

# **THE GLOUCESTERSHIRE CARE PARTNERSHIP**

**Annual Report and Financial Statements**

**Year Ended 31 March 2019**

**Charity No: 1108381**

**Company No: 04667322**

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**Report of the Trustees for the year ended 31 March 2019**

The Trustees, who are also directors of the charity for the purposes of the Companies Act, submit their annual report and the audited financial statements for the year ended 31 March 2019.

**Reference and Administrative Details**

Director/Trustees	Ralph Stephenson (The Orders of St John Care Trust) (resigned 25 September 2019) Daniel Hayes (The Orders of St John Care Trust) Kerry Dearden (The Orders of St John Care Trust) Millie Wentworth-Stanley (The Orders of St John Care Trust)  Kevin Bolt (bpha) Paul Gray (bpha) (resigned 22 March 2019) Anna Humphries (bpha) (appointed 24 April 2019) Julie Wittich (bpha) Philippa Spratley (bpha)
Secretary	Paul Gray (resigned 22 March 2019) Joanna Downing (appointed 24 April 2019)
Registered Office	Bedford Heights Manton Lane Bedford MK41 7BJ
Auditors	BDO LLP Chartered Accountants Two Snow Hill Birmingham B4 6GA
Bankers	Barclays Bank Plc Midland Corporate Banking P.O. Box 3333 15 Colmore Road Birmingham B32 4TN

**Report of the Trustees for the year ended 31 March 2019 (continued)**

**Strategic Report**

**Structure, Governance and Management**

The Gloucestershire Care Partnership (the charity) is a charitable company limited by guarantee (registered company number 04667322, registered charity number 1108381) and was incorporated on 17 February 2003. It is governed by articles of association which were last amended on 4 November 2004 and adopted on 20 December 2004.

**Organisation**

A board of Trustees, which meets periodically, administers the charity. The Orders of St John Care Trust manage the day-to-day operations of the Charity under a management contract dated 29 April 2005. Each member has the power to appoint up to four Trustees to the Board and the Board is able to appoint up to two independent Trustees. During the year to 31 March 2019 The Orders of St John Care Trust had appointed four Trustees and bpha four Trustees and there are no independent Trustees. Trustee induction and training includes ensuring all Trustees have a working knowledge of the Charity and its charitable purpose, any current issues the Charity is facing and an overview of the financial position.

**Investment Powers**

Under the memorandum and articles of association, the Charity has the power to make any investments which the Trustees see fit.

**Objectives and Public Benefit**

The Charity's objectives are to carry out in the County of Gloucestershire the following activities:

- To provide care to elderly people in Gloucestershire through care homes specialising in residential, mental health and nursing care, together with intermediate, domiciliary and day care; and
- To provide, within Gloucestershire, housing accommodation and assistance to help house people who are elderly or disabled and associated facilities and amenities for such people or for the relief of the aged, disabled, handicapped (whether physically or mentally) or chronically sick people and provision of care in the community and in hospitals and at home; and
- To further such general charitable objects as the Trustees may determine.

The Trustees have taken account of the Charity Commission guidance on Public Benefit and Fee-charging and consider that the Trust objectives are for the public benefit. The principal reasons are:-

- 100% of our service users are contracted by Local Authorities.
- Surpluses are reinvested in subsidising improved services or accommodation for the service users.
- Other services are provided at either low or no cost to certain service users.
- The services are available to any eligible person.

**Related Parties**

The Gloucestershire Care Partnership (GCP) is a charitable care trust established in 2004 by The Orders of St John Care Trust (OSJCT), a leading national provider of care services for older people and bpha, a major regional registered social landlord, to take transfer of operational care homes for older people from Gloucestershire County Council (GCC) under an initial block contract to 2035. The contract has development responsibilities for either refurbishment or replacement in the form of a new building as part of its Estates Strategy. The transfer of the initial 21 care homes was completed in May 2005.

