

BOROUGH CARE SERVICES LIMITED

Registered Company Number 2603702
Registered Charity Number 1007002

ANNUAL REPORT AND FINANCIAL STATEMENTS

**For the Year Ended
31 March 2021**

BOROUGH CARE SERVICES LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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BOROUGH CARE SERVICES LIMITED

TRUSTEES' REPORT YEAR ENDED 31 MARCH 2021

The Trustees of Borough Care Services Limited (the Charity) present their Annual Report for the year ended 31 March 2021 under the Charities Act 2011 and the Companies Act 2006, including the Directors' Report and the Strategic Report under the 2006 Act, together with the audited financial statements for the year. The Trustees of the Charity are the Charity's Trustees under charity law and the directors of the charitable company.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure and Management

Borough Care Services Limited is a Registered Charity (Charity number 1007002) and a Company Limited by Guarantee, number 2603702. The governing document is the Memorandum and Articles of Association dated 16 December 1991. Borough Care Services Limited is a wholly controlled subsidiary of the holding society, Belong Limited, a Registered Society.

The Board of Trustees may consist of up to 14 members, elected by members at the Annual General Meeting. In addition, Wigan Council can appoint a nominated Board Member. The Board meets up to 12 times a year. The Audit Committee of the Board meets four times a year and the Remuneration Committee meets when required, usually annually. The effectiveness of the Board is reviewed annually. Operational management is delegated to the Chief Executive and the Senior Management Team. The role and responsibilities of the Board and the relationship between the Board and the Chief Executive is set out in the document 'Your Guide to Being a Board Member'.

Recruitment, Selection and Induction of Board Members

The Charity aims to reach as wide a pool of potential Board members as possible in order to achieve a Board that properly reflects the diversity of the population the organisation serves. The Board advertises in local and national media. The recruitment and selection of Board members is delegated to a working party of the Board who draws up a person specification based on the current skill mix and perceived future needs of the Board. Applicants are scored against these requirements in order to create a short list of applicants to be interviewed by a panel comprising usually of at least two Board members and a member of the Senior Management Team, who report their recommendations to the Board. Care is taken in this process to ensure applicants are assessed in a fair and transparent way that tries to ensure applicants, particularly those from diverse backgrounds, are not disadvantaged by the process. All new Board members are provided with a programme of induction in order for them to learn about their role and how the Belong Group is managed. The programme includes visits to the care villages operated by the holding Society.

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Strategic Report, the Trustees' Report and financial statements in accordance with applicable law and regulations. Charity law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the surplus or deficit of the Charity for that period. In preparing those financial statements the Trustees have:

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

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

The Trustees have overall responsibility for ensuring that the Charity has an appropriate system of controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the detection and prevention of fraud and other irregularities.

BOROUGH CARE SERVICES LIMITED

Key Management Remuneration

The key management personnel of the Charity are the senior staff as noted on page 4. The senior staff are employed by and paid by the holding society and remuneration is set by the holding society's Board on recommendation of the Remuneration Committee using appropriate benchmarks.

Employees

It is the policy of the Charity to ensure that continued employment is offered to employees who become temporarily or permanently disabled. Furthermore, it is the policy of the Charity to employ, permanently, a number of disabled persons with the same opportunities for advancement as other employees, whilst recognising the special importance of health and safety in their employment. It is also the policy of the Charity to keep employees informed on matters affecting their interests through normal management channels and due consideration is also given to their interests in the management decision making process.

OBJECTIVES, ACTIVITIES AND PUBLIC BENEFIT

The objects of Borough Care Services Limited are to promote any charitable purpose for the benefit of the community and in particular, the provision and maintenance of residential accommodation and domiciliary care for persons who by reason of age, illness, disability, poverty or social and economic circumstances are in need of such facilities. The objects are currently fulfilled by providing staff members to the holding society for the provision of care to older people.

The aim of the organisation is to provide high quality, person centred care for older people. In furtherance of its objectives, the Belong Group provides quality care, accommodation and ancillary services to older people. In particular, Belong Limited supports people with dementia. The Group's vision is to create village communities enabling older people to live the lives they choose and aims to be a leading provider of dementia care.

