



Choice Support
(A company limited by guarantee)
Report and Consolidated
Financial Statements

For the year ended 31 March 2020

Company no. 8971493

Charity no. 1156486

Contents	Page
Charity Information	2
Report of the Trustees	3 -14
Report of the Independent Auditors	15-17
Consolidated Statement of Financial Activities	18
Balance Sheet	19
Consolidated Statement of Cash flows	20
Notes to the Financial Statements	21-44

Charity Information - Reference and Administrative Information

Charity Name: Choice Support

Charity registration number: 1156486

Company registration number: 8971493 England and Wales

Registered Office address: One Hermitage Court
Hermitage Lane
Maidstone
Kent ME16 9NT

Board of Trustees: Oliver Mills (Chairman)
Ian Bell (retired 31 March 2020)
Chris Dorey
Lynda Frampton (retired 31 March 2020)
Peter Hasler
Paul McGee (retired 31 March 2020)
Colin Mills (retired 31 March 2020)
Philippa Holroyd (resigned 27 August 2020)
Sharon Landa (resigned 27 August 2020)
Maurice Rumbold (resigned 27 August 2020)
Chester Manuel (appointed 1 May 2019)
Babatunde Adewopo (appointed 17 May 2019)
Alison Hume (Appointed 31 July 2020)
Tim Coppard (Appointed 31 July 2020)

Company Secretary: Mark Ferry

Executive directors: Sarah Maguire - Chief Executive
Debbie Bankole - Williams Group Director - Finance and ICT
Mark Ferry - Group Director – HR
Dave Jackson – Group Director – Operations Learning Disability
Mel Shad - Group Director – Operations Mental Health and Autism
David Holt – Group Director - Housing and Development

Auditors: Moore Kingston Smith LLP
Devonshire House
60 Goswell Road
London
EC1M 7AD

Bankers: National Westminster Bank plc
West Malling Branch
43 Swan Street
West Malling
Kent ME19 6HF

Solicitors: Russell-Cooke
2 Putney Hill
Putney
London
SW15 6AB

Report of the Trustees

Structure, Governance and Management

Structure and Governing Document

Choice Support (previously known as mcch) had been a company registered as an Industrial & Provident Society since 1987. On 1 April 2014 it converted into a charitable company limited by guarantee. It was incorporated on 1 April 2014 and registered as a charity on the same date. The charitable company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1 each.

Byways Trust and DGSM are wholly owned subsidiaries of Choice Support (previously known as mcch). They are registered as charities and constituted as companies limited by guarantee. Under deeds of transfer all activity, assets and liabilities of each charity were transferred to mcch prior to or on 31 March 2016. Each subsidiary is now dormant.

Burgess Autistic Trust, a wholly owned subsidiary joined the group on 1 April 2016. Its assets and engagements were transferred into Choice Support (previously known as mcch) on 31 March 2018.

Merger and Change of Name

On 1 November 2017, both Choice Support (company registration number 02189556; charity registration number 298149) and mcch (company registration number 8971493; charity registration number 1156486), became wholly controlled subsidiary companies of Partnership Support Group (company registration number 10805894; charity registration number 1175080). Partnership Support Group is a company and charity incorporated on 6 June 2017, which became the sole member of both organisations, for this purpose.

The first step in the process for the merger of Choice Support and mcch was the conversion of Choice Support from a Registered Charity to a Community Benefit Society which completed on 19 September 2018. The second step was the transfer of the engagements of Choice Support to mcch, using the procedure available to Registered Societies for this purpose and contained in the Co-operative and Community Benefit Societies Act 2014 Act, which completed on 31 December 2018, when the activities and assets of Choice Support were transferred into mcch. Choice Support then changed its name to Choice Support 2018 Limited and mcch changed its name to Choice Support. Details of subsidiaries of the former Choice Support that were transferred to mcch are given within note 23.

Presentation of financial statements

The merger of mcch with Choice Support is a case of two incorporated charities of comparable size coming together by mutual agreement to further their common objectives. This combination therefore meets the criteria in the definition of a merger within FRS102. In order to give a true and fair view, the accounts for the year ended 31 March 2019 were prepared under the principles of merger accounting, whereby the financial statements were combined for the whole of the year from 1 April 2018 to 31 March 2019, as if the merged entity had always existed.