GCP wholly subcontracts the care of residents in the care homes to OSJCT. OSJCT is the registered care provider of the homes and employs the employees working in the homes and at a support level

in the regional office. Similarly, GCP subcontracts the development and capital funding of new care homes to bpha. The existing care homes are leased from GCC to GCP on 15 year operating leases.

### **Funding Sources and Expenditure**

The principal funding source is fees received from Gloucestershire County Council for its Local Authority funded residential and nursing residents. Fees from self-funders residing at the homes pass directly to OSJCT as care provider. Expenditure primarily consists of care fees related to providing the care which is paid to OSJCT and rent payable in the main to bpha.

The accounting treatment adopted since the Charity was first established reflects the intention of the partners, OSJCT and bpha, and of the other stakeholders principally including GCC, that all activity in relation to provision of services in the homes operated by the Charity should be reflected in the Charity's financial statements. Self-fund income is treated as agency income so is not included in the accounts. Beds which are not purchased by GCC and beds that fall outside of the contract with GCC are made available to private self-funding residents in a direct contract with OSJCT. In previous years the Charity's strategic report made some reference to the key performance metrics of the homes. The Trustees recognise that it is not possible by reference to the GCP financial statements for external stakeholders to understand the underlying performance of the homes since most of the operating costs and all of the self-funder income are borne by OSJCT and are only recognised in OSJCT's financial statements. The Trustees have agreed on the accounting treatment and this is consistent with the prior year, they will however keep this under review for appropriateness.

The Trustees recognise that more than 15 years have elapsed since the Charity commenced operations. During that period the operating environment, including the needs and expectations of elderly people has changed. The original intentions of the partners have in some cases been superseded with some homes continuing to operate beyond their originally anticipated lifespan. The partners have commenced the Trustee led strategic review of all operational matters including the issues relating to an ageing estate. The Trustees have agreed that the current basis of preparation is appropriate, they will however keep this under review going forward to ensure it remains appropriate once the strategic review has been completed.

### **Compliance with Charity Governance Code**

The Board notes its support of the new code of charity governance for charities, including the requirements for larger, more complex charities. A review will be undertaken during 2019/20 to assess the Charity's compliance with the code and a report made in the 2019/20 annual report.

### **Statement of adherence to the Fundraising Regulator Code**

The Charity seeks to comply fully with all regulation and relevant codes of practice. Fundraising is not a material income stream for the Charity and therefore is not required to report under section 162A of the Charities Act 2011.

### **Activities and Performance**

The Charity currently operates 15 care homes across Gloucestershire with a total of 777 beds. The average occupancy during the year (GCC and self-funders) was 88.5%. The Charity, in agreement with GCC, closed two homes that were no longer viable during the financial year. We are pleased to report that we found places for the majority of residents in other GCP homes.

The contract between the parties assumed a level of re-provision of all older services into new fit for purpose homes planned and agreed through an Estates Committee. The estates strategy was paused in recent years by GCC, which impacted the trading and performance of some of the older homes. The Estates Committee of GCC and GCP was re-established during 2017/18 for the specific objective of reviewing and agreeing the future of the estate. GCC has recently completed its care home strategy for the future which recognised insufficient supply in some areas and oversupply in others and a move away from residential services as individuals wish to stay at home and instead a focus on specialist services such as dementia, continued provision of nursing services and a new short stay strategy helping individuals move from hospital to home via a short period in a setting

such as a care home or reablement service or indeed a time of support in such a setting ensuring avoidance of having to go into a hospital.

We will be working with GCC to jointly implement this strategy reviewing the suitability and viability of the GCC owned older homes to provide the services required in the future. In the meantime, we have concluded discussions with GCC around financial support for the older homes until 2025 which means OSJCT will not incur the same financial pressures that it has experienced in previous years.

