

BELONG LIMITED

Registered Society Number 27346R

GROUP ANNUAL REPORT

AND

FINANCIAL STATEMENTS

**For the Year Ended
31 March 2021**

BELONG LIMITED

BELONG LIMITED

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

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**BOARD REPORT
YEAR ENDED 31 MARCH 2021**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure and Management

The Board members of Belong Limited present their Annual Report for the year ended 31 March 2021 under the Co-Operative and Communities Benefit Societies Act 2014, including the Board Report and the Strategic Report, together with the audited financial statements for the year. Belong is a Registered Society (Number 27346R) with charitable status. The governing document enables a Unitary Board structure and permits the remuneration of Non-Executive Board members. The Board may consist of up to 14 members, with no more than one third of Board members being Executive Board members. Non-Executive Board members are elected by members at the Annual General Meeting. The Board meets up to 12 times a year and the effectiveness of the Board is reviewed annually. The Audit Committee of the Board meets four times a year and the Remuneration Committee meets at least once a year. Non-Executive Board members' remuneration is paid at a level based on amounts paid by Registered Social Landlords. This remuneration policy and levels are reviewed by an external consultant every three years. Operational management is delegated to the Chief Executive and the Executive Directors. The role and responsibilities of the Board are set out in the document 'Your Guide to Being a Board Member'.

Recruitment, Selection and Induction of Board Members

The Society 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 Non-Executive Board members is delegated to a working party of the Board who prepare 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 at least three Board members, including an Executive Director, 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 Group is managed.

Statement of Board Responsibilities

The Board members are responsible for preparing the Strategic Report, the Board report and the financial statements in accordance with applicable law and regulations. In preparing those financial statements the Board has:

- 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 Society will continue in operation).

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

The Board members have overall responsibility for ensuring that the Society 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 Society and enable them to ensure that the financial statements comply with the Co-Operative and Communities Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Society and hence taking reasonable steps for the detection and prevention of fraud and other irregularities.

The Board confirms that they have applied the main principles and complied with the relevant provisions set out in the new Charity Governance Code published in July 2017. The Code can be found at: <https://www.charitygovernancecode.org/>.

Key Management Remuneration

The key management personnel of the Group comprise the Executive Directors (the Chief Executive, Deputy Chief Executive, the Chief Finance Officer and the Chief Operating Officer). The remuneration of key management personnel is set by the Board on the recommendation of the Remuneration Committee using benchmarks from social care organisations, the NHS and the charity and welfare and commercial sectors. The total employee benefits of the key management personnel were £503,000 (2020: £505,000).

Employees

It is the policy of the Society to ensure that continued employment is offered to employees who become temporarily or permanently disabled. Furthermore, it is the policy of the Society to ensure that people with disabilities are treated fairly. They are encouraged and supported to join, remain and progress within the Society, whilst recognising the special importance of health and safety in their employment. It is also the policy of the Society 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

Belong Limited's objects are to carry on any charitable purpose for the benefit of the community and in particular to provide accommodation, care, support and associated facilities, amenities and services for persons who by reason of age, illness, disability (including physical, mental and/or learning disability), poverty or social and economic circumstances are in need thereof.

Belong aims to provide high quality, person centred care for older people. In furtherance of its objectives, Belong provides quality care, accommodation and ancillary services to older people, in particular supporting people living with dementia. The Group's goal is to create vibrant village communities enabling older people to live the lives they choose by providing the best services by the best people in the best communities.

The Belong villages provide a range of care, housing and support options for older people, as well as extensive amenities in the village centre including a bistro, hair salon, exercise studio and function rooms. Belong specialises in supporting people with dementia and 24-hour care is provided in extended family sized households, with modern open plan layouts specially designed around the needs of people with dementia. All employees working in Belong villages are trained in dementia awareness.

The Board members 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, including the guidance on public benefit and fee charging. Fees and rents are set at a level to cover costs and meet financial covenants. Any surpluses are reinvested to subsidise improved services for older people. Care fees are benchmarked against nationally published sector figures and other providers operating locally to our villages. Belong at Home fees are benchmarked against the UK Homecare Association's minimum price for homecare. Access to people in poverty is provided by making facilities available to residents funded by their Local Authority or Clinical Commissioning Groups at subsidised rates. This is assisted by negotiations with Local Authorities and Clinical Commissioning Groups to ensure their contributions to residents' fees provide full cost recovery and by supporting residents to claim all benefits to which they are entitled.

STRATEGIC REPORT

COVID-19 Pandemic

In common with all social care providers, Belong 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 and remain closely monitored and under review.

While the majority of residents recovered from their symptoms, we have sadly lost residents to COVID-19. A number of initiatives have been launched to support the physical and mental wellbeing of both residents and colleagues in this period.

At the end of March Belong had a household occupancy of 90.7% across all villages. This has since increased further to 92.9% at the end of May.

The Board recognises that the impact of the pandemic will remain for some time and a key focus of the next year and beyond will continue to be the organisation's COVID-19 recovery plan. We look forward to being in a position to begin welcoming community customers, other than residents, who use village facilities back into all of our villages later in year, once Government guidance allows lifting of restrictions.

Achievements and Performance

All of Belong's regulated services are overall rated as "Good" or "Outstanding" by the Care Quality Commission. During the year, one of the fourteen Belong registered services were inspected by the Care Quality Commission. Belong Newcastle-under-Lyme was rated overall as "Good" as a result of the inspection.

During the last year the Care Quality Commission conducted emergency framework meetings with providers due to the pandemic. All our villages have undertaken these meetings and the outcome was positive in each case.

During the year Belong was reassessed by Investors in People and retained its Gold accreditation status. Belong was also awarded 'Top 20 Mid-size Care Home Groups 2020' in the annual Carehome.co.uk awards and 'Top 20 Home Care Groups 2021' in the annual Homecare.co.uk awards.

Belong issued its third Social Impact report providing further insight into the successes of the organisation in September 2020. The 2020/21 Social Impact report will be issued later in the year.

