

Charity registration number 1086162

Company registration number 03286106 (England and Wales)

SANDWELL COMMUNITY CARING TRUST
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023



SANDWELL COMMUNITY CARING TRUST
(A COMPANY LIMITED BY GUARANTEE)
LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mrs S A Rogers Mr G Walker Mrs M Hall Mr A Coley K Jones	(Appointed 12 October 2023)
Secretary	Mrs Tracy Graham	
Charity number	1086162	
Company number	03286106	
Principal address	9th Floor West Plaza 144 High Street West Bromwich West Midlands B70 6JJ	
Registered office	9th Floor West Plaza 144 High Street West Bromwich West Midlands B70 6JJ	
Auditor	CK Audit No 4 Castle Court 2 Castlegate Way Dudley West Midlands DY1 4RH	
Bankers	Barclays Bank Plc - Dudley 47 High Street Dudley West Midlands DY1 1PP	
Solicitors	Wright Hassal LLP Olympus Avenue Leamington Spa Warwickshire CV34 6BF	

SANDWELL COMMUNITY CARING TRUST
(A COMPANY LIMITED BY GUARANTEE)
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SANDWELL COMMUNITY CARING TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)
FOR THE YEAR ENDED 31 MARCH 2023

The Trustees present their annual report and financial statements for the year ended 31 March 2023.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's [governing document], the Companies Act 2006 and "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 2019).

Objectives and activities

The Trusts objectives are to promote the relief of and provide relief, support and assistance to individuals who, by reason of old age, mental illness or physical or learning disabilities, require special care and attention.

To promote, in particular, the relief of and support and assistance to beneficiaries who are resident in or associated to Sandwell MBC, Walsall MBC, Dudley MBC and Torbay Care Trust or any of its neighbouring councils.

There has been no change in these during the year.

Whilst the adverse consequences of the covid-19 pandemic have subsided, covid-19 continues to pose challenges to the adult social care sector. Despite this, the Trust has managed to meet the objectives highlighted above. Throughout the year the Trust has successfully kept its residents, tenants and employees safe.

The principal activity of the Trust is to provide health and social care services to older people and adults with learning and or physical disabilities. The Trust currently provides residential care for over 110 older people, 88 of whom are suffering with dementia, 150 days of day care each week for adults with profound learning and or physical disabilities and care and support to over 280 adults with learning disabilities in supported living. The pandemic has had a detrimental impact upon occupancy, particularly within residential care, which has contributed to a deterioration in financial performance. However, occupancy levels recovered in the latter part of the financial year.

One of the continuing major objectives during the financial year has been to fully understand the implications of austerity on Local Authority income and the impact that this would have on the fees paid for the delivery of Adult Social Care. In addition, the Charity will need to continue to clarify the implications of the continued rise in the National Minimum Living Wage, particularly in the context of on-going austerity.

There is no restriction on who can access the services provided by Sandwell Community Caring Trust. All the care packages which are provided are based on the clinical and social needs of each individual.

Admission to Sandwell Community Caring Trust's services normally takes place after a multi- disciplinary needs assessment, which involves the prospective service user and their family.

The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the Charity should undertake.

The services provided by Sandwell Community Caring Trust are compliant with the Commission for Racial Equalities Code of Practice.

Due to the nature of the services that it provides the charity does not rely on the use of volunteers.

**SANDWELL COMMUNITY CARING TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND
STRATEGIC REPORT)**

FOR THE YEAR ENDED 31 MARCH 2023

Strategic report

The description under the headings "Achievements and performance" and "Financial review" meet the company law requirements for the Trustees to present a strategic report.

Achievements and performance

The Trust has continued to maintain and fulfil its contractual obligations and achieved its targets securing ongoing provision for the care of vulnerable people.

Two of the Trust's main key performance indicators are the level of employee sickness and staff turnover. Employee sickness levels are monitored through the year.

The staff turnover for this year was 19% (2022:20%) which was a decrease of 1 percentage points compared to last year.

These indicators not only have a financial impact on the Trust but also impact on the quality of care that is provided to its service users. These levels have remained constant over the years which contribute to a consistent happy work force that provide a high quality of care to the vulnerable people that deserve to receive continuity from the service they need.

Despite the difficulties experienced during the pandemic, the Trust successfully maintained the standard of care provision without recourse to the use of staffing agencies and continues to do so.

The quality of the care that the Trust provides is measured and regulated by the Care Quality Commission and is reflected in their inspection reports on the Trust's services.

