Risk Management

The trustees have reviewed the major risks to which the charity is exposed and systems have been established to mitigate these risks. A continuous review has been implemented to monitor and control significant risks to mitigate any impact that they may have on the charity in the future. During the past twelve months the executive directors have further increased the focus on risks allowing the board to have a more accurate view of any potential future problems. The major risk that the charity currently faces is an exposure to failing to properly manage against a safeguarding failure. The trustees are confident that this risk is being addressed and is well controlled. A dedicated Internal Auditor has been recruited in 2010.

THE EXTRACARE CHARITABLE TRUST

REPORT OF THE TRUSTEES (continued)

REGULATION AND GOVERNANCE (continued)

Reserves Policy

The trustees reviewed its requirements for reserves in the light of the main risks to the organisation during 2011. It has established a free reserves policy whereby the unrestricted funds not designated or invested in fixed assets held by the charity should be in the region of £5.5 million. The trustees consider that this level will provide sufficient funds to respond to most unplanned reductions in income or increases to costs allowing the service

delivery to our residents to remain unaffected. It will also provide a sum from which a contribution towards any emergency call for cash, such as from the pension fund, could be made. The present level of free reserves of £6,077,000 is in line with this figure.

Treasury Policy

The trustees have approved a formal Treasury Policy. The objective of the policy is to invest surplus cash to best advantage with minimum risk whilst having funding available to match the development requirement at lowest cost. The charity does not separate cash funds that have been donated for specific purposes or correspond to the free reserves, limiting its cash balances to those needed to cover immediate needs and thereby minimise the interest costs occasioned by its own developments.

It is the charity's policy to take out long term loans at fixed rates of interest, whilst limiting the exposure to interest rate fluctuations on any development funding. To this end, £10 million of interest caps are in place and fixed rate borrowings have been arranged on £21 million. The charity continued to borrow in the year mainly via a £70 million loan facility provided by Lloyds Banking Group. At 31 March 2011, the charity had drawn £14.0m of the facility and had complied with all applicable financial covenants. Steps will be taken during 2011/12 to increase the borrowing facility in support of a planned expanded development programme.

The charity has achieved its objectives of ensuring that adequate cash was available for all short term calls, whilst at the same time excess funds were invested in UK banks. Credit rating criteria were used to approve the banks used whilst satisfactory investment returns were also achieved.

Third Party Indemnity Provision for Trustees

Qualifying third party indemnity provision is in place for the benefit of all trustees of the charity and its subsidiary companies.

Statement as to Disclosure of Information to Auditors

The trustees who were in office on the date of approval of these accounts have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditors

A resolution to re-appoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

SUMMARY

The Trust has had another successful year and has improved its performance in all key areas – for our residents, for our staff and financially. ExtraCare remains on a sound footing; the demand for our product and services is the highest that it has ever been and the support of our funders, particularly Lloyds Banking Group PLC, will enable more and more older people to benefit from our services. This all contributes to our vision and will help ensure a happier, healthier and more independent future for many individuals. Quite simply “Better Lives For Older People”.

On behalf of the trustees

Alan Stark – Chair

19 September 2011

THE EXTRACARE CHARITABLE TRUST

TRUSTEES' RESPONSIBILITIES IN THE PREPARATION OF ACCOUNTS

The trustees (who are also the directors of The ExtraCare Charitable Trust for the purposes of company law) are responsible for preparing the Report of the Trustees and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the group for that period. In preparing those accounts, the trustees are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. observe the methods and principles in the Charities SORP;
- c. make judgements and estimates that are reasonable and prudent;
- d. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- e. prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company and group will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and group and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE EXTRACARE CHARITABLE TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE EXTRACARE CHARITABLE TRUST

We have audited the group and parent charity accounts of The ExtraCare Charitable Trust ("the accounts") for the year ended 31 March 2011 on pages 14 to 35. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 12 the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the accounts

A description of the scope of an audit of accounts is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2011 and of the group's incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006.

Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the accounts are prepared is consistent with the accounts.

Matters on which we are required to report by exception

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

- the parent charity has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity accounts 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.

MICHAEL HUGGINS (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

THE EXTRACARE CHARITABLE TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 March 2011

Income and Expenditure	Undesignated Funds £'000	Designated Funds £'000	Restricted Funds £'000	Total 2011 £'000	Total 2010 £'000
Incoming resources from generated funds:					
Voluntary income	-	-	942	942	1,723
Activities for generating funds:					
Charity shops (note 3)	4,605	-	-	4,605	4,266
Investment income (note 8)	73	-	-	73	28
Incoming resources from charitable activities:					
Care for older people:					
Residential charges and rents	25,190	-	-	25,190	21,948
Health and public authority grants	355	-	5,943	6,298	8,479
Proceeds from the sale of properties	22,887	-	-	22,887	36,933
Other incoming resources					
Gain on sale of assets	399	-	-	399	599
Other income	332	-	-	332	328
Total incoming resources	53,841	-	6,885	60,726	74,304
Resources expended					
Cost of generating funds:					
Fundraising costs of voluntary income	239	-	-	239	511
Trading costs of goods sold etc (note 3)	3,891	-	-	3,891	3,686
Charitable activities:					
Care for older people	23,248	4,470	1,713	29,431	26,620
Cost of property sales	14,960	-	-	14,960	35,295
Governance costs (note 5)	96	-	-	96	40
Total resources expended	42,434	4,470	1,713	48,617	66,152
Net incoming/(outgoing) resources before transfers being net income for the year (note 2)	11,407	(4,470)	5,172	12,109	8,152
Transfers between funds (notes 16 and 17)	(6,248)	6,318	(70)	-	-
Net incoming resources being net movement in funds	5,159	1,848	5,102	12,109	8,152
Fund balances brought forward as at 1 April	967	21,147	20,963	43,077	34,925
Fund balances carried forward at 31 March	6,126	22,995	26,065	55,186	43,077
The total incoming resources of the parent undertaking were £56,121k (2010: £70,038k). The net incoming resources dealt with in the accounts of the parent undertaking were:	5,159	1,848	5,102	12,109	8,152

The net movement in funds for the year arises from the charitable group's continuing operations.