## Financial Review

<b>Financial KPIs</b>	<b>2019 (£'000)</b>	<b>2018 (£'000)</b>
Income	<b>17,640</b>	17,357
Net Deficit	<b>(62)</b>	(67)
Cash flow	<b>(4)</b>	(981)
<b>Operational KPIs</b>		
Occupancy as % of total block places	<b>90.7%</b>	95.9%
Average GCC block beds	<b>455</b>	504

2018/19 was another challenging year for GCP. Income from GCC increased by 1.6%. The number of GCC funded residents reduced in the year, following the closure of two homes. An average of 455 block beds were filled during the year (2017/18: 504). The fall in occupancy was offset by Local Authority fee rate increases for the year, an increase in resident complexity and the closure of two homes where fee rates were lower.

Expenditure increased in line with the increase in income as a consequence of the mechanism used to calculate care fees owed to OSJCT. Whilst the Charity uses significant agency resource throughout Gloucester, particularly in its homes with nursing provision, the burden of this cost is held by OSJCT, and therefore the impact of this is not shown within the Charity's accounts.

## Going Concern

The Charity shows a deficit on reserves; this is because of the structure of the original contract. The Estates Committee, which was re-established in 2017/18 is focussing on the ongoing financial sustainability of all homes and hence the sustainability of GCP with a view to agreeing a change in the structure of the contract as the original contract only provides for a break-even position. Whilst Trustees had hoped to conclude this work during 2018/19, continued work with the Estate Committee on the care contract has delayed the review of GCP sustainability. It is anticipated this work will now conclude during 2019/20. Financial support will be provided until at least December 2020.

Given the support of the members, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future from the date of signing of these report and financial statements and therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### **Reserves policy and risk management**

The Trustees need to ensure the Charity is sustainable in the future hence the on-going discussions with GCC around care provision and the delivery of a more beneficial model which will assist in reducing the reserves deficit and the ongoing performance of the Charity. At the year-end there was a total deficit of £696,000.

The Trustees have identified and implemented risk management strategies of risks to which the charity could be exposed and establishes controls and action plans over these.

The principal risks to which the Charity may be subject:

- **Governance and Management** - the strategic objectives of the Charity are reviewed annually, to set clear goals for the current year in line with long term aspirations and Charity Commission guidelines, in order to continue to deliver quality care services.
- **Operational Control** – there are established systems to manage and report operating performance to all stakeholders in the Trust, which are reviewed regularly. Trustees are considering how this can be improved to ensure strong communications exist to maximise availability of the provision of care for the residents.
- **Financial Controls** – Operational financial management of the Charity is undertaken by OSJCT which is overseen by a Board of Trustees.
- **Legal and Compliance Risks** - OSJCT as Care Provider complies with all care homes legislation and other applicable laws relating to the homes or to the provision of services including (without limitation) those relating to health and safety, hygiene, fire, employment and data protection.

### **Trustees' Responsibilities**

The Trustees are responsible for preparing the Strategic Report, the Annual Report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

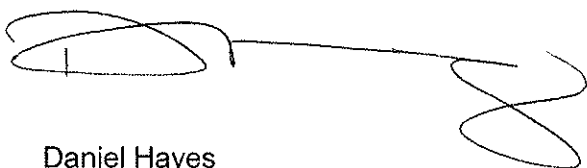
## THE GLOUCESTERSHIRE CARE PARTNERSHIP

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

The Trustees confirm that:

- So far as each Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- The Trustees have taken all reasonable steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The Trustees Annual Report, incorporating the Strategic Report, was approved by the Board on 17 December 2019.

A handwritten signature in black ink, consisting of a large, stylized loop on the left, a horizontal line extending to the right, and a smaller loop at the end.

Daniel Hayes  
Trustee



## **Independent auditor's report to the members of The Gloucestershire Care Partnership**

We have audited the financial statements of The Gloucestershire Care Partnership ("the Charitable Company") for the year ended 31 March 2019 which comprise the statement of financial activities, the balance sheet, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 March 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions related to going concern**

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

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

### **Other information**

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises: Report of the Trustees.

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

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

conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year ended 31 March 2019 for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

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

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

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

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

### **Responsibilities of Trustees**

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

In preparing the financial statements, the Trustees are responsible for assessing the 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**

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

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

decisions of users taken on the basis of these financial statements.

