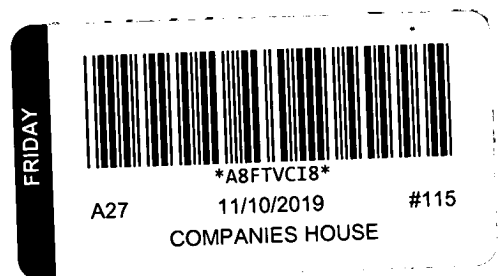


**SANCTUARY CARE LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**Company Number: 04231521**



<b>Contents</b>	<b>Page</b>
Directors and advisors	2
Strategic report	3
Directors' report	5
Statement of Directors' responsibilities	6
Independent auditor's report to the Members of Sanctuary Care Limited	7
Profit and Loss Account	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the financial statements	13

**Sanctuary Care Limited**

---

**Directors and advisors at the date of approval of the Financial Statements**

**Directors**

Leanne Blackwood  
Sarah Clarke-Kuehn  
Craig Moule  
Nicole Seymour  
James Thallon  
Gareth Tuckwell

**Company Secretary**

Nicole Seymour

**Independent statutory auditor**

KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

**Internal auditor**

PricewaterhouseCoopers LLP  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

**Bankers**

Barclays Bank PLC  
Barclays Corporate  
Social Housing Team  
Level 27  
1 Churchill Place  
London  
E14 5HP

**Legal advisors**

Gowling WLG (UK) LLP  
Two Snowhill  
Birmingham  
B4 6WR

**Registered office**

Chamber Court  
Castle Street  
Worcester  
WR1 3ZQ

**Registered number**

Company Number: 04231521

## Strategic report for the year ending 31 March 2019

### Principal activities

The principal activity of Sanctuary Care Limited (the Company) is the management of care homes on behalf of its parent company Sanctuary Housing Association, as well as a fellow subsidiary Sanctuary Care Property (2) Limited. Its aim is to provide a care service for older persons, placing emphasis on promoting health and independence.

The Company was incorporated on 8 June 2001 under the Companies Act number 04231521. The Company's ultimate parent undertaking is Sanctuary Housing Association and the Company forms part of the Sanctuary Group of entities (the Group).

### Results and gift aid payments

The results of the Company for the year ended 31 March 2019 are set out on page 10. The Directors approve a gift aid payment of £8,959,000 for 2019 (2018: £9,396,000) to the Company's parent undertaking, Sanctuary Housing Association.

Sanctuary Care Limited now manages 2,846 bed spaces (2018: 2,863).

### Key performance indicators

Key performance indicators are shown in the table below and compare the financial years ended 31 March 2019 and 31 March 2018. The key performance indicators have been calculated to exclude the 16 care homes owned by Sanctuary Care Property (2) Limited.

	<b>2019</b>	<b>2018</b>
Staffing costs as a % of turnover	63.6%	61.3%
Weekly staffing cost per bed space – based on average occupancy	£519	£488
Weekly turnover per bed space – based on average occupancy	£816	£795
Average occupancy per week	1,720	1,772
Occupancy as a % of total bed spaces	92%	93%

### Review of business and future developments

The Directors are satisfied with the results for the year which have been achieved in a challenging marketplace. Despite market pressures occupancy has remained strong at 92 per cent and fees remain competitive as a result of the continual development of the focussed revenue strategy. Sanctuary Care has opened three new purpose built homes and continues to look at opportunities for further growth.

This year saw the successful pilot and initial roll-out of kradle, a new industry leading internally developed electronic care plan system, across 58 of our care homes.

Sanctuary Care has launched a new vision to support its continued investment in recruitment and retention strategies. The use of agency staffing remains below the industry average and learning and development opportunities and career pathways continue to be improved. The overseas nurse programme has reduced overall nurse vacancies within the last year and a new people strategy will further promote Sanctuary as an employer of choice.

Sanctuary Care has continued to develop its working practices and governance to ensure homes meet the Care Quality Commission (CQC) standards. This year, Sanctuary Care received 'Outstanding' CQC ratings at three care homes. Internal quality assurance monitoring accurately reflects the CQC inspection standard and the Company is committed to working with the CQC to maintain the delivery of high quality care. Sanctuary Care's CQC compliance (rated Good or Outstanding) is 85 per cent and is favourable to the sector average of 79 per cent.