THE EXTRACARE CHARITABLE TRUST

BALANCE SHEETS

As at 31 March 2011 Company Registration No. 2205136

		Group		Charity	
	Note	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Fixed assets					
Tangible assets	9	65,446	52,975	65,446	52,975
Investments	10	49	49	49	49
		<u>65,495</u>	<u>53,024</u>	<u>65,495</u>	<u>53,024</u>
Current assets					
Stocks and assets for disposal	11	1,717	916	1,650	873
Work in progress	12	9,455	17,977	9,455	17,977
Debtors	13	2,500	10,733	2,446	10,702
Investments	14	24	5,029	24	5,029
Cash at bank and in hand		3,632	214	3,494	106
		<u>17,328</u>	<u>34,869</u>	<u>17,069</u>	<u>34,687</u>
Creditors: amounts falling due within one year	15	(8,730)	(7,778)	(8,488)	(7,613)
		<u>8,598</u>	<u>27,091</u>	<u>8,581</u>	<u>27,074</u>
Net current assets					
		<u>8,598</u>	<u>27,091</u>	<u>8,581</u>	<u>27,074</u>
Total assets less current liabilities		<u>74,093</u>	<u>80,115</u>	<u>74,076</u>	<u>80,098</u>
Creditors: amounts falling due after more than one year	15	(18,907)	(37,038)	(18,907)	(37,038)
		<u>55,186</u>	<u>43,077</u>	<u>55,169</u>	<u>43,060</u>
Net assets		<u>55,186</u>	<u>43,077</u>	<u>55,169</u>	<u>43,060</u>
Funds					
Restricted funds	16	26,065	20,963	26,065	20,963
Unrestricted funds:					
- Designated funds	17	22,995	21,147	22,995	21,147
- Other charitable funds		6,109	950	6,109	950
- Non-charitable trading funds	3	17	17	-	-
		<u>55,186</u>	<u>43,077</u>	<u>55,169</u>	<u>43,060</u>
Total funds		<u>55,186</u>	<u>43,077</u>	<u>55,169</u>	<u>43,060</u>

The accounts on pages 14 to 36 were approved by the board of directors and authorised for issue on 19 September 2011.

The accounts are signed on the board's behalf by

Alan Stark - Chair

THE EXTRACARE CHARITABLE TRUST

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2011

	Note	2011 £'000	£'000	2010 £'000	£'000
Net cash inflow from operating activities	21a		29,543		20,764
Return on investments and servicing of finance					
Interest received		73		28	
Interest paid		(665)		(857)	
Net cash outflow from return on investments and servicing of finance			(592)		(829)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(13,562)		(16,539)	
Receipts from disposals of tangible fixed assets		2,376		1,283	
Net cash outflow from capital expenditure and financial investment			(11,186)		(15,256)
Cash inflow before use of liquid resources and financing			17,765		4,679
Management of liquid resources					
Withdrawals/(deposits into) from short-term investments	21b		5,005		(5,005)
Financing	21b				
Repayment of borrowings		(23,352)		(36,149)	
New borrowings		4,000		33,828	
Net cash outflow from financing			(19,352)		(2,321)
Increase/(decrease) in cash	21c		3,418		(2,647)

THE EXTRACARE CHARITABLE TRUST

NOTES ON ACCOUNTS

31 March 2011

1 Principal accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention as modified for the statement of investments at market value, and in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (revised 2005), applicable United Kingdom accounting standards and the Companies Act 2006.

Basis of consolidation

The group accounts consolidate the accounts of the charity and its subsidiary undertakings. Intra group profits are eliminated on consolidation. The consolidation is carried out on a line by line basis. The accounts also show the charity's share of the net assets of the joint venture under the gross equity method outlined in FRS9.

The parent charity has taken advantage of the exemption from presenting its unconsolidated SOFA (including income and expenditure account) under Section 408 of the Companies Act 2006.

Investments

Long term investments are classified as fixed assets and are stated at market value. Short term investments are cash on deposit. Provision is made for any permanent impairment in the value of investments. Movements in the valuation of investments are included within gains and losses in investment assets in the Statement of Financial Activities.

Depreciation

Assets costing more than £1,000 are capitalised at cost. Assets under construction are not depreciated until brought into operational use at which time they are transferred to buildings. Depreciation of fixed assets is charged by equal instalments commencing with the date of acquisition at rates estimated to write off their cost or valuation less any residual value over the expected useful lives which are as follows:

Freehold land	not depreciated
Freehold buildings	over 100 years
Leasehold property	over period of lease
Furniture and equipment	over 2 to 6 years
Motor vehicles	over 3 years

Impairments

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments. Impairments of revalued assets, except those caused by a clear consumption of economic benefit, are recognised in the Statement of Financial Activities.

Stocks and assets held for disposal and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost of work in progress includes finance costs, fees and other appropriate expenses up to the date of practical completion of schemes for sale. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal.