These financial statements are therefore those of Choice Support and its charitable subsidiary, The Blue River Project (company registration number 02656104; charity registration number 1029739).

Statement of Trustees' responsibilities

The Trustees (who are also the Directors of Choice Support for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- Select suitable accounting policies and apply them consistently
- Observe the methods and principles in the Charities SORP
- 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 business

The Trustees are responsible for keeping proper 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.

Trustee liability insurance was in place in both the current and prior financial years.

Recruitment and Appointment of Trustees

Under the requirements of the Memorandum and Articles of Association the Board of Trustees are elected to serve for three years from the date of appointment after which time they will retire. Trustees may be reappointed for two additional terms if desired, and thereafter for further terms under special circumstances as determined by the Board.

All members of the board of Trustees give their time voluntarily and received no benefits from the charity. Any expenses reclaimed from the charity are set out in note 10 to the accounts.

Trustees are recruited following advertising or using recruitment agencies. The interview process establishes trustee suitability and skills and experience to provide a balanced range of skills on the board.

Trustee Induction and Training

All new Trustees receive an induction and have the opportunity to attend external courses relevant to assist them in discharging their responsibilities. Ongoing training is identified from Board review and appraisals, and is delivered internally, at away-days, or by individual trustees attending specific courses relevant to their interests or lead responsibilities.

Organisational Structure

The charity is governed by the Board of Trustees which meets at least six times a year and is supported by a Chief Executive and a team of senior officers to whom the Board delegates the day to day management of the charity. The Board and senior officers hold an Away-day at least annually to develop strategy and to review governance and management arrangements in more detail. The Board is supported by three committees: Quality and Safeguarding; Human Resources; and Finance, Risk and Audit. Designated Board members sit on all of these committees, alongside officers and report back to the full Board. In addition, there is a Remuneration committee which is comprised of a number of senior Board members and is attended by the Chief Executive. During the period under review the Board was also supported by an Integration committee whose purpose was to oversee the integration of the merged organisation. The committee was disbanded once its purpose was achieved.

Charities and Public Benefit

In shaping our objectives for the year and planning our activities the Trustees have considered the Charity Commission's general guidance on public benefit and fee charging, including its guidance - Public Benefit: Running a charity (PB2).

Strategic Report

Ensuring our work delivers our aims

As a newly merged Charity we have spent more time this year looking at how we deliver the aims and objectives of our Charity. We carry out an annual review and this year we have focused our activities on our core purpose. We have worked with our staff and beneficiaries to review what outcomes we have achieved and explored their impact in relation to our charitable purpose. This organisational reflection has led to a more refined definition of purpose, a focus on happiness. Our discussions have led us to look at the ways we offer opportunities for the people we support to be happy

The charity's vision is :

A world where everyone matters and everyone cares.

Our values are:

We Care - We care about people and stand up for what is right.

We Respect - We are open and honest and value people for who they are.

We Learn - We listen, we work together and we continue to improve.

We Lead - We are experts at what we do and make good ideas happen.

We can't respect unless we care; we can't learn unless we care and respect and we can't lead unless we care, respect and learn.

The focus of our work

The charity's principal activity during the year continued to be the provision of a range of support services for people with learning disabilities, or mental ill health, or autism, providing not only supported housing and residential care but also a range of innovative employment opportunities and social activities. The charity continued to operate throughout England.

Achievements and Performance

The main measurement of performance comes through the business plan. 2019 was our first year, post-merger, as a single charitable entity. One of our first tasks was to review our Business Plan with Trustees. Following this we worked on a new suite of Key Performance Indicators designed to ensure we comply fully with legislative and contractual requirements, as well as being indicators of business efficiency. These are reported to both the main Board and committees at different times throughout the year. In addition, we pay close attention to the views of the people we support, their families and our staff. We hold regular forums with both staff in regions and families. Data is collected from our Quality Checker teams of people with lived experience who are paid to capture the voice of people we support.

The review of the Business Plan helped us to define our strategic priorities. Our ambitious strategies were designed to help us modernise our service offers and begin the process of transforming Choice Support into a more flexible, innovative, relevant, and sustainable social care organisation that is fit for the future.