The key objectives for 2020/21 were:

- to increase occupancy;
- to implement the organisations COVID-19 recovery plan;
- to complete the development of both Belong Birkdale and Belong Chester and prepare for the villages to open in 2021;
- to reduce expenditure on agency staff;
- to grow the number of community based customers;
- to progress with the development of Belong Wirral.

At the end of March 2021 there were 448 occupied household rooms (2019/20: 450). Increased occupancy levels in Belong Morris Feinmann and Belong Newcastle-under-Lyme largely offset lower occupancy within established villages. Occupancy within Belong households is discussed in detail within the Financial Review 2020/21 section below.

During 2020/21 the progress made in relation to the organisation's COVID-19 recovery plan was closely monitored. Progress over the last year has seen a return to visiting for our residents, increased occupancy within our households and significant take up of vaccinations by both our residents and staff members. Throughout the year Belong was able to access adequate levels of Personal Protective Equipment (PPE) for all staff members.

The development of Belong Chester has progressed well over the year and is expected to be completed towards the end of 2021, with an opening date of early 2022 anticipated.

Belong Birkdale is expected to open in 2022/23. Contractual documents with our funder and contractor are in the process of being finalised for work to restart on site.

Expenditure on agency staffing reduced in 2020/21 to £1.0m (2019/20: £1.1m). This represented a reduction in agency staffing shifts to 7,500 in the year (2019/20: 8,700).

During 2020/21, Belong supported 766 household residents and 183 apartment tenants in seven villages. The organisation is also a registered domiciliary care provider and can support people in their own home, through its Belong at Home service. During 2020/21, Belong at Home provided about 59,000 hours of support (2019/20: 63,400) to 289 customers, with turnover increasing to £1.6m (2019/20: £1.5m). However, Belong's alternative to day care, through its Experience Day service to community customers, was suspended throughout 2020/21 due to COVID-19 restrictions. The recommencement of the Experience Day service remains a key aspect of the COVID-19 recovery plan.

During the year the completion of the land purchase for Belong Wirral Waters was achieved. Pre-tender work is currently on-going with a view to starting work on site in 2022.

The key objectives for 2021/22 are:

- to increase occupancy;
- to continue the organisation's COVID-19 recovery plan;
- to complete the development of both Belong Birkdale and Belong Chester and prepare for the villages to open in 2022;
- to reduce expenditure on agency staff;
- to grow the number of community based customers;
- to progress with the development of Belong Wirral.

Financial Review 2020/21

The Financial Statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) which was effective from 1 January 2015, including the Charities Statement of Recommended Practice applicable to charities preparing accounts in accordance with FRS102.

The Group has a net income of £0.4m for the year (2019/20: £0.8m) which has been significantly affected by the COVID-19 pandemic. The financial impact in 2020/21 is a reduction in net income of over £3.0m after government assistance has been taken into account. The main impacts have been through reduced household occupancy, ancillary services which have had to remain closed, additional staffing costs and increased costs in relation to PPE.

Occupancy within both Belong Morris Feinmann and Belong Newcastle-under-Lyme has increased steadily over the year. At the year end 82% (2020: 67%) of household beds were occupied. This has increased to 89% at the end of May.

Occupancy in Belong households (excluding Belong Morris Feinmann and Belong Newcastle-under-Lyme) reduced to 92.1% in 2020/21 (2019/20: 97.8%) due to the impact of the pandemic. The proportion of self-funding residents at the end of the year is 62.5% (2020: 68.0%). Average fee rates increased from £1,089 per week to £1,149 per week over the year. The particular challenges experienced reflected that of the wider sector, with difficulties in recruiting nurses and night workers.

The net income for the year and the actuarial losses in the Local Government Pension schemes of £1.1m for the Group (2019/20: £2.3m gain) have decreased the Group reserves to a surplus of £30.2m (2020: £31.0m). The Group pension deficits increased to £8.0m (2020: £7.3m) and the employer's contribution to the Local Government Pension Schemes is currently set at levels to achieve a funding level of 100% over a 15-20 year period.

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

Streamlined Energy and Carbon Reporting

Belong has reviewed its Greenhouse Gas emissions data for the reference period 1 January 2020 to 31 December 2020. The organisation engaged an independent verifier to prepare the emissions data and they have confirmed the reporting as accurate.

Lighting upgrades were completed in the year as planned. Further efficiency works are planned for this year.

	2021	2020
UK energy use – GWh's	10.4	10.6
Associated Greenhouse gas emissions – tonnes CO ₂ equivalent		
- purchased electricity	742	861
- combustion of gas	1,262	1,243
- fuel purchased for transport	80	111
Intensity ratio - emissions per million pounds of turnover	65.74	73.38

UK energy use covers the heating, lighting and other energy requirements within the properties.

The information has been collated in line with the methodology set out in the GHG Reporting Protocol Corporate Standard.

Principal Risks and Uncertainties

Belong has undertaken a review of its business processes and attempted to identify the major business risks to which it is exposed. It is satisfied that systems and strategies are in place to mitigate these risks. Identification and review of business risks remains an on-going management process. The key risks and uncertainties facing the Group are:

- reduced occupancy;
- reduced fee levels;
- reduced income from ancillary services;
- increases in development costs;
- the volatility of the pension deficit and the risk of triggering a deficit payment.

Risks and uncertainties related to the pandemic are inherent in those risks and uncertainties listed above.

Reserves Policy

The total Group reserves held as at 31 March 2021 were £30.2m (2020: £31.0m). This includes £617,000 of restricted reserves (2020: £548,000) in relation to community fee balances collected from apartment tenants and held for future major repairs. Therefore, as at 31 March 2021, unrestricted reserves held on the balance sheet were £29.6m (2020: £30.4m).

In line with the organisation's strategy to create village communities enabling older people to live the lives they choose, Belong aims for unrestricted funds to be held mainly as fixed assets for charitable use.

In setting the annual budget, the Board ensures there is sufficient working capital to support operations, sufficient borrowings to fund development plans and that debt covenants are met. The financial impact, of the key risk areas, is considered as part of the budgetary and risk management processes.

Belong recognises its major source of income is from care fees and is, therefore, vulnerable to an unforeseen decline in occupancy.