Financial review

The company's balance sheet as detailed on page 13 shows that the funds before the 2023 defined benefit pension scheme liability amounted to £8,570,188 (2022: £9,247,630). The closing position including the pension scheme liability at 31 March 2023 was £8,570,188 (2022: £7,634,630).

The Statement of Financial Activities on page 12 of these financial statements shows a net expenditure of £888,442 for this financial year. This deficit is attributable to a number of factors including continuing cost pressures across the sector, the most significant of which was a 9.7% increase in the minimum wage. Unfortunately, these prevailing cost pressures were not met by a commensurate percentage increase in fees received from commissioning bodies. Furthermore, the residual adverse impact of the covid-19 pandemic on the confidence of families placing their relatives in residential care homes led to a higher-than-normal level of vacancies within residential homes for much of year and an associated loss of income. In addition, the deficit was exacerbated by a one-off payment of £450,000, which is shown on page 12 of these financial statements. This payment is not part of The Charity's normal, ongoing operational costs.

In the context of the deficit highlighted above, the Trustees are reassured by the results pertaining to the year ending 31st March 2024. The considerable improvement is due to a number of contributory factors the most significant of which are the fair cost of care exercises, in which the Charity fully engaged, which have produced significant increases in fees paid by local authorities, residential care home occupancy rates being at near-capacity for much of the financial year and cost control measures.

The Balance Sheet, on page 13 of these financial statements, shows net current liabilities of £741,563. This is due to a long-term loan of £2,589,180 being designated, in order to comply with accounting regulations as payable within one year. Much of the loan is payable after one year but this treatment is required as a result of repayment and interest cover covenant breaches. As stated in note 15 on page 24 of these financial statements, prior to the approval of the accounts, the Charity received a letter from the bank acknowledging the breaches. The letter stated that it was not the present intention of the bank to exercise any of its rights in relation to the breaches.

The Trustees are reassured that the Charity continues to meet its loan obligations and working capital requirements, when due, from its cash at bank balances.

**SANDWELL COMMUNITY CARING TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND
STRATEGIC REPORT)**

FOR THE YEAR ENDED 31 MARCH 2023

It is the policy of the Charity that unrestricted funds before the defined pension scheme liability, which have not been designated for a specific use, should be maintained at a level equivalent to 10% of incoming resources from charitable activities. The Trustees considers that reserves at this level will ensure that, in the event of a significant reduction in funding, they will be able to continue the Charity's current activities while consideration is given to ways in which additional funds may be raised.

Having developed a clear understanding of the implications of austerity on local authority contracts and the impact of the continued rise in the National Minimum Living Wage, as reported in previous years, the Charity introduced changes in the terms and conditions of its employees that reflect the new financial environment within which it operates. These changes were implemented in October 2018 and the Charity continues to assess the impact of these changes and review its financial position, in the context of its operating environment, on a regular basis

The charity currently has no long-term investments but takes advantage of short-term cash flow situations by placing funds with institutions approved by the Board.

The Trustees have assessed the major risks to which the Charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

The Trustee Board is responsible for overseeing the charity's risk management activities. Detailed consideration of risk is delegated to the Senior Management Team, who are continually reviewing this matter and reporting thereon to the Trustee Board. Through the risk management process established for the charity, the Trustees are satisfied that the major risks have been identified and processes for addressing them have been implemented. It is recognised that any control systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

In previous years the defined benefit pension scheme deficit has had a significant impact on the net assets of the Trust and is based on the valuation provided by the Scheme's actuaries in accordance with Generally Accepted Accounting Practice. The key risk to the Trust surrounding such a pension deficit is the funding of future contributions for both Schemes in place. This is mitigated by the fact that both Schemes no longer admit new members agreement with Sandwell MBC that any employer contributions above the agreed 17.9% relating to the EMI Scheme will be paid by the Council although the current employer contributions are 11.5% for this particular scheme. Furthermore, when an employer applies for admitted body status, the WMPF requires a guarantor or a Bond to cover any costs in the event of insolvency. The WMPF has procedures in place to mitigate the risks of rogue employers.

It should be noted that as at 31st March 2023 there was deemed to be a defined benefit pension surplus of £6.6m. However, under FRS 102 a pension scheme surplus is only recognised as an asset in the balance sheet to the extent that the employer can recover a surplus through reduced contributions or refunds. Therefore, in accordance with these requirements the defined benefit pension liability is shown as nil on the balance sheet. See further details at note 19.