**Strategic report for the year ending 31 March 2019 continued**

**Principal risks**

The Company is a subsidiary of Sanctuary Housing Association and part of the Sanctuary Group of entities. The Company and Group operate a comprehensive risk mapping process as part of its annual business planning cycle. This process identifies a number of external factors which affect both the Group and the Company.

The Executive Committee and Group Audit and Risk Committee review and scrutinise the risk maps for all Group entities. The Group Board approves the Group risk map.

The principal risks for the Company included in the risk map considered by the Board during 2018/2019 are:

- Staff recruitment - The ability to recruit and retain qualified carers and nurses is a continuing challenge for all care home operators. It impacts directly on the costs of operating care homes and the quality of care provided.
- Longer term occupancy issues - The Company faces competition from other care providers in the regions in which it operates. If a home were to experience an increase in the volume of vacant rooms or the duration of the vacancy, income streams and profitability of the care home will be impacted. The Company manages occupancy levels closely and ensures that the relationships it has with local authorities and other commissioning bodies remain strong and that there is also an established proportion of self funding clients in each home to ensure that rooms are filled promptly as they become vacant.
- Changes to government policy, legislation and regulation - The Company's operations are closely regulated by the Care Quality Commission (CQC). The consequences of non-compliance with regulations could be significant for the Company. The Company has a robust audit system in place to ensure adherence to policies and compliance with regulatory requirements. Changes to CQC compliance are monitored to ensure policies and processes are updated. The Company maintains a risk map that is reviewed by the Board and also by the Group Audit and Risk Committee. Risks also include those around health and safety compliance, legislative requirements and contractual risks.

**Financial risk**

The Company has no external or internal debt finance and therefore carries no risk concerning repayment of debt.

The Directors therefore view the overall level of financial risk of the Company as low.



Nicole Seymour  
Director  
25 September 2019

## Sanctuary Care Limited

---

### Directors' report for the year ended 31 March 2019

The Directors present their annual report and audited financial statements of Sanctuary Care Limited (the Company) for the year ended 31 March 2019.

#### Directors

The Directors of the Company who have served during the year and to the date of signing the financial statements unless otherwise stated were:

David Bennett	(resigned 1 January 2019)
Leanne Blackwood	(appointed 22 May 2019)
Sarah Clarke-Kuehn	(appointed 23 May 2018)
Mark McCarthy	(resigned 09 April 2018)
Craig Moule	
Nicole Seymour	(appointed 1 January 2019)
James Thallon	(appointed 01 May 2018)
Gareth Tuckwell	(Chair)

#### Company Secretary

Craig Moule	(resigned 25 May 2018)
Nicole Seymour	(appointed 25 May 2018)

#### Employee involvement

It is Group policy to involve all employees in matters affecting their functions. At a formal level this takes place through the Staff Council where management consult with elected staff representatives. At an operational level a team briefing system is in place to keep all employees updated on core Group business issues.

#### Equality and diversity

The Group aims to be an open and inclusive organisation, where diversity is promoted and discrimination eliminated. Our single equality scheme – 'Fairness for All' – outlines our commitment to ensuring that our services meet the needs of all our diverse customers. It ensures that equality, diversity and human rights are integrated into the way the Group plans, develops and delivers services, covering internal functions as an employer and external operations as a provider of housing, care and commercial services.

#### Health and safety

It is the clear intention of the Group to ensure, as far as reasonably practicable, the health, safety and welfare at work of all its employees. The Group undertakes to comply, as a minimum, with the provisions of the Health and Safety at Work Act 1974 and other relevant legislation to meet the objective of achieving the highest possible standards.

**Directors' report for the year ended 31 March 2019 continued****Statement of Directors' responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law, the Directors 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**Disclosure of information to independent auditor**

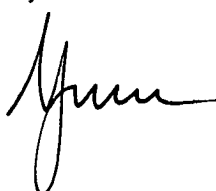
In the case of each Director in office at the date the Directors' Report is approved:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Independent statutory auditor**

KPMG LLP has indicated its willingness to continue in office. A resolution concerning the appointment of the auditor will be proposed at the Annual General Meeting.

By order of the Board.