Belong's policy is for available reserves (effectively the Free Reserves) to be sufficient to cover the impact of key risks and commitments on continuing operations. Available reserves are defined as being general reserves excluding assets used in the course of business for charitable purposes, debt thereon, development contract commitments and Local Government Pension Scheme deficits. On this basis, the target level of available reserves should be around £3.7m. Available reserves are currently £2.4m and aim to exceed £3.7m within three years. It is anticipated from financial forecasts that the shortfall of £1.3m can be covered within the 2021/22 budget period, with actions able to be taken if required.

Plans for Future Periods

Belong's strategy is to create vibrant village communities enabling older people to live the lives they choose by providing the best services by the best people in the best communities. The continued development of Belong villages aims to fulfil this strategy.

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.

My thanks go to all staff for their commitment and achievements and to the Board for their dedication, enthusiasm and hard work.

This Annual Report was approved by the Board Members on 21 July 2021, including approving the Strategic Report contained therein and is signed as authorised on its behalf by:



Nicola Brooks
Chair
21 July 2021

SUMMARY OF INFORMATION

1. The Board Members

Non-Executives

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	

Executives

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

2. Bankers

Virgin Money
48 to 50 Market Street
Manchester
M1 1PW

3. Statutory Auditor

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

4. Principal Solicitors

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

5. Registered Office

Pepper House
Market Street
Nantwich
Cheshire
CW5 5DQ

Telephone: 01270 613500
Fax: 01270 628127
Websites: belong.org.uk

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELONG LIMITED

Opinion

We have audited the financial statements of Belong Limited ('the Society') and its subsidiaries ('the group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Balance Sheets, the Consolidated Statement of Cash Flows 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 group's and the parent Society's affairs as at 31 March 2021 and of the group's 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 Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 Board'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 Society's or the group'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 Board with respect to going concern are described in the relevant sections of this report.

Other information

The Board 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefits Societies Act 2014 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the annual report; or
- sufficient and proper accounting records have not been kept by the parent Society; or
- the financial statements are not in agreement with the accounting records and returns; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page x, the Board 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 Board 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 Board are responsible for assessing the group and the parent Society'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 Board either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014, and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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 Society and group 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 Co-operative and Community Benefit Societies Act 2014 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.

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 Society's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the group for fraud. The laws and regulations we considered in this context for the UK operations were CQC Regulations for service providers and managers.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board 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, performing cut-off testing for income, reviewing the recognition criteria for new sources of income such as those received as a result of Covid-19 requirements, reviewing regulatory correspondence with the Charity Commission and CQC 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 charity's trustees, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP.

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

21 July 2021

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

	Note	Unrestricted Funds £'000s	Restricted Funds £'000s	Total Funds 2021 £'000s	Total Funds 2020 £'000
Income:					
Donations	2	6	-	6	6
Charitable activities	3	30,734	914	31,648	30,077
Other trading activities	4	8	-	8	44
Investment income	5	8	-	8	92
Total		30,756	914	31,670	30,219
Expenditure:					
Charitable activities	6	30,347	845	31,192	28,950
Other expenditure	8	74	-	74	497
Total		30,421	845	31,266	29,447
Net Income		335	69	404	772
Other recognised (losses)/gains:					
Actuarial (losses)/gains on defined benefit pension schemes		(1,136)	-	(1,136)	2,311
Net movement in funds		(801)	69	(732)	3,083
Reconciliation of funds:					
Total funds brought forward		30,423	548	30,971	27,888
Total funds carried forward		29,622	617	30,239	30,971

All of the above transactions relate to continuing operations.

The notes on pages 13 to 30 form part of the financial statements.

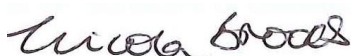
BELONG LIMITED

**BALANCE SHEET
AS AT 31 MARCH 2021**

	Note	GROUP		BELONG	
		2021 £'000s	2020 £'000s	2021 £'000s	2020 £'000s
Fixed Assets					
Tangible assets	11	82,943	78,678	83,582	80,014
Current Assets					
Stocks	12	202	76	202	76
Debtors	13	3,800	3,492	3,800	3,785
Cash at bank and in hand		14,570	15,283	14,499	14,920
		<u>18,572</u>	<u>18,851</u>	<u>18,501</u>	<u>18,781</u>
Creditors: amounts falling due within one year	14	(13,016)	(12,192)	(14,046)	(14,178)
Net Current Assets		<u>5,556</u>	<u>6,659</u>	<u>4,455</u>	<u>4,603</u>
Total Assets Less Current Liabilities		88,499	85,337	88,037	84,617
Creditors: Amounts falling due after more than one year	15	(50,307)	(47,028)	(50,307)	(47,028)
Net assets excluding pension liabilities		<u>38,192</u>	<u>38,309</u>	<u>37,730</u>	<u>37,589</u>
Defined benefit pension scheme liabilities	27	(7,953)	(7,338)	(5,948)	(5,178)
Net assets including pension liabilities	19	<u>30,239</u>	<u>30,971</u>	<u>31,782</u>	<u>32,411</u>
Financed by:					
Unrestricted reserves	18	29,622	30,423	31,165	31,863
Restricted reserves	18	617	548	617	548
		<u>30,239</u>	<u>30,971</u>	<u>31,782</u>	<u>32,411</u>

The notes on pages 13 to 30 form part of these financial statements.

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



Nicola Brooks
Chair



Robert Armstrong
Vice Chair



Chis Hughes
Secretary

BELONG LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021**

		GROUP	
	Note	2021	2020
		£'000s	£'000s
Cash flows from operating activities			
Net cash provided by operating activities	22	4,203	5,768
Cash flows from investing activities			
Net cash (used in) investing activities	20	(8,314)	(8,446)
Cash flows from financing activities			
Net cash provided by / (used in) financing activities	20	3,398	(57)
Change in cash and cash equivalents in the reporting period		(713)	(2,735)
Cash and cash equivalents at the beginning of the reporting period		15,283	18,018
Cash and cash equivalents at the end of the reporting period	21	14,570	15,283

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

1 ACCOUNTING POLICIES

(a) Basis of preparation of the Financial Statements

Belong Limited is a Society registered in England under the Co-operative and Communities Benefit Societies Act 2014 (number 27346R) with charitable status. 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.