The Trustee Board is aware of the combined risks posed by austerity on local authority contracts and the increase in the National Minimum Living Wage. They have clear plans which will address these risks and ensure the continued sustainability of the Charity.

**SANDWELL COMMUNITY CARING TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND
STRATEGIC REPORT)
*FOR THE YEAR ENDED 31 MARCH 2023***

The Trustees previously reported on the outcome of a CQC inspection of its supported living services in July 2021.

The inspection rated SCCT's supported living services as 'inadequate.' This rating came as a complete surprise and in response a detailed action plan, to address all the concerns noted in the report, was implemented. This action plan was accepted by CQC and all the local authorities which commissioned our supported living services. Following the implementation of the action plan our supported living services were re-inspected in February 2022. This follow up inspection report recognised all the improvements that had been made and noted the very positive comments made by our service users and their families and other professionals working in partnership with SCCT. The overall rating was 'requires improvement'.

The inadequate rating from the report in July 2021, whilst very disappointing, did not represent any risk to the sustainability of SCCT as a business. All the key commissioners of our services remained confident in the services we provided and left all their contracts in place. Our commissioners worked with us to ensure that we addressed the issues highlighted by CQC.

The Senior Strategy Meeting process instigated by SCCT's commissioners, in response to the CQC report published on 14 September 2021, was closed with no further action required.

It was previously reported that SCCT would request a further full inspection of Supported Living Services by the CQC with the previous Chief Executive expecting the service to regain its "Good" rating. This has not occurred as yet due to the CQC revising its regulatory approach and, in particular, its criteria for conducting re-inspections. SCCT will continue to explore the possibility of securing a further full inspection of its Supported Living Services.

The Trust is always looking towards the future, seeking out new prospects and contracts to enable them to continue to deliver services to those most needy.

The Trust is in a position to take advantage of any opportunities for expansion particularly through the transfer of providers from local authorities, as austerity and budget deductions fully impact on local authority expenditure on adult social care.

**SANDWELL COMMUNITY CARING TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND
STRATEGIC REPORT)**

FOR THE YEAR ENDED 31 MARCH 2023

Structure, governance and management

The Charity is a charitable company limited by guarantee and was set up on 01 April 1997. It is governed by a Memorandum and Articles of Association.

The Trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mr F A Betteridge (Resigned 1 April 2023)

Mrs S A Rogers

Mr G Walker

Mrs M Hall

Mr A Coley

K Jones (Appointed 12 October 2023)

The Board of Trustees may fill vacancies arising during the year by appointing Trustees themselves, but any Trustees so appointed shall retain their office only until the next Annual General Meeting when they shall be eligible for re-election.

Any appointments made are with due regard to the broad range of relevant skills required by the Board of Trustees and the specialist skills and experience offered by the applicant Trustee.

None of the Trustees has any beneficial interest in the company. All the Trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

The governing body of the Charity is the Board of Trustees which comprises 4 members and has met 4 times a year together with the Senior Management Team.

The Chief Executive has been appointed by the Trustees to manage the day-to-day operations.

Individual Trustee training is undertaken by Trustees on a needs basis but training for the full Board of Trustees and Senior Management Team takes place at least annually and focuses on governance issues.

The Trustees are responsible for determining the pay and conditions of key management personnel. This is done in consultation with an external human resources company who provide advice on comparative positions across the sector.

The Chief Executive Officer is responsible for recommending any changes in pay and conditions of the remainder of the paid service.

As reported in the previous year, the previous Chief Executive Officer, Mr Geoff Walker retired on 31 March 2023 and was replaced by Mr Andrew Coley who was previously Finance Director of the Trust.

Employee involvement

The Charity's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

**SANDWELL COMMUNITY CARING TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND
STRATEGIC REPORT)**

FOR THE YEAR ENDED 31 MARCH 2023

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Charity continues and that the appropriate training is arranged. It is the policy of the Charity that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Auditor

A resolution proposing that CK Audit are reappointed as auditors of the company will be put to the members.

Disclosure of information to auditor

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The Trustees' report, including the strategic report, was approved by the Board of Trustees.