Nicole Seymour  
Director  
25 September 2019

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANCTUARY CARE LIMITED**

### **Opinion**

We have audited the financial statements of Sanctuary Care Limited ("the Company") for the year ended 31 March 2019 which comprise the Profit and Loss Account, the Balance Sheet and the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Directors, such as the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **Going concern**

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANCTUARY CARE LIMITED CONTINUED**

### **Strategic Report and Directors' Report**

The Directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANCTUARY CARE LIMITED  
CONTINUED**

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the 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 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Gordon Docherty (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH  
Date: 25 September 2019

**Profit and Loss Account for the year ended 31 March 2019**

	Notes	2019 £'000	2018 £'000
<b>Revenue</b>		113,520	112,291
Operating expenses	2	(103,995)	(102,873)
Other gains and losses	2	23	(41)
<b>Operating profit</b>		<b>9,548</b>	<b>9,377</b>
Interest receivable and similar expenses	5	51	19
<b>Profit before taxation</b>		<b>9,599</b>	<b>9,396</b>
Tax on profit	6	(1,702)	(1,785)
<b>Profit after taxation for the financial year</b>		<b>7,897</b>	<b>7,611</b>

The results for the current and prior year relate wholly to continuing activities.

There is no material difference between the profit before taxation and the profit after taxation stated above and their historical cost equivalents.

There are no recognised gains and losses other than those included in the Profit and Loss Account above and therefore no separate Statement of Other Comprehensive Income has been presented.

The notes on pages 13 to 20 form part of these financial statements.

---

**Balance Sheet as at 31 March 2019**

	Notes	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Tangible fixed assets	7	686	334
<b>Current assets</b>			
Debtors	8	8,251	9,049
Cash at bank and in hand		4,586	6,099
		12,837	15,148
<b>Creditors: amounts falling due within one year</b>	9	(13,523)	(15,482)
<b>Net current liabilities</b>		(686)	(334)
<b>Total assets less current liabilities</b>		-	-
<b>Net assets</b>		-	-
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Profit and loss account	11	-	-
<b>Total shareholders' funds</b>		-	-

The notes on pages 13 to 20 form part of these financial statements.

The financial statements on pages 10 to 20 were approved and authorised by the Board of Directors on 25 September 2019 and signed on its behalf by:



Gareth Tuckwell  
 Chair

**Sanctuary Care Limited**
**Statement of Changes in Equity for the year ended 31 March 2019**

	Share capital £'000	Profit and Loss Account £'000	Total £'000
<b>At 1 April 2017</b>	-	-	-
Profit for the year	-	7,611	7,611
<b>Total comprehensive income</b>	<u>-</u>	<u>7,611</u>	<u>7,611</u>
<b>Transactions with owners</b>			
Gift aid paid	-	(9,396)	(9,396)
Tax credit on gift aid paid	-	1,785	1,785
<b>Total transactions with owners</b>	<u>-</u>	<u>(7,611)</u>	<u>(7,611)</u>
<b>At 31 March 2018</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 1 April 2018</b>	-	-	-
Adjustment on initial application of IFRS 9	-	(514)	(514)
Adjustment on initial application of IFRS 15	-	(126)	(126)
<b>Restated balance at 1 April 2018</b>	<u>-</u>	<u>(640)</u>	<u>(640)</u>
Profit for the year	-	7,897	7,897
<b>Total comprehensive income</b>	<u>-</u>	<u>7,897</u>	<u>7,897</u>
<b>Transactions with owners</b>			
Gift aid paid	-	(8,959)	(8,959)
Tax credit on gift aid paid	-	1,702	1,702
<b>Total transactions with owners</b>	<u>-</u>	<u>(7,257)</u>	<u>(7,257)</u>
<b>At 31 March 2019</b>	<u>-</u>	<u>-</u>	<u>-</u>

The notes on pages 13 to 20 form part of these financial statements.

## Notes to the financial statements for the year ended 31 March 2019

### 1. Principal accounting policies

Sanctuary Care Limited is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework (FRS 101)*.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (Adopted IFRS), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company has adopted IFRS 9 Financial Instruments (IFRS 9) and IFRS 15 Revenue from Contracts with Customers from 1 April 2018, when they became effective. An explanation of how the transition has affected the Company's financial position and financial performance is set out in the separate transition note (note 15).