Belong 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 Board prepare annual budgets and forecasts in order to ensure that they have sufficient facilities in place and that they comply with the terms and conditions of their funding providers. In addition, the Board in formulating its plan and strategy for the future development of the organisation has considered a period beyond that for which formal budgets and forecasts are prepared.

The Covid-19 pandemic has had an impact on the organisation's operations. The main impact on the finances of the organisation has been through reduced occupancy of household rooms, ancillary services which have had to remain closed, additional staffing costs and increased costs in relation to personal protective equipment.

Having regard to the above, the Board have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group continues to adopt the going concern basis in preparing its consolidated financial statements.

(c) Basis of Consolidation

The Group financial statements incorporate the audited financial statements of Belong Limited and all of its subsidiary undertakings.

(d) 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.

Provisions

Provision is made for asset retirement obligations, dilapidations and contingencies. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Defined benefit pension scheme (note 27)

The Group 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.

(e) 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:

- Donations include the monies donated and any associated gift aid.
- Charitable activities relate to those activities undertaken for the charitable purposes of the organisation. Activities are categorised as 'Care Services provided in Villages', 'Apartment income', 'Care Services provided in customers homes', 'Grants Received' and 'Ancillary Services' which consists of activity in the Villages Bistro, Salon, Gym, Venue and Laundry.
- Other trading activities include monies raised through fundraising events.
- Investment income consists of interest received for monies held on deposit.

(f) Donated goods, facilities and services

Donated goods, facilities and services are recognised when the organisation has entitlement to the expected economic benefits that flow from the donation, it is probable that the economic benefit will be received and the value of the donated item can be measured reliably. Donated goods are measured at their fair value.

(g) 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. Restricted community fee reserve relates to monies received in advance of maintenance and major repairs to Apartment buildings.

(h) 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.

Expenditure is classified under the following activity headings:

- Cost of raising funds comprises the costs of fundraising events held in the Villages. This includes an element of staff time in addition to goods and services.
- 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.

(i) Fixed Assets

Equipment

All items with an individual value in excess of £250 and a useful life of at least 3 years are capitalised.

Works to Existing Villages

The Society capitalises expenditure incurred on the villages which increases their net income stream. An increase in the income stream may arise through increased revenue, a reduction in future maintenance costs or a significant extension of the life of the village.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition or construction of fixed assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are expensed in the period in which they are incurred.

(j) Depreciation

Depreciation is charged to write-off the cost of fixed assets over their useful working lives and is calculated on a straight line basis over the periods set out as follows:

Freehold Property	50 years
Leasehold Property	over the life of the lease
Leasehold Improvements	shorter of the life of the lease or 5 to 20 years

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Furniture, Fittings and Fixtures	5 to 10 years
Computers, Plant and Equipment	3 to 20 years

Land and assets in the course of construction are not depreciated.

(k) **Impairment of assets**

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared to its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the financial statements.

Where a fixed asset is primarily held for its service potential to beneficiaries, it would be inappropriate to measure value in use by reference to its cash flow. In such circumstances, it is more appropriate to regard value in use as the present value of the asset's service potential rather than the present value of its cash flow. Value in use measured on the basis of an asset's service potential will have particular relevance for specialist assets such as care villages. The market value of a village may not reflect the cost that the Society avoids by using that asset in providing services.

(l) **Leases**

Operating

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the income and expenditure account on a straight line basis over the life of the lease term.

Finance

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the income and expenditure account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

(m) **Stocks**

The value of stocks is stated at the lower of cost and net realisable value.

(n) **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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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.

Apartment creditors are obligations to repurchase the apartments under a sale and repurchase agreement. Apartment creditors are classified as current liabilities and are recognised at transaction price.

Derivatives, including interest rate swaps, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the SOFA, unless they are included in a hedging arrangement.

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

(o) Pension Costs

The Society operates defined contribution and defined benefit pension schemes for employees.

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

The defined benefit arrangements represent two funded schemes where the assets are held separately from those of the Society in trustee administered funds. 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.

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

(p) Corporation Tax

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

2 INCOME FROM DONATIONS

	GROUP	
	2021	2020
	£'000s	£'000s
Donations	6	6

3 INCOME FROM CHARITABLE ACTIVITIES

	GROUP		
	Unrestricted	Restricted	Total
	Funds	Funds	Funds
	2021	2021	2021
	£000s	£'000s	£'000s
Care services provided in Villages	25,889	-	25,889
Apartment income	981	914	1,895
Ancillary services	257	-	257
Care services provided in customer homes	1,522	-	1,522
	<u>28,649</u>	<u>914</u>	<u>29,563</u>
Grants received:			
Social Care Action Plan	300	-	300
Infection Control Fund	964	-	964
Other Grants	696	-	696
Donated Personal Protective Equipment	125	-	125
	<u>2,085</u>	<u>-</u>	<u>2,085</u>
	<u>30,734</u>	<u>914</u>	<u>31,648</u>

The value of donated personal protective equipment is stated at the replacement cost.

	GROUP		
	Unrestricted	Restricted	Total
	Funds	Funds	Funds
	2020	2020	2020
	£000s	£'000s	£'000s
Care services provided in Villages	25,633	-	25,633
Apartment income	1,075	877	1,952
Ancillary services	981	-	981
Care services provided in customer homes	1,511	-	1,511
	<u>29,200</u>	<u>877</u>	<u>30,077</u>