Mrs M Hall

Dated: 8 February 2024

SANDWELL COMMUNITY CARING TRUST
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2023

The trustees (who are also directors of Sandwell Community Caring Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and 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 charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

SANDWELL COMMUNITY CARING TRUST (A COMPANY LIMITED BY GUARANTEE) INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SANDWELL COMMUNITY CARING TRUST

Opinion

We have audited the financial statements of Sandwell Community Caring Trust (the 'Charity') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the 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 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the 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 Charity 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 Trustees' 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 Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report and the strategic report prepared for the purposes of company law, is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

**SANDWELL COMMUNITY CARING TRUST
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF SANDWELL COMMUNITY CARING TRUST**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the Trustees' report.

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

- adequate 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees, who are also the directors of the Charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustees are responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

We identified and assessed the risks of material misstatement of the financial statements, in respect of irregularities whether due to fraud or error, or non compliance with laws and regulations and then designed and performed audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Charity by discussion and enquiry with the directors and management team and our general knowledge and experience of the charity.

We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, Charities SORP, legislation, data protection, employment, and health and safety legislation;

We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management, reviewing correspondence with relevant regulators.

**SANDWELL COMMUNITY CARING TRUST
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF SANDWELL COMMUNITY CARING TRUST**

Audit response to risks identified

We assessed the susceptibility of the Charity's financial statements to material misstatement, including how fraud might occur. Audit procedures performed included but were not limited to:

- Discussions with trustees and management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- Confirming our understanding of controls by performing a walk through test or observation and enquiry;
- Performing analytical procedures to identify any unusual or unexpected relationships;
- Challenging assumptions and judgements made by management in accounting for long term construction contracts including recognition of income and estimation of costs to complete;
- Identifying and testing journal entries;
- Reviewing unusual or unexpected transactions; and
- Agreeing the financial statement disclosures to underlying supporting documentation.

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. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council'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.



Frances Clapham (Senior Statutory Auditor)
for and on behalf of CK Audit

8 February 2024

Chartered Accountants
Statutory Auditor

No 4 Castle Court 2
Castlegate Way
Dudley
West Midlands
DY1 4RH

SANDWELL COMMUNITY CARING TRUST
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	Total 2022 £
<u>Income from:</u>					
Donations and legacies	3	35,854	-	35,854	477,336
Charitable activities	4	14,198,034	-	14,198,034	13,517,169
Investments	5	4,080	-	4,080	304
Total income		14,237,968	-	14,237,968	13,994,809
<u>Expenditure on:</u>					
Charitable activities	6	14,502,283	-	14,502,283	13,910,921
Amount paid to SMBC in the year		450,000	-	450,000	-
Other	11	174,127	-	174,127	158,413
Total resources expended		15,126,410	-	15,126,410	14,069,334
Net expenditure for the year/ Net outgoing resources		(888,442)	-	(888,442)	(74,525)
<u>Other recognised gains and losses</u>					
Actuarial gain on defined benefit pension schemes		1,824,000	-	1,824,000	2,957,000
Net movement in funds		935,558	-	935,558	2,882,475
Fund balances at 1 April 2022		7,261,237	373,393	7,634,630	4,752,155
Fund balances at 31 March 2023		8,196,795	373,393	8,570,188	7,634,630

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

SANDWELL COMMUNITY CARING TRUST
(A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	13		9,520,085		9,520,085
Current assets					
Debtors	14	2,063,734		1,753,544	
Cash at bank and in hand		1,313,857		2,620,591	
		3,377,591		4,374,135	
Creditors: amounts falling due within one year	16	(4,119,154)		(3,994,084)	
Net current (liabilities)/assets			(741,563)		380,051
Total assets less current liabilities			8,778,522		9,900,136
Creditors: amounts falling due after more than one year	17		(208,334)		(652,506)
Net assets excluding pension liability			8,570,188		9,247,630
Defined benefit pension liability	19		-		(1,613,000)
Net assets			8,570,188		7,634,630
Income funds					
Restricted funds	20		373,393		373,393
Unrestricted funds			8,196,795		7,261,237
			8,570,188		7,634,630

The financial statements were approved by the Trustees on 8 February 2024



Mrs M Hall
Trustee

Company registration number 03286106

SANDWELL COMMUNITY CARING TRUST
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	25		(1,051,271)		807,514
Investing activities					
Purchase of tangible fixed assets		-		(37,700)	
Investment income received		4,080		304	
Net cash generated from/(used in) investing activities			4,080		(37,396)
Financing activities					
Repayment of bank loans		(259,543)		(161,100)	
Net cash used in financing activities			(259,543)		(161,100)
Net (decrease)/increase in cash and cash equivalents			(1,306,734)		609,018
Cash and cash equivalents at beginning of year			2,620,591		2,011,573
Cash and cash equivalents at end of year			1,313,857		2,620,591

SANDWELL COMMUNITY CARING TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Sandwell Community Caring Trust is a private company limited by guarantee incorporated in England and Wales. It is a registered charity in England and Wales. Its charity number is 1086162.