We completed most of our Integration plan by the Summer of 2019. We had a total of 66 integration projects with the majority completed by December 2019. We made a 25% reduction in our central services staffing. The Programme completed ahead of time and resulted in total annual on-going savings of £1,138,364 against a target of £1,117,150.

In 2019/20 we were able to realise many of the planned key benefits of our merger including:

- Improved reputation and influence
- Increased resilience to loss of contracts and reduction in competitive pressure
- Reduction of central costs, retaining services that add value and quality to our frontline
- Leveraging respective expertise/specialisms and geographical coverage – expanding our offer to potential customers
- Strength of combined balance sheets enable investment in new work/technology and new/cost effective models of social care
- A more diverse career pathway to staff

We also had some lesson learnt including what we did well:

- Established cross charity working groups involving Trustees and Executives to work on the business case, due diligence etc.
- Approached the merger as a partnership and a 'merger of equals'
- Established a single Board and Leadership Team from day one
- One Committee to oversee integration with a dedicated senior officer
- Placing control and change at the heart of the business (not with a change/project team)
- Created a new and fresh brand and website with new vision and values
- Good project control in most projects enabling delivery of benefits
- Restructures and redundancies were concluded early to enable a more settled environment

And what we could have done better:

- Communication between project teams to understand each other's work and build trust
- Achieved better engagement from the business during change projects – voluntary engagement was poor
- Ensure robust project management for all projects
- Improved staff retention to support integration projects and minimise knowledge loss

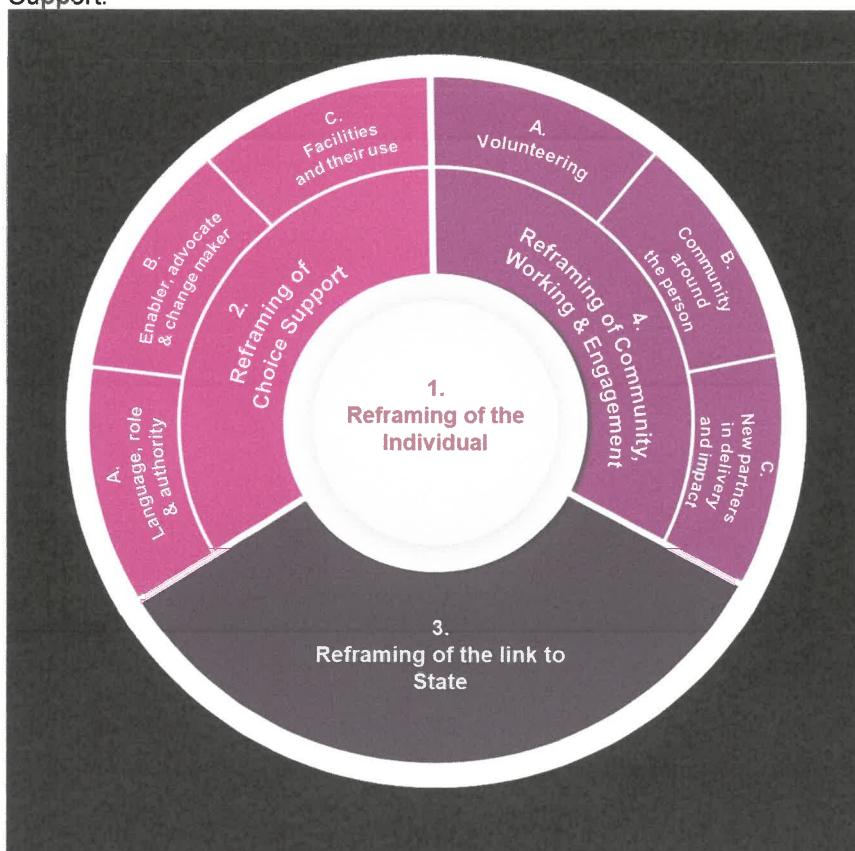
Tackling agency costs remained a high priority for us in relation to quality and cost. We were able to continue our programme of agency reduction resulting in a £223k saving for 2019/20. This ran alongside our recruitment and retention strategies. We revitalized recruitment advertisements, to reflect our values and to make the work more appealing and we pro-actively targeted marginalised groups in the labour marker, for example ex-offenders, care leavers and refugees. Recruitment training for managers has been refreshed, with an emphasis on values-based recruitment and involving the people we support in the selection of their staff.