The Trustees consider that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to Public Benefit Guidance published by the Commission.

STRATEGIC REPORT

COVID-19 Pandemic

Whilst not directly affected by the impact of the pandemic, Borough Care Services Limited acknowledges that its holding society, Belong Limited, has been significantly affected by the COVID-19 outbreak since March 2020. Extensive measures to mitigate risks to the wellbeing of residents and colleagues, as well as to the organisation's financial security, have been taken by Belong Limited and remain closely monitored and under review.

Achievements and Performance

The key objective for Borough Care Services Limited for 2020/21 was to complete the transfer of the pension deficit to Belong Limited.

Discussions are on-going with the Greater Manchester Pension Fund and Wigan Council about the transfer of the pension deficit to the holding society.

The key objective for 2021/22 is to complete the transfer of the pension deficit to Belong Limited.

Financial Review 2020/21

This year the Charity reports net expenditure of £47,000 (2020: net expenditure of £94,000).

The accumulated deficit has reduced to £6,000 (2020: £7,000) in the year. The surplus for the year includes the actuarial gain of £48,000 on the pension deficit of £2.0m (2020: £2.2m). The employer's contribution to the Local Government Pension Scheme is set at a level to achieve a funding level of 100% over a 20 year period. It should be noted that Wigan Council is a Guarantor of the pension liabilities under the 1992 admission agreement to the pension fund. The holding society has also provided an indemnity of £3.192m until the pension deficit can be transferred to Belong Limited.

Operationally, the Charity continues to generate sufficient cash to meet its on-going obligations. Borough Care Services Limited continues to be supported by its holding society, Belong Limited and the Trustees have obtained confirmation of this continuing support from the holding society.

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

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Principal Risks

The holding society, Belong Limited, has undertaken a review of the Group's business processes and attempted to identify the major business risks to which it is exposed. It is satisfied that systems are in place to manage these risks. Identification and review of operational business risks remains an on-going management process.

The principal risk facing Borough Care Services Limited is the volatility of the pension deficit and the plans for future periods is to transfer this deficit to the holding society.

It is recognised that this would leave the Charity as no longer being a trading organisation and legal advice is being sought as to the best way to potentially wind up the Charity when this transaction is completed.

Reserves Policy

Borough Care Services Limited aims to hold sufficient reserves to cover its pension liability estimated on a cessation basis. As at 31 March 2021, the Charity had reserves of negative £6,000 (2020: negative £7,000). All reserves were unrestricted. Target reserves are, therefore, £2.1m. As noted above, to address this shortfall, the Trustees are in the process of arranging to transfer the pension deficit to the holding society

AUDITORS

Crowe U.K. LLP have expressed their willingness to continue in office and a resolution to reappointment them will be proposed at the Annual General Meeting.

Our thanks go to the staff for their commitment and achievements and to the Trustees on the Board for their dedication, enthusiasm and hard work.

This Annual Report of the Trustees, under the Charities Act 2011 and the Companies Act 2006, was approved by the Board of Trustees on 21 July 2021 including approving in their capacity as company directors the Strategic Report contained therein and is signed as authorised on its behalf by:



Chris Hughes
Company Secretary
21 July 2021

BOROUGH CARE SERVICES LIMITED

**LEGAL AND ADMINISTRATIVE INFORMATION
YEAR ENDED 31 MARCH 2021**

1 The Trustees

| | |
|---|------------|
| Nicola Brooks BA Hons, FCIPD | Chair |
| Robert Armstrong BSc (Open) | Vice Chair |
| Anthony Bristlin MBA, FCA, FCMA | |
| Andrea Campbell MA | |
| Mike Cooney BA, MBA, DMS, CQSW | |
| Anne Higgins DMS, OT | |
| John Roddy ACIB | |
| Kate Russell BA Hons, PG Dip (Law), PG Dip (Legal Practice) | |
| Clive Unitt FCA | |