1.1 Accounting convention

The accounts have been prepared in accordance with the Charity's constitution, the Companies Act 2006 and "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)" (as amended for accounting periods commencing from 1 January 2016). The Charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

As detailed in the Trustees' Report, the year ended 31st March 2023 was a difficult year which was reflected in the financial performance of the Charity. However financial performance in the current financial year has significantly improved. This together with the reasons outlined in the Trustees' Report has informed the Trustees' position in respect of going concern.

The Charity is conscious of continuing cost pressures across the sector and will, therefore, continue to restrict costs as far as possible whilst seeking new income sources that are consistent with its charitable objectives. The Trust will also continue to lobby local authorities regarding a sustainable level of care fees.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Incoming resources

Income is recognised when the Charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Charity has been notified of the donation, unless performance conditions require deferral of the amount.

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

SANDWELL COMMUNITY CARING TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.5 Resources expended

All expenditure is accounted for on an accruals basis. Salaries and central overhead costs are apportioned between charitable activities and governance costs based on estimate of staff time attributable to each.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and cash associated with the strategic management of the charity.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	over 50 years
Long Leasehold	over 120 years

Land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1.7 Impairment of fixed assets

At each reporting end date, the Charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Cash and cash equivalents

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

1.9 Financial instruments

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Charity's balance sheet when the Charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

SANDWELL COMMUNITY CARING TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable 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.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Charity's contractual obligations expire or are discharged or cancelled.

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

During the year the Trust operated two LGPS defined benefit pension schemes and a defined contribution pension scheme.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Neither of the defined benefit schemes admit new members. New members of staff are admitted into the defined contribution scheme on their employment with the Charity.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.

SANDWELL COMMUNITY CARING TRUST
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in income/(expenditure) for the year.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other recognised gains and losses in the period in which they occur and are not reclassified to income/(expenditure) in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Termination benefits are employee benefits provided in exchange for the termination of an employee's involvement in the Charity. Redundancy costs are recognised immediately once the Charity is demonstrably committed to terminate employment.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

2 Critical accounting estimates and judgements

In the application of the Charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

Recoverability of trade debtors

A provision for doubtful trade debtors is set up when the likelihood of recovering the debt is diminished. The level of provision will be based on any current repayment plan entered into and which is being adhered to by the debtor, together with an estimate of the likelihood of the amounts due being fully recovered.

Key sources of estimation uncertainty

Defined benefit pension scheme

The charity has an obligation 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, 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. See note 18 for the disclosures relating to the defined benefit scheme.

SANDWELL COMMUNITY CARING TRUST
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

3 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2023	2022
	£	£
Donations and gifts	24,000	-
Covid-19 government support	11,854	477,336
	<u>35,854</u>	<u>477,336</u>

4 Charitable activities

	Residential and Daycare services	Residential and Daycare services
	2023	2022
	£	£
Residential care home fees	14,198,034	13,517,169

5 Investments

	Unrestricted funds	Unrestricted funds
	2023	2022
	£	£
Interest receivable	4,080	304

SANDWELL COMMUNITY CARING TRUST
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

6 Charitable activities

	Residential and Daycare services 2023 £	Residential and Daycare services 2022 £
Staff costs	9,986,122	9,976,243
Heat and light	164,295	141,700
Rent, rates and insurance	1,044,938	1,041,390
Telecommunications	10,231	4,760
Other staff costs	44,614	35,547
Motor and travel costs	92,828	23,495
Repairs and renewals	544,673	374,972
Cleaning, waste and pest control	138,756	106,496
Other office costs	84,127	73,517
Printing, postage and stationery	5,582	6,163
Provisions	250,494	177,293
	<u>12,366,660</u>	<u>11,961,576</u>
Share of support costs (see note 7)	2,070,777	1,873,647
Share of governance costs (see note 7)	64,846	75,698
	<u>14,502,283</u>	<u>13,910,921</u>

SANDWELL COMMUNITY CARING TRUST
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