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

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

### **Use of our report**

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

BDO LLP

**Kyla Bellingall** (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Birmingham

19 December 2019

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

**Statement of Financial Activities (incorporating an Income and Expenditure Account) for the year ended 31 March 2019**

	Notes	31 March 2019 Unrestricted Funds £'000	31 March 2018 Unrestricted Funds £'000
<b>Income from:</b>			
Charitable activities	2	16,951	17,356
Investments (interest)		1	1
Other income		688	-
<b>Total Income</b>		<b>17,640</b>	<b>17,357</b>
<b>Expenditure on:</b>			
Charitable activities	3	17,702	17,424
<b>Total Expenditure</b>		<b>17,702</b>	<b>17,424</b>
<b>Net deficit for the year</b>		<b>(62)</b>	<b>(67)</b>
<b>Net Movement of Funds</b>		<b>(62)</b>	<b>(67)</b>
<b>Reconciliation of Funds:</b>			
Total deficit brought forward at		(634)	(567)
<b>Total deficit carried forward at 31 March</b>		<b>(696)</b>	<b>(634)</b>

All of the above results are derived from continuing activities.

All gains and losses recognised in the year are included above.

The notes on pages 15 to 20 form part of these financial statements

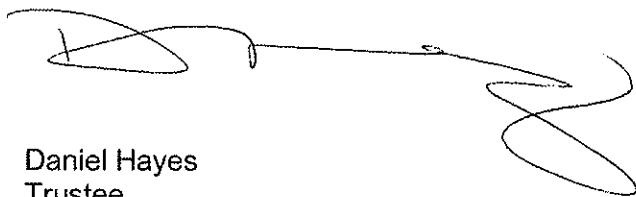
THE GLOUCESTERSHIRE CARE PARTNERSHIP

**Balance Sheet as at 31 March 2019**

	Notes	2019 Unrestricted Funds £'000	2018 Unrestricted Funds £'000
<b>Fixed assets</b>			
Leasehold assets	5	203	212
<b>Current assets</b>			
Debtors: due within one year	6	845	1,858
Cash and Cash Equivalents	8	383	387
		1,228	2,245
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	7	(2,127)	(3,091)
<b>Net current liabilities</b>		(899)	(846)
<b>Net liabilities</b>		(696)	(634)
<b>Funds:</b>			
Unrestricted Funds		(696)	(634)
<b>Total deficit</b>	10	(696)	(634)

The notes on pages 15 to 20 form part of these financial statements.

The financial statements of Gloucestershire Care Partnership (Company Number 04667322) were approved by the Trustees on 17 December 2019 and signed on their behalf by:



Daniel Hayes  
Trustee

**Statement of Cash flows for the year ended 31 March 2019**

	<b>31 March 2019</b>	31 March 2018
	<b>Unrestricted</b>	Unrestricted
	<b>Funds</b>	Funds
	<b>£'000</b>	£'000
<b>Cashflows from operating activities:</b>		
<b>Net cash (provided by/(used in) operating activities</b>	<b>9</b>	<b>(967)</b>
<b>Cash (outflows) from investing activities:</b>		
Interest (net)	<b>(13)</b>	<b>(14)</b>
<b>Net cash (used in) investing activities</b>	<b>(13)</b>	<b>(14)</b>
<b>Change in cash and cash equivalents in the year</b>	<b>(4)</b>	<b>(981)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>387</b>	<b>1,368</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>383</b>	<b>387</b>
<b>Net expenditure for the year</b>	<b>(62)</b>	<b>(67)</b>
<b>Adjustments for:</b>		
Depreciation charges	<b>9</b>	<b>9</b>
Decrease / (Increase) in debtors	<b>1,013</b>	<b>(652)</b>
(Decrease) / Increase in creditors	<b>(964)</b>	<b>(271)</b>
Interest received	<b>(1)</b>	<b>(1)</b>
Interest paid	<b>14</b>	<b>15</b>
<b>Net cash provided by/(used in) operating activities</b>	<b>9</b>	<b>(967)</b>

The notes on pages 15 to 20 form part of these financial statements.