Defined benefit pension scheme

The charity's employees are members of the Social Housing Pension Scheme (SHPS). One employee is also a member of a growth plan operated by The Pensions Trust (being the SHPS managers). These schemes are multi-employer schemes and are unable to identify each employer's share of the underlying assets and liabilities. In accordance with FRS17, the Statement of Financial Activities charge for the period represents the employer contributions payable.

Defined contribution pension scheme

The charity's executive management are members of a flexible retirement plan operated by SHPS. The amount charged to the Statement of Financial Activities in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

THE EXTRACARE CHARITABLE TRUST

NOTES ON ACCOUNTS

31 March 2011

1 Principal accounting policies (continued)

Incoming resources

Voluntary income for example, grants, donations, legacies, etc, is accounted for as soon as their amount and receipt are certain. In the case of unsolicited donations, this is usually only when they are received, while fundraising results are accounted for when the commitment is made by the donor, subject to fulfilment. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.

Incoming resources from charitable activities are included on an accruals basis. Gain on sale of assets represents those on disposal of functional fixed assets whilst sale of properties are sales of flats in certain schemes and villages, with costs previously held within work in progress. The income from goods donated for resale in the charity shops is included in the accounts when those goods are sold. No value is placed on any stock of such goods. Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.

Investment income is included when receivable by the group.

Resources expended

Costs are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. These are normally included on an accruals basis. Support costs are allocated according to the direct costs of the team plus attributable overheads. The cost of generating funds includes costs of the fund-raising teams whilst publicity costs of a more general nature are included within charitable activities. Costs of sale and other costs of the charity shops are included within costs of fundraising trading. Governance costs represent trustees' expenses, indemnity insurance, meeting costs, legal and professional costs and recruitment costs and both internal and external audit fees. Charitable activity includes all other costs. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Sale of Properties

The charity sells properties at some of its schemes and villages under a long lease. The terms of the lease oblige the charity to repurchase the property at the price at which it was last sold, or a proportion thereof, in order that the charity can ensure the ongoing profile and lifestyle within the scheme or village. Under Financial Reporting Standard 5, Reporting the Substance of Transactions, the granting of such leases are treated as sales as most of the risks and rewards of ownership are transferred to the lessee. The attributable income and costs of sales are taken to the Statement of Financial Activities.

Capitalisation of interest

Interest incurred up to the time that identifiable major capital projects are ready for service is capitalised as part of the cost of the assets and shown within either fixed assets or work in progress.

Operating leases

All leases are operating leases and the annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Designated funds

The trustees consider it prudent to designate funds as they become available. Current designations relate to investment in assets of accommodation for older people, cyclical maintenance of properties, replacement furniture and equipment and for research and innovation.

Restricted funds

These are funds that can only be applied for particular specified purposes. The fund is held for the purpose as specified by the donor. This is usually for a particular appeal. Incoming funds are accounted for on receipt but with reference to certain performance criteria within an agreement. Once an appeal has reached its conclusion, cash and any fixed asset may be transferred - in line with donor's wishes - either to designated funds or to a partner. Where cash has been received but performance criteria have not yet been met, such income is deferred and released to the Statement of Financial Activities on achievement of such criteria.

THE EXTRACARE CHARITABLE TRUST

NOTES ON ACCOUNTS

31 March 2011

1 Principal accounting policies (continued)

Liquid resources

Liquid resources are those current asset investments that are disposable within 24 hours without curtailing or disrupting the charity's business and are readily convertible into known amounts of cash at or close to their carrying amount.

2	Net incoming/(outgoing) resources	2011 £'000	2010 £'000
	Net incoming/(outgoing) resources are stated after charging/(crediting):		
	Trustee indemnity insurance	2	4
	External auditors' remuneration:		
	Fees payable for the audit of the charity's accounts	30	29
	- (over)/under accrual of previous year's audit fee	-	(6)
	Fees payable for other services:		
	- the audit of the charity's subsidiary	5	4
	- tax services	39	52
	- other services	9	4
	Operating leases:		
	- motor vehicles	24	4
	- rent payable on buildings	1,019	942
	Depreciation of tangible fixed assets:		
	- owned assets	905	968
	Surplus on sale of properties	(7,927)	(1,638)
	Surplus on disposal of tangible fixed assets	(399)	(599)
		<u> </u>	<u> </u>

3 Net income from trading activities of subsidiaries

As shown in note 10, the charity has four wholly owned subsidiaries which are incorporated in the UK:

Extra Care Shops Limited
Extra Care Services Limited
Extracare Nominee 1 Limited
Extracare Nominee 2 Limited

Extra Care Services Limited, Extracare Nominee 1 Limited and Extracare Nominee 2 Limited did not trade during the year.

All companies have entered into Gift Aid arrangements to donate their taxable profits to The ExtraCare Charitable Trust. Extra Care Shops Limited has retained reserves of £16,966 (2010: £16,966) for the purpose of working capital.

A summary of the results of Extra Care Shops Limited is shown below. Audited accounts will be filed with the Registrar of Companies in due course. Within the Group accounts, turnover from Shops is shown within activities for generating funds and the costs less a management fee of £45,000 (2010: £Nil) and other costs of £9,000 (2010: £Nil) are included within costs of generating funds. The net profit of £659,639 is paid by Gift Aid to the company.