7 Support costs

	Support costs	Governance costs	2023	2022
	£	£	£	£
Staff costs	1,158,204	-	1,158,204	1,135,190
Heat and light	8,786	-	8,786	23,921
Rent, rates and insurance	325,685	-	325,685	161,674
Telecommunications	39,570	-	39,570	30,684
Other staff costs	172,990	-	172,990	90,448
Motor and travel	45,062	-	45,062	64,784
Repairs, renewals and equipment rental	110,700	-	110,700	116,049
Cleaning waste and pest control	1,712	-	1,712	13,882
Other office costs and sessionals	177,578	-	177,578	206,099
Printing, postage and stationery	29,971	-	29,971	30,354
Provisions	519	-	519	562
Audit fees	-	47,880	47,880	28,338
Legal and professional	-	16,966	16,966	47,360
	<u>2,070,777</u>	<u>64,846</u>	<u>2,135,623</u>	<u>1,949,345</u>
Analysed between				
Charitable activities	<u>2,070,777</u>	<u>64,846</u>	<u>2,135,623</u>	<u>1,949,345</u>

8 Auditor's remuneration

Fees payable to the Charity's auditor and associates:	2023	2022
	£	£
Audit of the Charity's annual accounts	32,880	26,790
Non-audit services		
Other assurance services	600	925
All other non-audit services	15,000	-
Total non-audit fees	<u>15,600</u>	<u>925</u>

9 Trustees

G Walker received remuneration in the year of £124,000 (2022- 124,000). This was paid to him for his role as Chief Executive, and not as Trustee of the Charity.

SANDWELL COMMUNITY CARING TRUST
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

10 Employees

The average monthly number of employees during the year was:

	2023	2022
	Number	Number
Care	448	432
Finance and administration	13	11
Total	461	443

Employment costs	2023	2022
	£	£
Wages and salaries	9,678,214	9,624,796
Social security costs	845,978	784,860
Other pension costs	620,134	701,777
	11,144,326	11,111,433

Included in other pension costs above is an adjustment of £218,000 (2022: £307,000) relating to the increased pension costs as a result of the 2020 'Pension Expense Calculation' in respect of pension benefits provided by the Local Government Pension Scheme.

The amounts above relate to shortfall in contributions as advised by the Actuary of £169,505 (2022: £216,415), interest costs advised by the Actuary of £45,000 (2022: £87,000) and admin costs advised by the Actuary of £3,495 (2022: £3,585).

Included in wages and salaries above is severance pay of £17,463 (2022: £31,563).

Key management personnel remuneration in the year totalled £244,105 (2022: £ 236,950).

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2023	2022
	Number	Number
£70,001 - £80,000	1	1
£120,001 - £130,000	1	1

SANDWELL COMMUNITY CARING TRUST
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

11 Other

	2023	2022
	£	£
Financing costs	174,127	158,413
	<u>174,127</u>	<u>158,413</u>

12 Taxation

The company is a registered charity and under the provisions of section 505, Income and Corporation Taxes Act 1988, has no liability to taxation.

13 Tangible fixed assets

	Land and buildings £	Long Leasehold £	Total £
Cost			
At 1 April 2022	8,969,945	550,140	9,520,085
At 31 March 2023	8,969,945	550,140	9,520,085
Depreciation charged in the year	142,801	-	142,801
Revaluation	(142,801)	-	(142,801)
Carrying amount			
At 31 March 2023	8,969,945	550,140	9,520,085
At 31 March 2022	8,969,945	550,140	9,520,085

Freehold land and buildings with a carrying amount of £7,467,081 (2022 - £7,467,081) have been pledged to secure borrowings of the Charity. The Charity is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Barclays Bank hold a debenture with a fixed and floating charge over the undertaking.

Depreciation on freehold property is reversed as the trustees feel that significant replacement and maintenance works are carried out on an annual basis and therefore there is no material change to the net book value at the year end.

14 Debtors

	2023	2022
	£	£
Amounts falling due within one year:		
Trade debtors	1,874,442	1,616,254
Other debtors	114,236	107,910
Prepayments and accrued income	75,056	29,380
	<u>2,063,734</u>	<u>1,753,544</u>

SANDWELL COMMUNITY CARING TRUST
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

15 Loans and overdrafts

	2023 £	2022 £
Bank loans	3,226,067	3,485,610
Payable within one year	3,017,733	2,833,104
Payable after one year	208,334	652,506

The long-term loans are secured by fixed charges against the properties to which they relate.