4 INCOME FROM OTHER TRADING ACTIVITIES

	GROUP	
	2021	2020
	£'000s	£'000s
Fundraising	8	44

5 INVESTMENT INCOME

	GROUP	
	2021	2020
	£'000s	£'000s
Interest	8	92

6 SUMMARY ANALYSIS OF EXPENDITURE AND RELATED INCOME FROM CHARITABLE ACTIVITIES

	Care provided in Villages	Apartment	Ancillary services	Care provided in customers' homes	2021
	£'000s	£'000s	£'000s	£'000s	£'000s
Income	27,648	1,895	514	1,591	31,648
Expenditure:					
Depreciation	1,412	669	71	2	2,154
Interest Payable (note 10)	1,636	266	77	11	1,990
Support and Governance (note 7)	3,075	198	26	392	3,691
Activities undertaken directly	20,717	836	352	1,452	23,357
	26,840	1,969	526	1,857	31,192
Net surplus/(loss)	808	(74)	(12)	(266)	456
	Care provided in Villages	Apartment	Ancillary services	Care provided in customers' homes	2020
	£'000s	£'000s	£'000s	£'000s	£'000s
Income	25,633	1,952	981	1,511	30,077
Expenditure:					
Depreciation	1,430	635	73	2	2,140
Interest Payable (note 10)	1,628	234	80	14	1,956
Support and Governance (note 7)	2,684	193	99	368	3,344
Activities undertaken directly	18,083	839	1,233	1,355	21,510
	23,825	1,901	1,485	1,739	28,950
Net surplus/(loss)	1,808	51	(504)	(228)	1,127

7. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	GROUP	
	2021	2020
	£'000s	£'000s
Support staff costs	2,608	2,390
Premises costs	154	117
Other support costs	599	507
Governance costs	330	330
	3,691	3,344

Support and Governance costs are apportioned to charitable activities in proportion to income earned from those activities.

Audit fees charged for the year totals £28,140 (2020: £27,360).

8. OTHER EXPENDITURE

	GROUP	
	2021	2020
	£'000s	£'000s
Loss on disposal of Fixed Assets	74	497

9 STAFF COSTS, DIRECTOR REMUNERATION AND EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL

	GROUP	
	2021	2020
	£'000s	£'000s
Wages and salaries	17,469	15,861
National Insurance costs	1,130	1,008
Other pension costs		
Paid to defined contribution schemes	488	468
Defined benefit costs	199	293
	19,286	17,630

The average number of staff employed by the Group during the year was 1,123 (2020: 1,046). These were made up of 710 Care Staff, 132 Administration Staff and 281 Housekeeping and Other Staff.

Staff paid in excess of £60,000 per annum are summarised as follows:

	Number of employees as at 31 March 2021
£60,001 - £70,000	8
£70,001 - £80,000	-
£80,001 - £90,000	2
£90,001 - £100,000	1
£100,001 - £110,000	-
£110,001 - £120,000	-
£120,0001 -£130,000	1
	12

	Number of employees as at 31 March 2020
£60,001 - £70,000	7
£70,001 - £80,000	-
£80,001 - £90,000	2
£90,001 - £100,000	-
£100,001 - £110,000	1
£110,001 - £120,000	-
£120,0001 - £130,000	1
	11

The governing document of the organisation provides for remuneration and expenses to be paid to Non-Executive Directors.

All nine Non-Executive Directors are paid remuneration by the Society. The Chair of the Board receives remuneration of £14,000 per annum, Vice Chair £9,000 per annum, Chair of the Audit Committee £8,000, six Non-Executive Directors receive £7,000 per annum. No other expenses were reimbursed by the Society to the Non-Executive Directors (2020: £4,000).

The key management personnel of the Group comprise the Chief Executive, Deputy Chief Executive, Chief Finance Officer and Chief Operating Officer. The total employee benefits of the key management personnel were £503,000 (2020: £505,000).

10 INTEREST PAYABLE

	GROUP	
	2021	2020
	£'000s	£'000s
Interest payable in respect of:		
Retail Charity Bonds	754	719
Bank loan	52	-
Net interest on pension scheme liabilities	161	234
Finance charges payable under finance leases	1,023	1,003
	1,990	1,956

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11 FIXED ASSETS

GROUP

	Freehold Property	Land	Assets in Course of Construction	Leasehold Property	Furniture & Office Equipment	Plant & Equipment	Totals
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
COST							
As at 1 April 2020	46,665	11,268	11,773	15,105	3,202	2,298	90,311
Additions during the year	14	-	5,871	207	158	243	6,493
Disposals during the year	-	(71)	-	-	(523)	(179)	(773)
As at 31 March 2021	46,679	11,197	17,644	15,312	2,837	2,362	96,031
DEPRECIATION							
As at 1 April 2020	5,385	-	-	3,628	1,674	946	11,633
Charge for the year	1,014	-	-	455	396	289	2,154
Eliminated on disposals	-	-	-	-	(520)	(179)	(699)
As at March 31 2021	6,399	-	-	4,083	1,550	1,056	13,088
NET BOOK VALUE							
As at 1 April 2020	41,280	11,268	11,773	11,477	1,528	1,352	78,678
As at 31 March 2021	40,280	11,197	17,644	11,229	1,287	1,306	82,943

Included above are assets acquired under finance leases with net book values as follows:

As at 1 April 2020	11,283
As at 31 March 2021	11,058

Depreciation charged for the year on assets purchased under finance leases totals £432,000 (2020: £431,000). Capitalised interest included in additions during the year totals £855,000 (2020: £856,000). Interest was incurred at 4.5% interest rate.

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	Freehold Property	Land	Assets in Course of Construction	Leasehold Property	Furniture & Office Equipment	Plant & Equipment	Totals
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
COST							
As at 1 April 2020	48,997	11,371	11,998	15,105	3,202	2,299	92,972
Additions during the year	14	-	5,199	207	158	243	5,821
Disposals during the year	-	(72)	-	-	(523)	(179)	(774)
As at 31 March 2021	49,011	11,299	17,197	15,312	2,837	2,363	98,019
DEPRECIATION							
As at 1 April 2020	6,710	-	-	3,628	1,674	946	12,958
Charge for the year	1,038	-	-	455	396	289	2,178
Eliminated on disposals	-	-	-	-	(520)	(179)	(699)
As at March 31 2021	7,748	-	-	4,083	1,550	1,056	14,437
NET BOOK VALUE							
As at 1 April 2020	42,287	11,371	11,998	11,477	1,528	1,353	80,014
As at 31 March 2021	41,263	11,299	17,197	11,229	1,287	1,307	83,582

Included above are assets required under finance leases with net book values as follows:

As at 1 April 2020	11,283
As at 31 March 2021	11,058

Depreciation charged for the year on assets purchased under finance leases totals £432,000 (2020: £431,000). Capitalised interest included in additions during the year totals £855,000 (2020: £856,000). Interest was incurred at 4.5% interest rate.