THE EXTRACARE CHARITABLE TRUST

NOTES ON ACCOUNTS

31 March 2011

3 Net income from trading activities of subsidiaries (continued)

	2011	2010
	£'000	£'000
Turnover	4,605	4,266
Cost of sales	(412)	(415)
Staff costs	(1,721)	(1,585)
Other costs	(1,812)	(1,686)
	<hr/>	<hr/>
Net profit	660	580
Gift Aid to ExtraCare Charitable Trust	(660)	(580)
	<hr/>	<hr/>
Retained in subsidiary	-	-
	<hr/> <hr/>	<hr/> <hr/>
Balance sheet position at 31 March 2011		
	2011	2010
	£'000	£'000
Current assets	651	567
Current liabilities	(634)	(550)
	<hr/>	<hr/>
	17	17
	<hr/> <hr/>	<hr/> <hr/>

4 Partnership

As shown in note 10, the charity has a shareholding in a company which is jointly controlled with Midland Heart Housing Association Limited. The company did not trade during the year as schemes previously operated through that company are now managed directly by the charity under a management agreement with Midland Heart Housing Association.

5 Analysis of total incoming resources and resources expended by activity

The charitable group has two charitable activities, being care for older people through the provision of accommodation and care packages appropriate to each person's needs and property through the development of retirement villages. To supplement these activities, the charity undertakes fundraising activities.

The income and costs of each of these activities is shown below.

THE EXTRACARE CHARITABLE TRUST

NOTES ON ACCOUNTS

31 March 2011

5 Analysis of total incoming resources and resources expended by activity (continued)

	Undesignated funds		Designated funds		Restricted funds		Total 2011	Total 2010
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fundraising activity:								
Donations	-		-		942		942	1,723
Shops	4,605		-		-		4,605	4,266
Fundraising costs	(239)		-		-		(239)	(511)
Shops costs	(3,891)		-		-		(3,891)	(3,686)
		475		-		942	1,417	1,792
Charitable activity:								
(i) care for older people								
Residents charges and rent	25,190		-		-		25,190	21,948
Health and public authority grants	355		-		5,943		6,298	8,479
Costs	(23,248)		(4,470)		(1,713)		(29,431)	(26,620)
		2,297		(4,470)		4,230	2,057	3,807
(ii) property								
Proceeds from sales	22,887		-		-		22,887	36,933
Cost of sales	(14,960)		-		-		(14,960)	(35,295)
		7,927		-		-	7,927	1,638
Other resources:								
Gain on disposal of assets	399		-		-		399	599
Other incoming resources	332		-		-		332	328
Interest receivable	73		-		-		73	28
Governance costs	(96)		-		-		(96)	(40)
		708		-		-	708	915
Net incoming/ (outgoing) resources for the year before transfers		11,407		(4,470)		5,172	12,109	8,152

Included within total resources expended are £2,698,070 of support costs (2010: £2,396,840) which have been allocated across fundraising and charitable activities costs on the basis of direct salary cost and attributable overheads. Support costs comprise central teams and general marketing expenses. Of the total, £2,546,640 (2010: £2,262,384) has been allocated to charitable activity and £151,430 (2010: £134,456) to fundraising activity. Support costs in connection with sale of village properties and governance are considered to be insignificant.

Governance costs comprise:	2011	2010
	£'000	£'000
Salary costs (including internal audit)	21	-
External audit	30	27
Indemnity insurance	2	4
Expenses	8	4
Meeting costs	8	5
Recruitment	3	-
Legal	12	-
Consultancy	12	-
Total	96	40

THE EXTRACARE CHARITABLE TRUST

NOTES ON ACCOUNTS

31 March 2011

6 Directors and employees

Staff costs	Charitable activities 2011 £'000	Trading activities 2011 £'000	Group 2011 £'000	Group 2010 £'000
Wages and salaries	15,607	1,601	17,208	15,881
Social security costs	1,215	105	1,320	1,230
Pension costs	729	15	744	638
	<u>17,551</u>	<u>1,721</u>	<u>19,272</u>	<u>17,749</u>
	<u><u>17,551</u></u>	<u><u>1,721</u></u>	<u><u>19,272</u></u>	<u><u>17,749</u></u>
Average number employed	Charitable activities 2011 Number	Trading activities 2011 Number	Group 2011 Number	Group 2010 Number
Executive directors	8	-	8	8
Care services	1,367	-	1,367	1,378
Administration, fund raising and publicity	77	134	211	194
	<u>1,452</u>	<u>134</u>	<u>1,586</u>	<u>1,580</u>
	<u><u>1,452</u></u>	<u><u>134</u></u>	<u><u>1,586</u></u>	<u><u>1,580</u></u>
Full time equivalents	Charitable activities 2011 Number	Trading activities 2011 Number	Group 2011 Number	Group 2010 Number
Executive directors	8	-	8	8
Care services	879	-	879	816
Administration, fundraising and publicity	48	82	130	114
	<u>935</u>	<u>82</u>	<u>1,017</u>	<u>938</u>
	<u><u>935</u></u>	<u><u>82</u></u>	<u><u>1,017</u></u>	<u><u>938</u></u>

Directors' emoluments

All members of the board of management who are the directors of the company and trustees of the charity, act in an unpaid capacity. The total of expenses reimbursed to board members was £4,190 (2010: £3,831) representing travel costs in respect of seven (2010: four) trustees who claimed expenses.

THE EXTRACARE CHARITABLE TRUST

NOTES ON ACCOUNTS

31 March 2011

6 Directors and employees (continued)

Employees' remuneration (excluding pension scheme contributions) in excess of £60,000 for the year fell within the following bands:

	2011 No.	2010 No.
£60,001 - £70,000	2	1
£80,001 - £90,000	1	1
£90,001 - £100,000	2	3
£100,001 - £110,000	3	2
£110,001 - £120,000	1	1
£130,001 - £140,000*	-	1
£150,001 - £160,000	1	-

* In addition to these emoluments, the employee received a one-off payment in 2010 related to the cessation of their employment totalling £220,450.