The interest rates of the loans vary from 3% to 7.5% and repayment terms vary from 2023 to 2038.

The charity was in breach of terms for £2,586,160 of loans payable to Unity Trust Bank at the balance sheet date. Details of the breaches relate to the requirement of repayment covenant and interest cover covenant which have not been met in the year to 31 March 2023. Prior to the approval of the accounts, the Charity received a letter from the bank acknowledging the breaches. Whilst this was not a waiver, the letter stated that it was not the present intention of the bank to exercise any of its rights in relation to the breaches.

16 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Bank loans	15	3,017,733	2,833,104
Other taxation and social security		200,747	217,086
Deferred income	18	186,223	222,566
Trade creditors		162,895	49,429
Other creditors		24,704	26,885
Accruals and deferred income		526,852	645,014
		4,119,154	3,994,084

17 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Bank loans	15	208,334	652,506

18 Deferred income

	2023 £	2022 £
Arising from Supported Living & Residential Care	186,223	222,566

Deferred income is included in the financial statements as follows:

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

18 Deferred income

(Continued)

	2023	2022
	£	£
Deferred income is included within:		
Current liabilities	186,223	222,566
	<u> </u>	<u> </u>
Movements in the year:		
Deferred income at 1 April 2022	222,566	566,473
Released from previous periods	(222,566)	(566,473)
Resources deferred in the year	186,223	222,566
	<u> </u>	<u> </u>
Deferred income at 31 March 2023	186,223	222,566
	<u> </u>	<u> </u>

Deferred income represents care fees for a period post 31 March 2023 which has been invoiced before the year end.

19 Retirement benefit schemes

Defined contribution schemes

The Charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £260,134 (2022 - £244,777).

Defined benefit schemes

The charity operates a defined benefit pension plan for qualifying employees providing benefits based upon final pensionable pay. The pension plan is funded by the payment of contributions and assets of the plan are held in a separately administered fund.

The most recent comprehensive actuarial valuation of pension plan assets and the present value of the defined benefit obligation were carried out at 31 March 2019.

The fair value of the pension plan assets at 31 March 2023 are in excess of the present value of the defined benefit obligation at that date. This gives rise to a surplus of £6,602,000.

The surplus is recognised in the financial statements only to the extent that the Company can recover that surplus, either through a reduction in future contributions or through a refund to the Charity.

The Charity is not able to determine that future contributions will be reduced nor will it receive a refund in the foreseeable future. Therefore the surplus of £6,602,000 is not recognised as an asset at 31 March 2023. An adjustment has been made through the Statement of Financial Activities to reflect this.

SANDWELL COMMUNITY CARING TRUST
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

19 Retirement benefit schemes

(Continued)

Key assumptions

	2023	2022
	%	%
Discount rate	4.75	2.7
Expected rate of increase of pensions in payment	3.0	3.2
Expected rate of salary increases	4.0	4.2

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2023	2022
	Years	Years
Retiring today		
- Males	21.7	21.2
- Females	22.7	23.6
Retiring in 20 years		
- Males	20.0	22.9
- Females	24.9	25.4

Amounts recognised in the profit and loss account:

	2023	2022
	£	£
Current service cost	315,000	370,000
Net interest on defined benefit liability/(asset)	45,000	87,000
Total costs	360,000	457,000

Amounts taken to other comprehensive income:

	2023	2022
	£	£
Actual return on scheme assets	129,000	(1,835,000)
Less: calculated interest element	641,000	445,000
Return on scheme assets excluding interest income	770,000	(1,390,000)
Actuarial changes related to obligations	(8,822,000)	(1,427,000)

SANDWELL COMMUNITY CARING TRUST
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

19 Retirement benefit schemes

(Continued)

The amounts included in the balance sheet arising from the Charity's obligations in respect of defined benefit plans are as follows:

	2023	2022
	£	£
Present value of defined benefit obligations	23,793,000	25,566,000
Fair value of plan assets	(23,793,000)	(23,953,000)
Deficit in scheme	-	1,613,000

Movements in the present value of defined benefit obligations:

	2023
	£
Liabilities at 1 April 2022	25,566,000
Current service cost	315,000
Benefits paid	(603,000)
Contributions from scheme members	49,000
Actuarial gains and losses	(8,822,000)
Interest cost	686,000
Adjustment for unrecognised surplus in scheme	6,602,000
At 31 March 2023	23,793,000