12 STOCK

	GROUP		BELONG	
	2021 £'000s	2020 £'000s	2021 £'000s	2020 £'000s
Consumable stocks	202	76	202	76

Consumable stocks comprise food, cleaning materials and medical supplies.

13 DEBTORS

	GROUP		BELONG	
	2021 £'000s	2020 £'000s	2021 £'000s	2020 £'000s
Amounts due from Group undertakings	-	-	113	322
Trade debtors	2,795	2,647	2,795	2,647
Other debtors	151	29	38	-
Pre-payments and accrued income	854	816	854	816
	<u>3,800</u>	<u>3,492</u>	<u>3,800</u>	<u>3,785</u>

Trade debtors are stated after provisions for impairment of £134,000 (2020: £98,000).

Other debtors include capitalised arrangement fees of £38,000 for a loan facility with Charity Bank to be amortised over the term of the loan. The facility has not been utilised in the year ended March 2021.

14 CREDITORS : Amounts falling due within one year:

	GROUP		BELONG	
	2021 £'000s	2020 £'000s	2021 £'000s	2020 £'000s
Amounts due to Group undertakings	-	-	2,015	2,177
Bank loan	158	-	158	-
Trade creditors	625	703	570	656
Other taxation and Social Security payable	526	473	525	467
Other creditors	7,102	7,107	7,086	7,077
Accruals and deferred income	4,400	3,713	3,487	3,605
Finance lease obligations	205	196	205	196
	<u>13,016</u>	<u>12,192</u>	<u>14,046</u>	<u>14,178</u>

Other creditors include obligations for apartments under a sale and repurchase agreement across all villages.

15 CREDITORS: Amounts falling due after more than one year:

	GROUP		BELONG	
	2021 £'000s	2020 £'000s	2021 £'000s	2020 £'000s
Bonds				
Retail Charity Bonds	37,000	35,000	37,000	35,000
Capitalised arrangement costs	(442)	(393)	(442)	(393)
Amortisation of capitalised costs	124	76	124	76
	<u>36,682</u>	<u>34,683</u>	<u>36,682</u>	<u>34,683</u>
- Due between one and two years	-	-	-	-
- Due between two and five years	-	-	-	-
- Due after more than five years	36,682	34,683	36,682	34,683
	<u>36,682</u>	<u>34,683</u>	<u>36,682</u>	<u>34,683</u>
Bank loan				
- Due between one and two years	767	-	767	-
- Due between two and five years	575	-	575	-
- Due after more than five years	-	-	-	-
	<u>1,342</u>	<u>-</u>	<u>1,342</u>	<u>-</u>
Finance lease obligations				
- Due between one and two years	216	205	216	205
- Due between two and five years	715	681	715	681
- Due after more than five years	11,352	11,459	11,352	11,459
	<u>12,283</u>	<u>12,345</u>	<u>12,283</u>	<u>12,345</u>
	<u>50,307</u>	<u>47,028</u>	<u>50,307</u>	<u>47,028</u>

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On 20 June 2018 Belong issued a bond for an initial £35m through Retail Charity Bonds plc, with a further £15m of retained bonds available to be issued at a later date. The bond was issued at a fixed interest rate of 4.5% for a period of 8 years. The arrangement costs of the issue of the bond have been capitalised and are to be amortised over the term of the bond.

On 16 November 2020 Belong issued £2m of the retained bonds with the same interest rate and expected maturity date as the original bond issue.

On 15 December 2020 Belong arranged a bank loan for £1.5m under the Resilience and Recovery Loan Fund with a term of 3 years. The loan arrangement fees and the interest charged to the first anniversary of the facility are funded through government initiatives in response to the Covid-19 pandemic.

On 7 January 2021 Belong arranged a loan facility with Charity Bank for £4m with a term of 5 years and repayments calculated over 25 years. Interest is charged at 2.65% above Bank of England base rate. The loan is secured on the value of Belong Crewe freehold which is owned by Belong Limited. There have been no drawdowns in the year ending March 2021.

16 FINANCIAL INSTRUMENTS

Financial assets measured at amortised cost:

	GROUP		BELONG	
	2021	2020	2021	2020
	£'000s	£'000s	£'000s	£'000s
Trade debtors	2,795	2,647	2,795	2,647
Other debtors	151	29	38	-
Amounts due from Group undertakings	-	-	113	322
	<u>2,946</u>	<u>2,676</u>	<u>2,946</u>	<u>2,969</u>

	GROUP		BELONG	
	2021	2020	2021	2020
	£'000s	£'000s	£'000s	£'000s
Financial liabilities measured at amortised cost:				
Retail Charity Bonds	36,682	34,683	36,682	34,683
Bank Loan	1,500	-	1,500	-
Amounts due to Group undertakings	-	-	2,015	2,177
Trade creditors	625	703	570	656
Other creditors	7,102	7,107	7,086	7,077
Accruals and deferred income	4,352	3,714	3,458	3,605
Finance lease obligations	12,488	12,540	12,488	12,540
	<u>62,749</u>	<u>58,747</u>	<u>63,799</u>	<u>60,738</u>

17 SHARE CAPITAL

	GROUP		BELONG	
	2021	2020	2021	2020
	£'s	£'s	£'s	£'s
Allotted, called up and fully paid ordinary shares	20	20	20	20

18 CHARITABLE RESERVES

GROUP	Balance	Incoming	Resources	Losses	Balance
	1 April	resources	expended		31 March
	2020				2021
	£'000s	£'000s	£'000s	£'000s	£'000s
General reserve	30,406	30,707	(30,379)	(1,136)	29,598
Designated villages' reserve	17	49	(42)	-	24
	<u>30,423</u>	<u>30,756</u>	<u>(30,421)</u>	<u>(1,136)</u>	<u>29,622</u>
Restricted community fee reserve	548	914	(845)	-	617
Total	<u>30,971</u>	<u>31,670</u>	<u>(31,266)</u>	<u>(1,136)</u>	<u>30,239</u>