Pension contributions in respect of the above employees totalled £202,448 (2010: £220,040). Ten (2010: nine) higher paid employees are accruing benefits under the defined benefit pension scheme and eight (2009: eight) are accruing benefits under the defined contribution pension scheme.

Pension costs of £744,000 (2010: £638,000) relate to the charity's two pension schemes. Pension costs of £665,000 (2010: £543,000) relate to the charity's defined benefit scheme and £79,000 (2010: £95,000) to the defined contribution scheme.

Pension costs: defined benefit scheme

a) Social Housing Pension Scheme (SHPS)

The charity participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted-out of the State Pension scheme.

SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the 'SHPS House Policies and Rules Employer Guide'.

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 31 March 2007. From April 2007 three defined benefit structures have been available, namely:

Final salary with a 1/60th accrual rate.
Final salary with a 1/70th accrual rate.
Career average revalued earnings (CARE) with a 1/60th accrual rate.

From April 2010 a further two defined benefit structures have been available, namely:

Final salary with a 1/80th accrual rate.
Career average revalued earnings (CARE) with a 1/80th accrual rate.

A defined contribution benefit structure was made available from 1 October 2010.

An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can only operate one open defined benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

The charity has operated the final salary with a 1/60th accrual rate for active members as at 1 April 2007 and the career average revalued earnings (CARE) with a 1/60th accrual rate benefit structures for new active members from that date to 30 September 2010. This does not reflect any benefit structure changes made from April 2010.

The charity has operated the defined contribution structure for new entrants from 1 October 2010. This does not reflect any benefit structure changes made from April 2010.

THE EXTRACARE CHARITABLE TRUST

NOTES ON ACCOUNTS

31 March 2011

6 Directors and employees (continued)

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate. From 1 April 2010 the requirement for employers to pay at least 50% of the total contribution rate no longer applies.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period the charity paid contributions at the rate of 3.0% to 16.3%. Member contributions varied between 3.0% to 9.4%.

As at the balance sheet date there were 209 active members of the Scheme employed by the charity. The annual pensionable payroll in respect of these members was £5,099,348. The charity continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Scheme is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contributions payable.

The last formal valuation of the Scheme was performed as at 30 September 2008 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 69.7%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	% pa
Valuation Discount Rates	
Pre retirement	7.8
Non Pensioner Post retirement	6.2
Pensioner Post retirement	5.6
Pensionable earnings growth	4.7
Price inflation	3.2
Pension Increases	
Pre 88 GMP	0.0
Post 88 GMP	2.8
Excess over GMP	3.0

Expenses for death in service insurance, administration and Pension Protection Fund (PPF) levy are included in the contribution rate.

The valuation was carried out using the following demographic assumptions:

Mortality pre retirement – PA92 Year of Birth, long cohort projection, minimum improvement 1%pa

Mortality post retirement – 90% S1PA Year of Birth, long cohort projection, minimum improvement 1%pa

THE EXTRACARE CHARITABLE TRUST

NOTES ON ACCOUNTS

31 March 2011

6 Directors and employees (continued)

The long-term joint contribution rates that will apply from April 2010 required from employers and members to meet the cost of future benefit accrual were assessed at:

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary with a 1/60 th accrual rate	17.8
Career average revalued earnings with a 1/60 th accrual rate	14.9

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a Recovery Plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £663 million would be dealt with by the payment of deficit contributions of 7.5% of pensionable salaries, increasing each year in-line with salary growth assumptions, from 1 April 2010 to 30 September 2020, dropping to 3.1% from 1 October 2020 to 30 September 2023. Pensionable earnings at 30 September 2008 are used as the reference point for calculating these deficit contributions. These deficit contributions are in addition to the long-term joint contribution rates set out in the table above.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

Employers that have closed the defined benefit section of the Scheme to new entrants are required to pay an additional employer contribution loading of 3.0% to reflect the higher costs of a closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into SHPS.

Employers joining the Scheme after 1 October 2002 that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and applies until the second valuation after the date of joining the Scheme, at which point the standard employer contribution rate is payable. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

A copy of the Recovery Plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to The Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or Recovery Plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Scheme liabilities and hence impact on the Recovery Plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the Recovery Plan). The Regulator is currently in the process of reviewing the Recovery Plan for SHPS in respect of the September 2008 actuarial valuation. A response from the Regulator is expected in due course.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,985 million and indicated a reduction in the shortfall of assets compared to liabilities to approximately £497 million, equivalent to a past service funding level of 80.0%.

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

THE EXTRACARE CHARITABLE TRUST

NOTES ON ACCOUNTS

31 March 2011

6 Directors and employees (continued)

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

b) The Pension Trust's Growth Plan

The charity also participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

The charity paid no contributions. The member paid contributions at the rate of 4.27% during the accounting period.

As at the balance sheet date there was one active members of the Plan employed by the charity. The charity has closed the Plan to new entrants.

THE EXTRACARE CHARITABLE TRUST

NOTES ON ACCOUNTS

31 March 2011

6 Directors and employees (continued)

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contributions payable.