2 The Senior Staff

| | |
|---|---|
| Tracey Stakes BSc, FCA, BFP, DipChA, MBA | Chief Executive |
| Tracy Paine RN, MA, MSc, Churchill Fellow | Deputy Chief Executive & Development Director |
| Chris Hughes MBA, FCCA, BA Hons | Chief Finance Officer and Company Secretary |
| Stacey McCann RN, MSc | Chief Operating Officer |

3 Bankers

Virgin Money
48 to 50 Market Street
Manchester
M1 1PW

4 Statutory Auditors

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

5 Principal Solicitors

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

6 Registered Office

Pepper House
Market Street
Nantwich
Cheshire
CW5 5DQ

Telephone: 01270 613500
Fax: 01270 628127

Independent Auditor's Report to the Members of Borough Care Services Limited

Opinion

We have audited the financial statements of Borough Care Services Limited ('the charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of 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 requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

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- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept; or
-
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 1, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

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In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were those contained within the Charities Act.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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



Michael Jayson
Senior Statutory Auditor

For and on behalf of

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

Date 21 July 2021

BOROUGH CARE SERVICES LIMITED

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021**

| | Note | All Unrestricted Funds 2021 £'000s | All Unrestricted Funds 2020 £'000s |
|--|------|--|--|
| Income: | | | |
| Charitable activities | 2 | 125 | 126 |
| Total | | 125 | 126 |
| Expenditure: | | | |
| Charitable activities | 3 | 172 | 220 |
| Total | | 172 | 220 |
| Net (expenditure) | | (47) | (94) |
| Other recognised gains: | | | |
| Actuarial gain on defined benefit pension scheme | | 48 | 452 |
| Net movement in funds | | 1 | 358 |
| Reconciliation of funds: | | | |
| Total funds brought forward | | (7) | (365) |
| Total Funds carried forward | | (6) | (7) |

The current year relates to continuing operations. All funds are unrestricted.

The notes on pages 11 to 17 form part of the financial statements.

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Registered Number: 2603702

**BALANCE SHEET
AS AT 31 MARCH 2021**

| | Note | 2021 £'000s | 2020 £'000s |
|---|------|----------------|----------------|
| Current Assets | | | |
| Debtors | 6 | 2,015 | 2,177 |
| Cash at bank and in hand | | 12 | 9 |
| | | <hr/> | <hr/> |
| | | 2,027 | 2,186 |
| | | | |
| Creditors: amounts falling due within one year | 7 | (28) | (33) |
| Net Current Assets | | <hr/> | <hr/> |
| | | 1,999 | 2,153 |
| | | | |
| Total Assets Less Current Liabilities | | 1,999 | 2,153 |
| | | | |
| Net assets excluding pension liabilities | | 1,999 | 2,153 |
| | | | |
| Defined benefit pension scheme liabilities | 12 | (2,005) | (2,160) |
| Net assets including pension liabilities | | <hr/> | <hr/> |
| | | (6) | (7) |
| | | | |
| Financed by: | | | |
| Unrestricted reserves | 9 | (6) | (7) |
| | | <hr/> | <hr/> |
| | | (6) | (7) |

The current year relates to continuing operations. All funds are unrestricted.

The notes on pages 11 to 17 form part of the financial statements.

The financial statements were approved by the Board on 21 July 2021 and are signed on its behalf by:



Nicola Brooks
Trustee



Tracey Stakes
Chief Executive



Chris Hughes
Company Secretary

BOROUGH CARE SERVICES LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021**

| | Note | 2021 £'000s | 2020 £'000s |
|---|-------------|------------------------|------------------------|
| Cash flows from operating activities: | | | |
| Net cash provided by / (used in) operating activities | 10 | 3 | (329) |
| | | <hr/> | <hr/> |
| Change in cash and cash equivalents in the period | | 3 | (329) |
| Cash and cash equivalents at the beginning of the period | | 9 | 338 |
| Cash and cash equivalents at the end of the period | | 12 | 9 |