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	Balance 1 April 2020	Incoming resources	Resources expended	Losses	Balance 31 March 2021
	£'000s	£'000s	£'000s	£'000s	£'000s
General reserve	31,846	30,781	(30,302)	(1,184)	31,141
Designated villages' reserve	17	49	(42)	-	24
	<u>31,863</u>	<u>30,830</u>	<u>(30,344)</u>	<u>(1,184)</u>	<u>31,165</u>
Restricted community fee reserve	548	914	(845)	-	617
Total	32,411	31,744	(31,189)	(1,184)	31,782

GROUP

	Balance 1 April 2019	Incoming resources	Resources expended	Gains	Balance 31 March 2020
	£'000s	£'000s	£'000s	£'000s	£'000s
General reserve	27,395	29,276	(28,576)	2,311	30,406
Designated villages' reserve	15	66	(64)	-	17
	<u>27,410</u>	<u>29,342</u>	<u>(28,640)</u>	<u>2,311</u>	<u>30,423</u>
Restricted community fee reserve	478	877	(807)	-	548
Total	27,888	30,219	(29,447)	2,311	30,971

BELONG

	Balance 1 April 2019	Incoming resources	Resources expended	Gains	Balance 31 March 2020
	£'000s	£'000s	£'000s	£'000s	£'000s
General reserve	29,063	29,353	(28,429)	1,859	31,846
Designated villages' reserve	15	66	(64)	-	17
	<u>29,078</u>	<u>29,419</u>	<u>(28,493)</u>	<u>1,859</u>	<u>31,863</u>
Restricted community fee reserve	478	877	(807)	-	548
Total	29,556	30,296	(29,300)	1,859	32,411

General reserve is the 'free reserves' after allowing for all restricted and designated reserves.

Restricted community fee reserve is monies received in advance of expenditure on maintenance and major repairs of apartment buildings.

Designated villages' reserves are monies donated and fundraised for the benefit of the residents.

19 ANALYSIS OF NET ASSETS BETWEEN RESERVES

Reserve balances at 31 March 2021 are represented by:

	Unrestricted general reserve	Unrestricted designated village	Restricted community fee reserve	Total reserves
	£'000s	£'000s	£'000s	£'000s
Tangible fixed assets	82,943	-	-	82,943
Current assets	17,931	24	617	18,572
Current liabilities	(13,016)	-	-	(13,016)
Non-current liabilities	(50,307)	-	-	(50,307)
Pension scheme liability	(7,953)	-	-	(7,953)
Total net assets	29,598	24	617	30,239

BELONG LIMITED

Reserve balances at 31 March 2020 are represented by:

	Unrestricted general reserve £'000s	Unrestricted designated village £'000s	Restricted community fee reserve £'000s	Total reserves £'000s
Tangible fixed assets	78,678	-	-	78,678
Current assets	18,286	17	548	18,851
Current liabilities	(12,192)	-	-	(12,192)
Non-current liabilities	(47,028)	-	-	(47,028)
Pension scheme liability	(7,338)	-	-	(7,338)
Total net assets	30,406	17	548	30,971

20 GROSS CASH FLOWS

	GROUP	
	2021 £'000s	2020 £'000s
Cash flows from investing activities		
Interest received	8	92
Bank loan and overdraft interest paid	(806)	(719)
Finance charges payable under finance leases	(1,023)	(1,003)
Payments to acquire tangible fixed assets	(6,493)	(6,816)
	<u>(8,314)</u>	<u>(8,446)</u>
Cash flows from financing activities		
Finance lease repayments	(53)	(57)
Cash inflows from net borrowing	3,451	-
	<u>3,398</u>	<u>(57)</u>

21 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2020 £'000s	Cash flows £'000s	Other Charges £'000s	At 31 March 2021 £'000s
Cash in hand at bank	15,283	(713)	-	14,570
	<u>15,283</u>	<u>(713)</u>	<u>-</u>	<u>14,570</u>
Bank loans	-	(1,500)	-	(1,500)
Retail Charity Bonds	(34,683)	(1,951)	(48)	(36,682)
Finance leases	(12,541)	53	-	(12,488)
Changes in debt	<u>(47,224)</u>	<u>(3,398)</u>	<u>(48)</u>	<u>(50,670)</u>
Changes in net debt	<u>(31,941)</u>	<u>(4,111)</u>	<u>(48)</u>	<u>(36,100)</u>

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

	GROUP	
	2021 £'000s	2020 £'000s
Net movement in funds	(732)	3,083
Pension costs	(682)	(629)
Depreciation	2,154	2,140
Amortisation of capitalised costs	48	44
Losses / (Gains) on defined benefit pension schemes	1,136	(2,311)
Loss on disposal of fixed assets	74	686
Interest receivable	(8)	(92)
Interest payable	1,990	1,956
Increase in bad debt provision	36	34
(Increase) in stock	(126)	(24)
(Increase) / Decrease in debtors	(344)	1,488
Increase / (Decrease) in creditors	657	(607)
Net cash provided by operating activities	<u>4,203</u>	<u>5,768</u>

23 COMMITMENT TO CAPITAL EXPENDITURE

At the balance sheet date, the Society had the following commitments to Capital expenditure not provided for in these financial statements:

	GROUP		BELOGN	
	2021 £'000s	2020 £'000s	2021 £'000s	2020 £'000s
Contracted	7,258	419	7,476	432
Authorised but not contracted	8,888	15,759	9,029	15,790

24 OPERATING LEASES

At 31 March 2021 the total Group and Society's future minimum lease payments under non-cancellable operating leases were:

	GROUP		BELOGN	
	2021 £'000s	2020 £'000s	2021 £'000s	2020 £'000s
	Land & Buildings	Land & Buildings	Land & Buildings	Land & Buildings
Amounts due within one year	25	42	25	42
Amounts due between one and five years	-	25	-	25
Amounts due after five years	-	-	-	-

25 RELATED PARTY TRANSACTIONS

The Belong Life Assurance Scheme is open to all permanent employees between the ages of 16 and 75 and not members of the Local Government Superannuation Scheme. Belong Limited is a Corporate Trustee of the scheme. Belong Limited appoints 2 Non-Executive Directors and 3 members of the Senior Management Team as representatives of the Corporate Trustee.