The defined benefit obligations arise from plans funded as follows:

	2023
	£
Wholly unfunded obligations	90,000
Wholly or partly funded obligations	17,101,000
	23,793,000

Movements in the fair value of plan assets:

	2023
	£
Fair value of assets at 1 April 2022	23,953,000
Interest income	641,000
Return on plan assets (excluding amounts included in net interest)	(770,000)
Benefits paid	(603,000)
Contributions by the employer	142,000
Contributions by scheme members	56,000
Other	374,000
At 31 March 2023	23,793,000

SANDWELL COMMUNITY CARING TRUST
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

19 Retirement benefit schemes

(Continued)

The fair value of plan assets at the reporting period end was as follows:

	2023	2022
	£	£
Equity instruments	16,179,240	16,048,510
Property	1,665,510	1,676,710
Bonds	5,234,460	5,269,660
Cash	713,790	958,120
	<u>23,793,000</u>	<u>23,953,000</u>

The latest asset split that has been provided allows for index returns, where required, on each asset category to determine the split of assets.

20 Restricted funds

The funds of the charity include restricted funds comprising the following donations and grants received for specific purposes:

	Balance at 1 April 2021	Movement in funds	Balance at 1 April 2022	Movement in funds	Balance at 31 March 2023
	£	Incoming resources £	£	Incoming resources £	£
Alsop House	373,393	-	373,393	-	373,393

Funds relating to Alsop House were received from the Lottery Community Fund and 92% of the asset value would be repayable to BIG in the event of the disposal of the asset prior to 01 February 2025. The remainder of the funds are not repayable.

21 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total Unrestricted funds	Restricted funds	Total
	2023	2023	2023	2022	2022
	£	£	£	£	£
Fund balances at 31 March 2023 are represented by:					
Tangible assets	9,146,692	373,393	9,520,085	9,146,692	9,520,085
Current assets/(liabilities)	(741,563)	-	(741,563)	380,051	380,051
Long term liabilities	(208,334)	-	(208,334)	(652,506)	(652,506)
Provisions and pensions	-	-	-	(1,613,000)	(1,613,000)
	<u>8,196,795</u>	<u>373,393</u>	<u>8,570,188</u>	<u>373,393</u>	<u>7,634,630</u>

SANDWELL COMMUNITY CARING TRUST
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

22 Financial commitments, guarantees and contingent liabilities

In the 2017/18 financial year, SCCT entered into a lease with Real Estate Investors PLC and Sandwell Valley School (SVS) to act as the guarantor of the rent should the tenant (SVS) fail to pay the rent. The lease runs from 29 September 2016 to 28 September 2041 with a rental charge of £120,000 + VAT per annum.

23 Operating lease commitments

At the reporting end date the Charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023 £	2022 £
Within one year	1,305,111	1,223,892
Between two and five years	4,402,172	4,140,122
In over five years	15,942,782	15,229,470
	<u>21,650,065</u>	<u>20,593,484</u>

Lease payments recognised as an expense in the year totalled £1,223,892 (2022: £1,227,332).

24 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2023 £	2022 £
Aggregate compensation	<u>244,105</u>	<u>236,950</u>

Transactions with related parties

M Hall, A Coley and G Walker are all directors of Sandwell Valley School Limited.

During the year the charity recharged expenses totalling £7,920 (2022: £12,821) to Sandwell Valley School Limited. At 31 March 2023 £14,368 (2022: £110,447) was due from Sandwell Valley School Limited.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

25	Cash generated from operations		2023	2022
			£	£
	Surplus for the year		(888,442)	(74,525)
	Adjustments for:			
	Investment income recognised in statement of financial activities		(4,080)	(304)
	Difference between pension charge and cash contributions		211,000	300,000
	Movements in working capital:			
	(Increase)/decrease in debtors		(310,190)	847,124
	(Decrease)/increase in creditors		(23,216)	79,126
	(Decrease) in deferred income		(36,343)	(343,907)
	Cash (absorbed by)/generated from operations		(1,051,271)	807,514
26	Analysis of changes in net (debt)/funds			
		At 1 April 2022	Cash flows	At 31 March 2023
		£	£	£
	Cash at bank and in hand	2,620,591	(1,306,734)	1,313,857
	Loans falling due within one year	(2,833,104)	(184,629)	(3,017,733)
	Loans falling due after more than one year	(652,506)	444,172	(208,334)
		(865,019)	(1,047,191)	(1,912,210)