The Company's ultimate parent undertaking, Sanctuary Housing Association includes the Company in its consolidated financial statements. The consolidated financial statements of Sanctuary Housing Association are prepared in accordance with IFRS and are available to the public and may be obtained from Chamber Court, Castle Street, Worcester, WR1 3ZQ.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosure:

- a Cash Flow Statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries of the Group ;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of Key Management Personnel;
- comparative period reconciliation for property, plant and equipment;
- disclosures of transactions with a management entity that provides key management personnel services to the company;
- certain disclosures required by IFRS15

As the consolidated financial statements of ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### Measurement convention

The financial statements are prepared on the historical cost basis.

#### Going Concern

Notwithstanding net current liabilities of £405,000 as at 31 March 2019, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, to meet its liabilities as they fall due for that period.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## Notes to the financial statements for the year ended 31 March 2019 continued

### 1. Principal accounting policies continued

#### Critical accounting estimates, judgements and assumptions

The Directors have not been required to make any judgements which have a significant impact upon the financial statements, nor have they been required to make any significant estimates or assumptions which could result in a significant risk of material adjustments in future periods.

#### Revenue

Under IFRS 15, revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The application of the revenue constraint principles of IFRS 15, based on the customary practice of offering price concessions to certain customers by giving credits, rather than being a reflection of risk of customer default by virtue of credit risk (which would be reflected in an expected credit loss provision under IFRS 9) have been applied. Further details are contained in note 15.

The Company recognises revenue when it transfers control over a product or service to a customer, which, as per the Standard, is either over time or at a point in time. Revenue represents fees receivable for care services. Customers consume the benefits of performance simultaneously with the Company performing and so all revenue is recognised over time.

#### Tangible fixed assets

Assets are stated at cost (this includes the original purchase price of the asset and the costs attributable to bringing the asset into its working condition for its intended use) less accumulated depreciation, which is charged on a straight line basis to write off assets over their expected economic useful lives as follows:

Furniture and equipment	4 – 10 years
Motor vehicles	4 – 7 years

Fixed assets are transferred between Group undertakings at net book value.

#### Value Added Tax (VAT)

The majority of the Company's turnover is exempt from VAT. However, certain activities are subject to VAT and give rise to a small amount of VAT recovery on related input costs. Where appropriate, costs are stated including irrecoverable VAT.

#### Corporation tax

Tax on the profit or loss for the year comprises current tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

#### Gift aid

Where gift aid payments are made to the Company's parent undertaking, Sanctuary Housing Association, these are treated as a distribution of reserves.

#### Retirement benefits

##### *Defined benefit schemes*

The Company participates in Sanctuary Housing Association's defined benefit pension scheme. For this scheme, the cost charged to the Profit and Loss Account represents the Company's accrued contributions to the scheme in the period in which they fall due. Surpluses or deficits of the scheme are not recognised in the Company's financial statements, but are shown on the Statement of Financial Position of Sanctuary Housing Association.

**Sanctuary Care Limited**

**Notes to the financial statements for the year ended 31 March 2019 continued**

**1. Principal accounting policies continued**

Note 12 contains further information.

*Defined contribution schemes*

For the defined contribution arrangements, the cost charged to the Profit and Loss Account represents the Company's accrued contributions to the scheme in the period in which they fall due.

**Expected credit losses on trade receivables**

Loss allowances for trade receivables are measured at an amount equal to lifetime Expected Credit Losses (ECLs). Lifetime ECLs are a probability-weighted estimate of credit losses that result from all possible default events over the expected life of the receivable.

When estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

**2. Operating profit**

The operating profit is arrived at after charging:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
(Gain)/Loss on sale of tangible fixed assets	(23)	41
Management charge	-	2,132
Depreciation of tangible fixed assets (Note 7)	190	117
Auditor remuneration – audit services	23	22
	<b>23</b>	<b>22</b>

The prior year management charge relates to costs incurred by Sanctuary Housing Association, the parent undertaking, for asset management charges in relation to the ownership of the properties and a contribution towards Group costs.

Depreciation of assets purchased using money from grants and capital donations, has been offset against the grant monies.

No non-audit services were provided to the Company during the year or prior year.