BOROUGH CARE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 ACCOUNTING POLICIES

(a) Basis of preparation of the Financial Statements

Borough Care Services Limited is a Registered Charity (Charity number 1007002) and a company limited by guarantee in England and Wales (Company number 2603702). The financial statements have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

(b) Going Concern

The Trustees have considered the financial position of the Charity given their net liabilities of £6,000 after pension deficit and have reviewed the cash flow forecast for the period of 12 months from the date of the financial statements. Under the 1992 admission agreement to the Greater Manchester Pension Fund, Wigan Council is a guarantor for the pension deficit. The parent society has also provided an indemnity of £2.0m which is included in debtors and has confirmed that it will continue to support Borough Care Services Limited for the foreseeable future. Therefore, the accounts have been prepared on a going concern basis.

(c) Critical accounting judgements and estimation uncertainty

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

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

Defined benefit pension scheme (note 12)

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

(d) Income

Income is recognised when the organisation has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably. Income is classified under the following headings within the SOFA:

- Charitable activities relate to those activities undertaken for the charitable purposes of the organisation. Activities are categorised as 'Care Services provided in Homes'.

(e) Fund accounting

Unrestricted funds are available to spend on activities that further the purposes of the organisation. Designated funds are unrestricted funds that which the organisation has decided at their discretion to set aside to use for a specific purpose. There are no restricted reserves at the balance sheet date.

(f) Expenditure and irrecoverable VAT

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

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Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs incurred in relation to the charitable activities of the organisation.
- Other expenditure represents those items of expenditure not being applicable to any other heading.

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

(g) Financial instruments

(i) Financial assets

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

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

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

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

(ii) Financial liabilities

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

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

(h) Pension Costs

The Charity operates a defined benefit pension schemes for employees.

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

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

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

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

(i) Corporation Tax

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

2 INCOME FROM CHARITABLE ACTIVITIES

| | 2021 £'000s | 2020 £'000s |
|---------------------|----------------|----------------|
| Staff reimbursement | 121 | 126 |
| Other | 4 | - |
| | 125 | 126 |

Income from charitable activities received in the year predominantly relates to the reimbursement of staffing costs for employees seconded to the holding society.

Other income relates to cash incentives provided as part of the Business Banking Switch scheme.

3 ANALYSIS OF EXPENDITURE AND RELATED INCOME FROM CHARITABLE ACTIVITIES

| | 2021 £'000s | 2020 £'000s |
|--------------------------------|----------------|----------------|
| Income | 125 | 126 |
| Expenditure: | | |
| Interest Payable (note 5) | 48 | 63 |
| Activities undertaken directly | 124 | 157 |
| | (47) | (94) |

Support and Governance costs were borne by Belong Limited.

4 STAFF

| | 2021 £'000s | 2020 £'000s |
|--------------------------|----------------|----------------|
| Wages and salaries | 87 | 93 |
| National Insurance costs | 10 | 10 |
| Other pension costs | | |
| Defined benefit costs | 23 | 23 |
| | 120 | 126 |

Trustees were not paid by the Charity. The Trustees have taken out professional indemnity insurance. The Charity employed two members of staff at the beginning of the year. One member of staff was still employed at the end of the year. These were both Administration staff members, who were seconded to the holding society. No other staff members were employed during the year. All salaries were reimbursed by the holding society.

No staff paid in excess of £60,000 per annum in the year.

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5 INTEREST PAYABLE

| | 2021 | 2020 |
|--|---------------|---------------|
| | £'000s | £'000s |
| Interest payable in respect of: | | |
| Net interest on pension scheme liabilities | 48 | 63 |
| | <hr/> | <hr/> |

6 DEBTORS

| | 2021 | 2020 |
|-------------------------------------|---------------|---------------|
| | £'000s | £'000s |
| Amounts due from Group undertakings | 2,015 | 2,177 |
| | <hr/> | <hr/> |