The valuation results at 30 September 2008 were completed in 2009 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	%
	per annum
Investment return pre-retirement	7.6
Investment return post-retirement	
Actives/deferreds	5.1
Pensioners	5.6
Bonuses on accrued benefits	0.0
Rate of price inflation	3.2

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The Scheme Actuary has prepared a funding position update as at 30 September 2010. The market value of the Plan's assets at that date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £825 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £45 million, equivalent to a funding level of 95%.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate the Plan liabilities the Trustee has prepared a recovery plan on the basis that no additional contributions from participating employers are required at this point in time. In reaching this decision the Trustee has taken actuarial advice and has been advised that the shortfall of £29 million (as at 30 September 2008) will be cleared within 10 years if the investment returns from assets are in-line with the 'best estimate' assumptions. 'Best estimate' means that there is a 50% expectation that the return will be in excess of that assumed and a 50% expectation that the return will be lower than that assumed over the next 10 years. These "best estimate" assumptions are 8.4% per annum pre-retirement, 5.1% per annum post retirement (actives and deferreds) and 5.6% per annum post-retirement (pensioners).

THE EXTRACARE CHARITABLE TRUST

NOTES ON ACCOUNTS

31 March 2011

6 Directors and employees (continued)

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation was forwarded to The Pensions Regulator on 18 December 2009, as is required by legislation.

The next full actuarial valuation will be carried out as at 30 September 2011.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan. The Trustee's current policy is that it only applies to employers with pre-October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's pre-October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan's pre-October 2001 liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

c) Pension costs: defined contribution scheme

The charity also utilises the Pensions Trust Flexible Retirement Plan (FRP). The FRP is a defined contribution scheme.

7 Interest payable	2011 £'000	2010 £'000
Bank loans and overdrafts	665	857
Charged to designated funds	(139)	(117)
Charged to development properties	(116)	(492)
Charged to undesignated funds	<u>410</u>	<u>248</u>

Interest has been incurred as part of funding major capital projects and has been capitalised in either assets under construction or work in progress.

8 Investment income	2011 £'000	2010 £'000
Interest receivable	<u>73</u>	<u>28</u>

THE EXTRACARE CHARITABLE TRUST

NOTES ON ACCOUNTS

31 March 2011

9 Tangible fixed assets

Group and charity	Freehold land & buildings £'000	Long term leasehold land & buildings £'000	Vehicles furniture & equipment £'000	Assets under construction £'000	Total £'000
Cost					
1 April 2010	50,159	973	2,919	1,996	56,047
Additions	12	-	542	13,116	13,670
Transfer from current assets	1,683	-	-	-	1,683
Disposals	(2,264)	-	(48)	-	(2,312)
31 March 2011	49,590	973	3,413	15,112	69,088
Depreciation					
1 April 2010	1,542	93	1,437	-	3,072
Charge for the year	393	8	504	-	905
Disposals	(289)	-	(46)	-	(335)
31 March 2011	1,646	101	1,895	-	3,642
Net book amount					
31 March 2011	47,944	872	1,518	15,112	65,446
31 March 2010	48,617	880	1,482	1,996	52,975

Included within the costs of assets under construction is interest capitalised of £72,000 (2010: £Nil) and within freehold land and buildings is interest capitalised of £1,838,000 (2010: £1,802,000).

10 Fixed asset investments

	Group		Charity	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Touchstone Extracare Limited				
- Share of gross assets/cost of investment	49	49	49	49
Investment in group companies	-	-	-	-
	49	49	49	49

The parent undertaking holds the whole of the equity share capital of the following group companies:

Name of subsidiary undertaking	Country of incorporation	Class of share	Nature of business
Extra Care Shops Limited	England	Ordinary	Operation of charity shops
Extra Care Services Limited	England	Ordinary	Dormant
Extracare Nominee 1 Limited	England	Ordinary	Dormant
Extracare Nominee 2 Limited	England	Ordinary	Dormant

The investment represents a 49% shareholding in Touchstone ExtraCare Limited, a joint venture company created to specialise in the provision of housing for frail older people. With effect from 1 April 2000, management of these schemes was changed and they are now subject to a management agreement with Midland Heart Housing Association. Touchstone Extracare Limited did not trade during the years ended 31 March 2011 or 31 March 2010.

THE EXTRACARE CHARITABLE TRUST

NOTES ON ACCOUNTS

31 March 2011

11 Stocks and assets held for disposal

	Group		Charity	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Assets held for disposal /goods for resale	1,717	916	1,650	873

12 Work in progress

	Group		Charity	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Development costs of retirement village properties for sale	9,455	17,977	9,455	17,977

Included within costs is £50,000 (2010: £462,000) representing capitalised interest.

13 Debtors

	Group		Charity	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Amounts falling due within one year				
Trade debtors	700	902	691	895
Amounts due from subsidiary undertakings	-	-	392	385
Other debtors	1,072	8,862	952	8,755
Prepayments	728	969	411	667
	2,500	10,733	2,446	10,702

The amounts due from the Subsidiary undertakings are unsecured, have no formal repayment terms and are interest free.

14 Current asset investments

	Group		Charity	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Short term deposits	24	5,029	24	5,029

15 Creditors

	Group		Charity	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Amounts falling due within one year				
Trade creditors	1,863	811	1,843	803
Other taxation and social security	487	450	477	444
Accruals	6,160	5,572	5,948	5,421
Deferred income	220	945	220	945
	8,730	7,778	8,488	7,613

Deferred income of £220,000 (2010: £945,000) includes lease premiums of £27,000 (2010: £27,000) income received in advance of £193,000 (2010: £43,000), and grants received in advance of £Nil (2010: £875,000).