**3. Directors' emoluments**

Directors are all employed by the ultimate parent undertaking, Sanctuary Housing Association. Salaries and expenses were recharged for those Directors with a high level of involvement with the Company and are shown below. Costs for other Directors were not recharged as they were incidental to their services provided to other Sanctuary Group Companies.

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Directors' remuneration	149	282
Company contributions to pension scheme	10	11
	<b>159</b>	<b>293</b>

**Sanctuary Care Limited**
**Notes to the financial statements for the year ended 31 March 2019 continued**
**4. Employee information**

Employee costs, including Directors, charged during the year amounted to:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	69,667	67,825
Social security costs	5,410	5,188
Pension costs	1,565	1,196
	<u><b>76,642</b></u>	<u><b>74,209</b></u>

The average monthly number of persons employed, including directors, during the year expressed in full time equivalents was:

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Care home staff	2,911	2,959
Office-based staff	130	99
	<u><b>3,041</b></u>	<u><b>3,058</b></u>

Full-time equivalents have been calculated based on hours worked compared to the standard level of working hours per week for an equivalent employee in the same business area.

**5. Interest receivable and similar expenses**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable from:		
Short term deposits	<u>51</u>	<u>19</u>

Notes to the financial statements for the year ended 31 March 2019 continued

6. Tax on profit on activities

(a) Analysis of tax charge in year:

	2019 £'000	2018 £'000
Current tax:		
UK corporation tax on profit for the year	1,702	1,785
<b>Tax on profit on activities</b>	<b>1,702</b>	<b>1,785</b>

The tax charge is below the standard rate of corporation tax in the UK of 19% (2018: at the standard rate of 19%).

(b) Factors affecting the tax charge in the year:

	2019 £'000	2018 £'000
Profit before taxation	9,599	9,396
Profit before taxation multiplied by the main rate of corporation tax in the UK 19% (2018: 19%)	1,824	1,785
Effects of:		
Use of losses generated on initial application of IFRS 9 & IFRS 15	(122)	-
<b>Total tax charge for the year</b>	<b>1,702</b>	<b>1,785</b>

Due to the charitable allowance of gift aid the overall expectant tax charge payable to HMRC will be £nil.

(c) Factors affecting future tax charge

Reductions in the UK corporation tax rate from 19 per cent to 17 per cent (effective from 1 April 2020) were substantively enacted on 15 September 2016.

## Sanctuary Care Limited

## Notes to the financial statements for the year ended 31 March 2019 continued

## 7. Tangible fixed assets

	<b>Vehicles, Furniture and equipment £'000</b>
<b>Cost</b>	
At 1 April 2018	561
Additions	678
Disposals	(256)
<b>At 31 March 2019</b>	<b>983</b>
<b>Accumulated depreciation</b>	
At 1 April 2018	227
Charge for year	190
Disposals	(120)
<b>At 31 March 2019</b>	<b>297</b>
<b>Net Book Amount</b>	
<b>At 31 March 2019</b>	<b>686</b>
<b>At 31 March 2018</b>	<b>334</b>

## 8. Debtors

	<b>2019 £'000</b>	<b>2018 £'000</b>
Trade debtors	3,192	3,312
Amounts owed by fellow subsidiary	2,378	2,475
Other debtors and prepayments	2,681	3,262
	<b>8,251</b>	<b>9,049</b>

An impairment loss allowance is held against trade debtors totalling £865,000 (2018: £nil). Amounts disclosed as owed by fellow subsidiary are repayable on demand, trading in nature and non-interest bearing.

## 9. Creditors: amounts falling due within one year

	<b>2019 £'000</b>	<b>2018 £'000</b>
Trade creditors	688	224
Amounts owed to parent undertaking	1,085	3,827
Amounts owed to fellow subsidiary companies	1,055	158
Other taxes and social security costs	1,262	932
Other creditors	1,072	1,695
Accruals and deferred income	8,361	8,646
	<b>13,523</b>	<b>15,482</b>

Amounts disclosed as due to parent undertaking and fellow subsidiary companies are repayable on demand, trading in nature and non-interest bearing.