**Notes forming part of the financial statements for the year ended 31 March 2019**

The company is a private company limited by guarantee and is registered in England and Wales. The company's registered address is Bedford Heights, Manton Lane, Bedford, MK41 7BJ. The company's registered number is 04667322.

**1. Accounting policies**

**a. Basis of preparation**

The financial statements have been prepared in accordance with Charities SORP (FRS 102) Accounting and Reporting 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, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The Financial Statements of the charity, which is a public benefit entity under FRS 102, have been prepared on the historical cost basis. The principal accounting policies adopted in the preparation of the accounts are set out below and any changes restated in the previous year. The accounts are presented in £ sterling.

The financial statements have been prepared up to 31 March 2019 which is within 7 days of the accounting reference period of 28 March 2019.

**b. Company status**

The charity is a company limited by guarantee. The members of the company are the Trustees named on page 3 as well as The Orders of Saint John's Care Trust and bpha. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

**c. Fund accounting**

General funds are unrestricted funds, which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes. Investment income and gains are allocated to the appropriate fund.

**d. Income from charitable activities**

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Revenue is accounted for on the basis of invoiced charges to GCC for residential and related care services, raised in accordance with Local Authority block contract and recognised over the period in which provided. Income excludes charges to self-funding residents.

**e. Expenditure on charitable activities**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular heading they are allocated to activities on a basis consistent with use of the resources.

Residential care costs are contractual payments to OSJCT as care provider in relation to the provision of care services in the homes. Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include rent and planned maintenance.

**f. Significant Accounting Estimates and Judgements**

In determining the carrying amounts of certain assets and liabilities, the Charity makes assumptions of the effects of uncertain future events on those assets and liabilities at the balance sheet date. The Charity's estimates and assumptions are based on historical experience and expectation of future events and are periodically reviewed.

GCP acting as agent recognises income from GCC in full as per the contractual arrangements. GCP is not considered to act as principal in the contractual arrangements with self-funded residents. Accordingly, income received from self-funded residents is not recognised.

Management considered the classification of leases between finance and operating leases, and took the judgement that all leases should be classified as operating.

**g. Operating leases**

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred.

**h. Taxation status**

As a charity the GCP is exempt from taxation on its charitable activities.

**i. Fixed assets**

Expenditure incurred on assets held on a continuing basis for the activity of the company is capitalised where appropriate and included in fixed assets at cost. Depreciation is provided to write off the cost less residual value on a straight line basis over the useful economic life of the asset concerned. The following rates apply:

Leasehold assets: 30 years or remainder of lease if shorter.

**j. Financial Instruments**

The Company only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**k. Going Concern**

The Charity shows a deficit on reserves, the main reason for which is that the Estates Strategy has not yet been completed in the timeframe originally determined at the outset of the 35-year care contract with GCC which commenced in 2005. The re-establishment of the Estates Committee in 2017/18 will focus on the ongoing financial sustainability of all homes and hence the sustainability of GCP. Financial support will be provided until at least December 2020 by the two members of the Charity.

Given the support of the members, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**l. Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

**2. Income from Charitable activities**

The fees for care of £16,951,322 (2017/18: £17,355,698) are received for block and spot placement contracts with GCC.

GCP has concluded discussions with Gloucestershire County Council around financial support of the older homes to 2025 and we have been reimbursed a total of £688,410 for additional care costs relating to the estate strategy.



### 3. Expenditure on Charitable activities

	2019 £'000	2018 £'000
Care services fees	14,269	13,805
Operating lease rentals – land & buildings	3,358	3,544
Management and professional fees	29	33
Interest paid	14	15
Depreciation	9	9
Governance costs (audit fee)	21	10
Other	2	8
<b>Total Charitable expenditure</b>	<b>17,702</b>	<b>17,424</b>

### 4. Trustees Remuneration

The Trustees neither received nor waived any emoluments during the year.