7 CREDITORS : Amounts falling due within one year:

| | 2021 | 2020 |
|--|---------------|---------------|
| | £'000s | £'000s |
| Other taxation and Social Security payable | 1 | 5 |
| Other creditors | 16 | 21 |
| Accruals and deferred income | 11 | 7 |
| | <hr/> | <hr/> |
| | 28 | 33 |
| | <hr/> | <hr/> |

8 FINANCIAL INSTRUMENTS

Financial assets measured at amortised cost:

| | 2021 | 2020 |
|-------------------------------------|---------------|---------------|
| | £'000s | £'000s |
| Amounts due from Group undertakings | 2,015 | 2,177 |
| | <hr/> | <hr/> |

Financial liabilities measured at amortised cost:

| | 2021 | 2020 |
|------------------------------|---------------|---------------|
| | £'000s | £'000s |
| Other creditors | 16 | 21 |
| Accruals and deferred income | 11 | 7 |
| | <hr/> | <hr/> |
| | 27 | 28 |
| | <hr/> | <hr/> |

9 CHARITABLE RESERVES

| | Balance | Incoming | Resources | Gains | Balance |
|-----------------|---------------------|------------------|--------------------|----------------------|------------------|
| | 1 April 2020 | resources | Expended | 31 March 2021 | Balance |
| | £'000s | £'000s | £'000s | £'000s | £'000s |
| General reserve | (7) | 125 | (172) | 48 | (6) |
| Total | <hr/> (7) | <hr/> 125 | <hr/> (172) | <hr/> 48 | <hr/> (6) |
| | <hr/> | | | | |
| | Balance | Incoming | Resources | Gains | Balance |
| | 1 April 2019 | resources | Expended | 31 March 2020 | Balance |
| | £'000s | £'000s | £'000s | £'000s | £'000s |
| General reserve | (365) | 126 | (220) | 452 | (7) |
| Total | <hr/> (365) | <hr/> 126 | <hr/> (220) | <hr/> 452 | <hr/> (7) |
| | <hr/> | | | | |

All reserves of the Charity are unrestricted. The General reserve consists of all 'free reserves' after allowing for designated reserves.

BOROUGH CARE SERVICES LIMITED

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

| | 2021 | 2020 |
|--|---------------|---------------|
| | £'000s | £'000s |
| Net movement in funds | 1 | 358 |
| Pension costs | (155) | (137) |
| Losses / (Gains) on defined benefit pension schemes | (48) | (452) |
| Interest payable | 48 | 63 |
| Decrease in debtors | 162 | 1,036 |
| Decrease in creditors | (5) | (1,197) |
| Net cash provided by / (used in) operating activities | 3 | (329) |

11 ULTIMATE HOLDING SOCIETY

Borough Care Services Limited is a wholly controlled subsidiary of Belong Limited, a Registered Society under the Co-Operative and Community Benefit Society Act 2014 incorporated in England. Borough Care Services Limited is a company limited by guarantee and the holding society Belong Limited is the sole member and is liable to contribute an amount not exceeding £1 to the Charity in the event of liquidation. Financial statements can be obtained from the registered office.

12 PENSIONS

i) Defined Contribution Scheme

Employees who are not members of the Greater Manchester Pension Fund are eligible to be part of a stakeholder defined contribution scheme or National Employment Savings Trust. The assets of these schemes are held separately from those of the organisation in independently administered funds. The Charity made no payments to the fund in the year (2020: Nil). No contributions (2020: Nil) were payable to the funds at the year end.

ii) Defined Benefit Scheme – Greater Manchester Pension Fund

The Charity is an “Admitted Body” to the Greater Manchester Pension Fund. A number of the Charity’s eligible employees are members of that scheme. The Greater Manchester Pension Fund is part of the Local Government Pension Scheme, a defined benefit statutory scheme. The Fund is administered by Tameside Metropolitan Borough in accordance with the Local Government Pension Scheme Regulations 1997 as amended.

The Scheme is a closed scheme and therefore under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

The Fund’s assets and liabilities are assessed by the Fund’s independent Actuary every three years with the latest actuarial valuation taking place at 31 March 2019. The amounts payable by the Charity to the Fund totalled £177,000 (2020: £177,000) and the agreed employer’s contribution rate for 2021/22 is 34.8% in addition to a deficit payment of £154,000.