There were 4 transactions in the year (2020: 3) for a total amount of £73,000 (2020: £42,000). At the year end £Nil was still outstanding (2020: £Nil).

26 SUBSIDIARY UNDERTAKINGS

The Group financial statements include Borough Care Services Limited a wholly controlled subsidiary incorporated in the United Kingdom (company number 02603702). The principal activity of the subsidiary charity is the provision of residential accommodation, care and services for the elderly. A second 100% subsidiary, Belong (Construction) Limited, was incorporated on 16 October 2006 in the United Kingdom (company number 05968656). The principal activity of Belong (Construction) Limited is to design and build care facilities for the holding company. There are also three wholly controlled subsidiaries, Belong Villages Limited, Belong at Home Limited and CLS (Wigan) Limited, all of which are currently dormant.

Subsidiary	Net Assets £'000s	Income £'000s	Expenditure £'000s	Surplus £'000s
Borough Care Services Limited	(6)	125	(124)	1
Belong (Construction) Limited	-	4,457	(4,457)	-
Belong Villages Limited	-	-	-	-
Belong at Home Limited	-	-	-	-
CLS (Wigan) Limited	-	-	-	-

27 PENSIONS

a. Defined Contribution Scheme

Employees who are not members of the Local Government Pension Scheme are eligible to be part of a stakeholder friendly defined contribution scheme or National Employment Savings Trust scheme. The assets of these schemes are held separately from those of the organisation in independently administered funds.

BELONG LIMITED

The amounts payable by the Society to the fund were:

	GROUP		BELONG	
	2021	2020	2021	2020
	£'000s	£'000s	£'000s	£'000s
Total paid to the funds	488	468	488	468
Contributions payable to the funds at the year end and included in creditors	35	37	35	37

**b. Defined Benefit Schemes –
Cheshire Pension Fund and Greater Manchester Pension Fund**

The Society is an “Admitted Body” to the Cheshire Pension Fund. A number of the Society’s eligible employees are members of that scheme. The subsidiary company, Borough Care Services Limited, is an “Admitted Body” to the Greater Manchester Pension Fund. A number of the company’s eligible employees are members of that scheme. The Cheshire Pension Fund and Greater Manchester Pension Fund are part of the Local Government Pension Scheme, a defined benefit statutory scheme. The Funds are administered by Cheshire County Council and Tameside Metropolitan Borough respectively in accordance with the Local Government Pension Scheme Regulations 1997 as amended.

The Schemes are closed schemes and therefore under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

The Funds’ assets and liabilities are assessed by the Funds’ Independent Actuary every three years with the latest actuarial valuation taking place at 31 March 2019.

The amounts payable by the Society to the fund were:

	GROUP		BELONG	
	2021	2020	2021	2020
	£'000s	£'000s	£'000s	£'000s
Total paid to the funds	720	688	543	511

The agreed employer’s contribution rate for the Cheshire Pension fund for 2021/22 is 39.8% plus a deficit payment of £525,000. The agreed employer’s contribution rate for the Greater Manchester Pension Fund for 2021/22 is 34.8% plus a deficit payment of £154,000.

The Group expects to make total contributions into the Funds of £709,000 during the next 12 months

CHESHIRE 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	10,898	9,693
Present value of funded obligations	(16,846)	(14,871)
Net pension liability	(5,948)	(5,178)

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	(16)	(19)
Interest on Employer Assets	221	240
Interest on Pension Scheme Liabilities	(334)	(411)
	(129)	(190)

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Amounts recognised in other recognised (losses)/gains:

	Year to 31 March 2021 £'000s	Year to 31 March 2020 £'000s
Actual return less expected return on pension scheme assets	1,179	(428)
Experience gains arising from scheme liabilities	204	936
Changes in financial assumptions underlying the present value of the scheme liabilities	(2,337)	757
Changes in demographic assumptions underlying the present value of the scheme liabilities	(230)	594
Actuarial (loss)/gain in pension plan	(1,184)	1,859

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

	Year to 31 March 2021 £'000s	Year to 31 March 2020 £'000s
Opening defined benefit obligation	14,871	17,407
Current Service Cost	16	19
Interest Cost	334	411
Contributions by members	3	3
Remeasurement	2,363	(2,287)
Estimated benefits paid	(741)	(682)
Closing defined benefit obligation	16,846	14,871

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	9,693	10,049
Interest income	221	240
Contributions by members	3	3
Contributions by the employer	543	511
Remeasurement	1,179	(428)
Benefits paid	(741)	(682)
Closing fair value of employer assets	10,898	9,693

The major categories of fund assets are as follows:

	Assets at 31 March 2021 £'000s	Assets at 31 March 2020 £'000s
Equities	4,250	3,393
Bonds	4,795	4,556
Property	1,308	775
Cash	545	969
Total	10,898	9,693

The principal assumptions at the balance sheet date are:

	31 March 2021 % per annum	31 March 2020 % per annum
Inflation rate	2.85%	2.00%
Future salary increase rate	3.55%	2.70%
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	7%	1,133
0.5% increase in Salary Increase Rate	0%	3
0.5% in the Pension Increase Rate	7%	1,114

Mortality

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

	Males	Females
Retiring today	21.4	24
Retiring in 20 years	22.4	25.7

GREATER MANCHESTER PENSION FUND

The amounts recognised in the balance sheet are as follows:

	31 March 2021 £'000s	31 March 2020 £'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 31 March 2021 £'000s	Year to 31 March 2020 £'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 (losses)/gains:

	Year to 31 March 2021 £'000s	Year to 31 March 2020 £'000s
Actual return less expected return on pension scheme assets	1,374	(1,120)
Experienced gains and losses arising on scheme liabilities	123	774
Changes in assumptions underlying the present value of the scheme liabilities	(1,449)	798
Actuarial gain in pension plan	48	452

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

	Year to 31 March 2021 £'000s	Year to 31 March 2020 £'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

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%	649
0.5% increase in Salary Increase Rate	0%	13
0.5% increase in the Pension Increase Rate	6%	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