No out of pocket expenses were reimbursed to Trustees.

### 5. Fixed assets

	Leasehold Improvements £'000
<b>Cost</b>	
At 31 March 2018 and 31 March 2019	<u>272</u>
<b>Depreciation</b>	
At 31 March 2018	60
Depreciation charge	9
<b>At 31 March 2019</b>	<u>69</u>
<b>Net Book Value</b>	
At 31 March 2018	212
<b>At 31 March 2019</b>	<u>203</u>

### 6. Debtors

	2019 £'000	2018 £'000
Other debtors and accrued income	778	1,718
Prepayments	61	16
Amounts due from related undertakings	6	124
<b>Total</b>	<b>845</b>	<b>1,858</b>

**7. Creditors: amounts falling due within one year**

	2019 £'000	2018 £'000
Accruals	111	245
Amounts due to related undertakings	2,016	2,846
<b>Total</b>	<b>2,127</b>	<b>3,091</b>

**8. Cash and Cash Equivalents**

	2019 £'000	2018 £'000
Cash at bank	383	387
<b>Total</b>	<b>383</b>	<b>387</b>

**9. Operating Lease commitments**

At 31 March 2019, the company had total commitments under non-cancellable operating leases as follows:

	2019 Land and Buildings £'000	2018 Land and Buildings £'000
Due within 1 year	3,297	3,585
Due within 1-5 years	10,654	11,639
Due in more than 5 years	110,213	115,531
	<b>124,164</b>	<b>130,755</b>

**10. Analysis of net liabilities between funds**

	2019 Unrestricted Funds £'000	2018 Unrestricted Funds £'000
Funds balances are represented by:		
Fixed assets	203	212
Current assets	1,228	2,245
Current liabilities	(2,127)	(3,091)
<b>Total net liabilities</b>	<b>(696)</b>	<b>(634)</b>

## 11. Related Party Transactions

### bpha

The income and expenditure account includes the following transactions between the Partnership and bpha, which is one of two equal members in the company:

	2019 £'000	2018 £'000
Expenditure:		
Property lease rentals	2,307	2,451
Interest	7	7
	<u>2,314</u>	<u>2,458</u>

The amounts due to or from bpha at the year-end are:

	2019 £'000	2018 £'000
Payable:		
Short-term loan	250	250
Interest on loan payable	136	128
Property lease rentals	165	238
	<u>551</u>	<u>616</u>

### OSJCT

The income and expenditure account includes the following transactions between the Partnership and OSJCT, which is one of the two equal members in the company:

	2019 £'000	2018 £'000
Income:		
Recharge of professional fees	-	114
	<u>-</u>	<u>114</u>
Expenditure:		
Contractual payments to OSJCT	14,269	13,805
Management fees	29	33
Interest on loan	7	7
	<u>14,305</u>	<u>13,845</u>

The amounts due to or from OSJCT at the year-end are:

	2019 £'000	2018 £'000
Receivable:		
Trade debtor	6	124
	<u>6</u>	<u>124</u>
Payable:		
Short-term loan	250	250
Interest on loan	136	128
Care services fees	1,055	1,828
Management fees	24	24
	<u>1,465</u>	<u>2,230</u>

Under the terms of the care services contract Gloucestershire County Council are contracted to purchase a minimum number of bed spaces in the GCP homes with the balance being available to OSJCT. In the event purchasing falls below these levels the Council either pay a 'void' rate or OSJCT has the rights to offer the bed space to the NHS, other Local Authorities or private fee payers. Any such placements by OSJCT are at nil consideration to GCP.

All income directly received by OSJCT and any associated risk e.g. providing required care at premium rates (agency), being exposed to doubtful debt or rising costs above contractual inflation that may arise, is the direct responsibility of OSJCT as care provider.

OSJCT and bpha each provide a working capital loan to the Charity of £250,000 on an arm's lengths basis, renewable on a 12-month basis.