The Charity expects to make total contributions into the Fund of £166,000 during the next 12 months.

BOROUGH CARE SERVICES LIMITED

GREATER MANCHESTER PENSION FUND

The amounts recognised in the balance sheet are as follows:

| | 31 March 2021 | 31 March 2020 |
|-------------------------------------|----------------------|----------------------|
| | £'000s | £'000s |
| Fair value of employer assets | 8,274 | 7,037 |
| Present value of funded obligations | (10,279) | (9,197) |
| Net pension liability | (2,005) | (2,160) |

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

| | Year to | Year to |
|--|----------------------|----------------------|
| | 31 March 2021 | 31 March 2020 |
| | £'000s | £'000s |
| Current service cost | (22) | (40) |
| Total gain included in operating surplus (A) | (22) | (40) |
| Interest on Employer Assets | 158 | 195 |
| Interest on Pension Scheme Liabilities | (206) | (258) |
| Net Return included with interest payable (B) | (48) | (63) |
| | (70) | (103) |

Amounts recognised in Other recognised gains:

| | Year to | Year to |
|---|----------------------|----------------------|
| | 31 March 2021 | 31 March 2020 |
| | £'000s | £'000s |
| Actual return less expected return on pension scheme assets | 1,374 | (1,120) |
| Changes in assumptions underlying the present value of the scheme liabilities | (1,326) | 1,572 |
| Actuarial gain in pension plan | 48 | 452 |

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

| | Year to | Year to |
|---|----------------------|----------------------|
| | 31 March 2021 | 31 March 2020 |
| | £'000s | £'000s |
| Opening defined benefit obligation | 9,197 | 10,939 |
| Current service cost | 22 | 40 |
| Interest cost | 206 | 258 |
| Contributions by members | 6 | 8 |
| Remeasurement | 1,326 | (1,572) |
| Estimated benefits paid | (478) | (476) |
| Closing defined benefit obligation | 10,279 | 9,197 |

BOROUGH CARE SERVICES LIMITED

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

| | Year to 31 March 2021 £'000s | Year to 31 March 2020 £'000s |
|---------------------------------------|---|---|
| Opening fair value of employer assets | 7,037 | 8,253 |
| Interest income | 158 | 195 |
| Contributions by members | 6 | 8 |
| Contributions by employer | 177 | 177 |
| Remeasurement | 1,374 | (1,120) |
| Benefits paid | (478) | (476) |
| Closing fair value of employer assets | 8,274 | 7,037 |

The major categories of fund assets are as follows:

| | Year to 31 March 2021 £'000s | Year to 31 March 2020 £'000s |
|--------------|---|---|
| Equities | 5,957 | 4,856 |
| Bonds | 993 | 1,055 |
| Property | 579 | 493 |
| Cash | 745 | 633 |
| Total | 8,274 | 7,037 |

The principal assumptions of the balance sheet data:

| | Year to 31 March 2021 % per annum | Year to 31 March 2020 % per annum |
|------------------------------|--|--|
| Inflation Rate | 2.85% | 2.00% |
| Future salary increase rate | 3.60% | 2.80% |
| Future pension increase rate | 2.85% | 2.00% |
| Expected return on assets | 1.95% | 2.30% |
| Discount rate | 1.95% | 2.30% |

Sensitivity analysis

Change in assumptions at 31 March 2021

| | Approximate % | Approximate Amount £'000s |
|--|--------------------------|--|
| 0.5% decrease in Real Discount Rate | 6.0 | 649 |
| 0.5% increase in Salary Increase Rate | 0.0 | 13 |
| 0.5% increase in the Pension Increase Rate | 6.0 | 627 |

Mortality

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

| | Males Years | Females Years |
|----------------------|------------------------|--------------------------|
| Retiring today | 20.5 | 23.3 |
| Retiring in 20 years | 21.9 | 25.3 |