Notes to the financial statements for the year ended 31 March 2019 continued

10. Called up share capital

	2019 £	2018 £
Authorised share capital: 100,000 ordinary shares of £1 each	100,000	100,000
Allotted, issued and fully paid: 2 ordinary shares of £1 each	2	2

11. Profit and loss account

	£'000
At 1 April 2018	-
Adjustment on initial application of IFRS 9	(514)
Adjustment on initial application of IFRS 15	(126)
<b>Restated balance at 1 April 2018</b>	<b>(640)</b>
Profit for the year	7,897
Gift aid paid	(8,959)
Tax credit of gift aid paid	1,702
<b>At 31 March 2019</b>	<b>-</b>

The gift aid payment represents a distribution of the profit for the year to the ultimate parent undertaking, Sanctuary Housing Association, which are recognised by Her Majesty's Revenue and Customs as exempt charities for tax purposes.

12. Retirement benefits

**Defined benefit schemes**

The Company participates in Sanctuary Housing Association's defined benefit pension scheme which is part of the total fund administered by the Pension Trust for Charities and Voluntary Organisations. The contributions paid by the Company are accounted for as if the scheme were a defined contribution scheme because the Company is unable to identify its share of the underlying assets and liabilities in the scheme. Sanctuary Housing Association is solely responsible for any surplus or deficit on the scheme. The deficit on the scheme at 31 March 2019 attributed to Sanctuary Group as a whole, and disclosed as such in its financial statements, is £12.6 million (2018: £10.1 million). On 31 October 2016, the scheme was closed to future accrual of pensionable service for all of its existing members.

The Company also participates in the London Borough of Greenwich Pension Fund, a defined benefit scheme. The contributions paid by the Company are accounted for as if the scheme were a defined contribution scheme because the Company is unable to identify its share of the underlying assets and liabilities in the scheme. The deficit on the scheme at 31 March 2019 attributable to Sanctuary Housing Association and disclosed as such in its financial statements, is £2,640,000 deficit (2018: £2,672,000 deficit).

The cost borne by the employer of contributions to this scheme amounted to £64,000 (2018: £68,000), being 18.5% (2018: 18.5%), the rate used across this scheme, of pensionable salary.

The Company is an admitted body to the City of Westminster Local Government Pension Scheme, the pension scheme is a defined benefit scheme. The Company's liability in relation to the participating employees is capped at 13.9% of pensionable payroll. The scheme is therefore accounted for as a defined contribution scheme in accordance with IAS19.

---

**Notes to the financial statements for the year ended 31 March 2019 continued**
**12. Retirement benefits continued****Defined contribution schemes**

The Company also participates in a defined contribution scheme for members of staff. Contributions by the Company to the defined contribution scheme during the year amounted to £1,135,000 (2018: £669,000). At 31 March 2019, an amount of £156,000 (2018: £102,000) is included within creditors, being accrued contributions.

**13. Ultimate parent undertaking and controlling party**

The ultimate parent undertaking and controlling party is Sanctuary Housing Association, being the smallest and largest group to consolidate these financial statements, registered in England as a Registered Society (Number 19059R) and with the Homes and Communities Agency (Number L0247). A copy of the Group financial statements can be obtained from Sanctuary Housing Association, Chamber Court, Castle Street, Worcester WR1 3ZQ.

**14. Events after the reporting period**

No matters have arisen since the year end which require disclosure in the financial statements.

**15. Initial application of IFRS 9 and IFRS 15**

The Company has adopted IFRS 15 using the cumulative effect method, with the effect of applying this standard at the date of initial application, being 1 April 2018, with changes recognised in retained earnings. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are also recognised in retained earnings as at 1 April 2018.

The following table summarises the impact of the transitions on reserves at 1 April 2018:

	<b>£'000</b>
Brought forward 1 April 2018	-
Recognition of expected credit losses under IFRS 9 (a)	(514)
Revenue constraint under IFRS 15 (b)	(126)
Restated at 1 April 2018	<u>(640)</u>

- (a) IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model; application of this new model resulted in an increase of £514,000 to opening trade receivables provisions.
- (b) Credit note provisions of £126,000 have been recognised at 1 April 2018 in respect of trade receivables. This adjustment is an application of the revenue constraint principles of IFRS 15 based on an assessment of the customary practice of offering price concessions to certain customers by giving credits, rather than being a reflection of risk of customer default by virtue of credit risk, which would be reflected in an ECL provision under IFRS 9.