THE EXTRACARE CHARITABLE TRUST

NOTES ON ACCOUNTS

31 March 2011

15 Creditors (continued)	Group and Charity	
	2011	2010
	£'000	£'000
Amounts falling due after more than one year		
Bank loans	17,335	36,687
Deferred income	1,572	351
	18,907	37,038

Bank loans	Group and Charity	
	2011	2010
	£'000	£'000
Amounts fall due on bank loans as follows:		
In one year or less	-	-
Between one and two years	357	-
Between two and five years	5,529	24,679
Over five years	11,449	12,008
	17,335	36,687

There are loan facilities with two banks, both are secured by legal charges on freehold and leasehold properties. Loans are repayable as follows:

	2011
	£'000
Repayable over 25 years from 2015-16 - secured on 80% of relevant assets	10,000
Repayable in 2014-15 - secured on 75% of relevant assets	4,000
Repayable over 7 years from 2012-13 - secured on 65% of relevant assets	3,335
	17,335

Interest rates vary between 1.9% and 4.1% per annum.

	Group and Charity	
	2011	2010
	£'000	£'000
Deferred income		
1 April	1,296	405
Released to Statement of Financial Activities	(945)	(27)
Deferred during the year	1,441	918
31 March	1,792	1,296

	Group and Charity	
	2011	2010
	£'000	£'000
Amounts will be credited to the Statement of Financial Activities as follows:		
Within one year	220	945
Between one and two years	27	27
Between two and five years	1,329	81
Over five years	216	243
	1,792	1,296

Deferred income relates to lease premiums receivable (£351k) which will be released to income over the periods of the lease, which are up to twenty five years, income in advance (£193k) and grants in advance (£1,248k).

THE EXTRACARE CHARITABLE TRUST

NOTES ON ACCOUNTS

31 March 2011

16 Restricted funds

The income funds of the charity include restricted funds comprising the following balances of donations and grants held on trust for specific purposes. These funds are represented by fixed assets or will be spent on future schemes (note 20).

	Movement in Funds				Transfer	
	31March	Incoming	Expenditure	Internal	(to)/from	31March
	2010	resources		reallocation	other	2011
	£'000	£'000	£'000	£'000	fund	£'000
					£'000	
Fixed assets						
Berryhill Village, Stoke on Trent	449	-	(6)	-	-	443
Humber Court, Coventry	711	-	(8)	-	-	703
Lady Forester Nursing Home	462	-	(3)	-	(459)	-
Lark Hill Village	7,677	-	(78)	-	-	7,599
New Oscott Village	6,273	-	(65)	146	-	6,354
Milton Keynes Village	1,030	-	(10)	-	-	1,020
Rosewood Court, Wellingborough	262	-	(3)	-	-	259
Special Needs Projects	475	-	(6)	-	-	469
Sunley Court, Kettering	253	-	(3)	-	-	250
Yates Court, Evesham	123	-	(1)	-	-	122
	<u>17,715</u>	<u>-</u>	<u>(183)</u>	<u>146</u>	<u>(459)</u>	<u>17,219</u>
Current Appeals						
Milton Keynes 2 nd Village	2,198	902	(183)	-	-	2,917
Birmingham New Oscott Village	-	182	(36)	(146)	-	-
Birmingham Shaftmoor Lane, Village	525	875	(141)	(1,159)	-	100
Birmingham Pannel Croft, Village	3	4,431	(406)	1,159	-	5,187
Gloucester Village	238	80	(16)	-	-	302
	<u>2,964</u>	<u>6,470</u>	<u>(782)</u>	<u>(146)</u>	<u>-</u>	<u>8,506</u>
Special Projects and other funds						
Third Sector Investment Programme	-	44	(44)	-	-	-
Enriched Opportunities	-	62	(425)	-	363	-
Other miscellaneous funds	80	182	(244)	-	26	44
Other scheme restricted funds	204	127	(35)	-	-	296
	<u>284</u>	<u>415</u>	<u>(748)</u>	<u>-</u>	<u>389</u>	<u>340</u>
Total funds	<u>20,963</u>	<u>6,885</u>	<u>(1,713)</u>	<u>-</u>	<u>(70)</u>	<u>26,065</u>

THE EXTRACARE CHARITABLE TRUST

NOTES ON ACCOUNTS

31 March 2011

16 Restricted funds (continued)

Fixed assets

These funds resulted from specific appeals to fund the development of fixed assets. Expenditure from these funds represents depreciation on the assets.

Current appeals

These funds have resulted from appeals to fund the development of new retirement villages. Where our housing association partners are acting as developers on these projects, most of the funds will be settled to them.

Special projects and other restricted funds

Most of these funds have been given to finance specific projects to improve the quality of life for older people.

17 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	31 March 2010 £'000	Designation in year £'000	Utilised £'000	31 March 2011 £'000
Investment in assets of accommodation for older people	12,392	9,894	(3,541)	18,745
Land acquisition	5,000	(5,000)	-	-
Cyclical maintenance	1,137	618	(355)	1,400
Furniture & equipment replacement	1,210	444	(204)	1,450
Research and innovation	1,408	362	(370)	1,400
	<u>21,147</u>	<u>6,318</u>	<u>(4,470)</u>	<u>22,995</u>

Funds have been designated for four purposes. Firstly, for that part of the cost of investment in assets of accommodation for older people which is funded internally by the charity, secondly to meet the cost of cyclical maintenance and major repairs expenditure, thirdly to replace furniture and equipment over its estimated useful life and lastly to finance care related research projects and innovative practice.

Designations are made to the cyclical maintenance, furniture and equipment replacement and research and innovation funds so that the amount designated is sufficient to cover expected expenditure over the next five year period. The balances of funds available is allocated to the investment in assets of accommodation for older people. The land acquisition fund was released during the year as it was no longer necessary to subsidise the purchase of land for new villages.

18 Analysis of group net assets between funds

	Unrestricted Other Funds £'000	Designated Funds £'000	Restricted Funds £'000	Total £'000
Funds at 31 March 2011 represented by:				
Tangible fixed assets	-	48,227	17,219	65,446
Fixed asset investments	49	-	-	49
Net current assets	6,077	(6,325)	8,846	8,598
Creditors falling due after more than one year	-	(18,907)	-	(18,907)
	<u>6,126</u>	<u>22,995</u>	<u>26,065</u>	<u>55,186</u>

THE EXTRACARE CHARITABLE TRUST

NOTES ON ACCOUNTS

31 March 2011

19 Financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 March 2012 (31 March 2011):

Group and Charity	2011		2010	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Contracts expiring:				
Within one year	72	-	146	-
Within two to five years	401	-	253	-
In more than five years	537	-	441	-
	<u>1,010</u>	<u>-</u>	<u>840</u>	<u>-</u>

20 Capital commitments

	2011 £'000	2010 £'000
Capital expenditure contracted for but not provided in the accounts	29,950	23,920
Existing loan facilities are in place to meet these commitments.	<u> </u>	<u> </u>

21 Cash flow statement

a) Reconciliation of net incoming resources to net cash inflow from operating activities

	2011 £'000	2010 £'000
Net incoming resources	12,109	8,152
Depreciation charge	905	968
Surplus on disposal of fixed assets	(399)	(599)
(Increase)/decrease in stock	(801)	193
Decrease in work in progress	6,427	19,609
Decrease/(increase) in debtors	8,233	(8,137)
Increase in creditors	2,173	241
Interest receivable	(73)	(28)
Interest payable	969	365
	<u>29,543</u>	<u>20,764</u>

THE EXTRACARE CHARITABLE TRUST

NOTES ON ACCOUNTS

31 March 2011

21 Cash flow statement (continued)

b) Reconciliation of net cash flow to movement in net debt	2011 £'000	2010 £'000
Increase/(decrease) in cash in the year	3,418	(2,647)
Cash outflow/(inflow) from decrease in debt financing	19,352	2,321
Cash (inflow)/outflow from (decrease)/increase in liquid resources	(5,005)	5,005
Change in net debt resulting from cash flows being movement in net debt in the year	17,765	4,679
Net debt at 1 April	(31,444)	(36,123)
Net debt at 31 March	(13,679)	(31,444)

c) Analysis of changes in net debt

	At 31 March 2010 £'000	Cashflow £'000	Other non- cash changes £'000	At 31 March 2011 £'000
Cash at bank and in hand	214	3,418	-	3,632
Debt due after one year	(36,687)	19,352	-	(17,335)
Current asset investments	5,029	(5,005)	-	24
Total	(31,444)	17,765	-	(13,679)

22 Taxation

The Trust is registered as a charity and its charitable activities are not liable to corporation tax.

23 Contingent asset

In each financial year the charity will receive pledges to fund village developments, currently Birmingham and Milton Keynes. The pledges are contingent on various key events occurring during the village development phases.

At 31 March 2010 there was a contingent asset of £0.2m towards the Birmingham Pannel Croft development, along with grant allocations toward Birmingham Pannel Croft and Milton Keynes of £7.5m. In the financial year ended 31 March 2011, £0.2m of cash was received against the Birmingham Pannel Croft pledge following completion of key events on the village development and in addition £2.6m of grants were received.

In addition a further pledge of £0.2m was made toward the Birmingham Pannel Croft village and grants of £7.6m were pledged towards the new developments in Birmingham Pannel Croft and Hagley Road. We were also advised of certain legacy pledges made but are unable to quantify them nor assess their certainty.

Of the outstanding pledges it is envisaged that £5.1m will be received in the year to 31 March 2012 and £7.6m thereafter.

THE EXTRACARE CHARITABLE TRUST

NOTES ON ACCOUNTS

31 March 2011

24 Contingent liabilities and other commitments

At 31 March 2011, there are no outstanding claims against the charity.

Bank Guarantees

Certain bank guarantees have been given by the charity's bankers to local authorities in relation to Village developments. These are subject to counter indemnities by the charity. The total exposure at 31 March 2011 amounted to:

	2011 £'000	2010 £'000
Bank Guarantees	58	361

On 29 March 2010, a legal charge of £3.6m was given to the Homes and Communities Agency against monies held by the charity in escrow in relation to a grant pledged for the Shenley Wood development at Milton Keynes. This is included in contingent assets as the conditions of the grant have not yet been satisfied.

Repurchase of Properties

The charity sells properties at some of its schemes and villages under a long lease. The terms of the lease provide for the charity to repurchase the property at the price at which it was last sold, or a proportion thereof, in order that the charity can ensure the ongoing profile and lifestyle within the scheme or village. The repurchased properties become available for resale in the normal course of business.

At the 31 March 2011 the charity had a total exposure in respect of such leases of £77m (2010: £55m). In the year to 31 March 2011, the charity actually repurchased properties at a cost of £3,331,000 (2010: £2,195,000) which were then resold at a surplus of £361,000 (2010: £499,000), included within Gain on sale of Assets. Any repurchased properties remaining unsold are held in stock.

25 Related party transactions

The Charity has taken advantage of the exemption conferred by paragraph 3(c) of the Financial Reporting Standard 8, Related Party Disclosures, from the requirement to disclose transactions with its wholly owned subsidiary undertakings.