We worked hard to promote apprenticeships to our employees and supported them to complete the programme, to ensure our apprentice levy funds were fully used.

Our aim this year was establish a new culture based on our values encouraging responsibility, flexibility, creativity, and innovation. We wanted to empower colleagues who are closest to people we support to make decisions and recognise and reward people who demonstrate our values and help make a positive difference to the lives of the people they support. We developed a new online reward system, to encourage managers to give praise and financial recognition to their staff and we were planning to hold staff awards again this year – postponed due to COVID 19.

Our work on culture was recognized this year as we were awarded entrance into the Great Places to Work scheme – a significant achievement for us at this was our first attempt in the first year of our new organisation. We also achieved 77.3% staff occupancy (against a target of 85%) and 15.7% turnover (against an average for the social care sector of 30.7%) which in the current labor market is a good outcome/benchmark.

This year we focused on moving away from outputs and measuring our work by looking at the money and numbers, to whether we have been able to help people have better lives. We undertook a Strategic Impact Review with Bates and Wells as a first step to developing new business models and the reframing of Choice Support.



In recent years we pursued a strategy to mitigate the risk of contract loss through retendering by introducing Individual Service Funds (ISFs) in place of block contracts. ISFs provide a better outcome for people we support as it gives them greater control and flexibility over their own funding. In principle, we retain the work, thereby avoiding. This work has gained traction this year and we are now working in partnership with commissioners to transform over £6 million of more traditional support into individualized packages over the next 3 years.

Building on this approach we have been working to establish 4 pilot sites to explore how teams can be more autonomous in their work. This fits with our strategy and vision aiming to develop a new way of doing things (our culture) that:

- places decision making as close to the person as possible
- devolves power and control based on trust
- focuses on people not money
- translates our values into the way we work.

We have invested time and resources in learning and preparing Choice Support for self-management in action.

The NHS Long Term Plan has influenced our strategic thinking this year and seen us focus on forensic, crisis and well being provision. We were delighted to win our bid to provide a new Crisis Café in Southend On Sea in line with the Long-term Plan's priorities.

Supporting people to move out of Assessment and Treatment Units remains a high priority for Choice Support. Following on from the abuse scandal at Whorlton Hall Hospital we have continued with our Programme to seek further grant funding through the Transforming Care Programme. We were successful with a Capital Grant of over £2 million to build 5 new homes in Nottingham for people returning from hospital. Building specialist and dedicated accommodation has increased our capacity to provide hospital step-down and discharge opportunities for people currently in the Transforming Care Programme. We were delighted that our work in this area was captured as an example of proactive innovation in this year's CQC State of Care Report.

Technology is proving to be an essential part of service design. This year our technology strategy has governed 6 projects. Each project focused on transformation and paving the way forward and the journey has been as important as the product. An example of this is our Innovate Sutton project where 5 homes received intensive support from the Innovation & Technology team to identify, implement and embed technology to improve the independence and quality of life for the people we support. The project also used existing assistive technology systems to support safety and identify and implement additional technology that will help achieve this. We developed a system for staff to be inspired, find new activities, use community assets, and increase individual's value for money and quality of life.

A further example is Our Safe support: This is an after hours project worked with 2 homes to review their night support so we can increase the dignity of supported individuals and reduce staffing requirements. The Echo Dot Pilot saw us install 5 Echo Dots in a variety of settings, providing training to the teams and individuals. Each home was supplied with a tablet so the teams could explore skills, routines and alarms. Smart home tech and Alexa buttons were also provided to teams to test how they can be used. Finally our Better systems, better business project implemented 5 user-designed systems for; Technology, Housing, Business & Development, Employment services and Community Outreach to improve how we capture data for better decision making, increased self-management within services and explored the potential of going digital. The findings of this project have fed into the organisational aim of digital transformation.

At the end of 2019/20 we were awarded the CQC Experts by Experience Contract. The contract is £10.8M over three years, dependent on volumes. This is an additional £2mil on our existing contract per annum. We are very proud that Choice Support is the first prime provider to deliver the entirety of the programme since the contract began in 2009. The work covers all 4 regions of England and expands our Expert by Experience workforce to over 400 people by working collaboratively with our 21 partner sub-contractors. Building on this success we were awarded a contract with Kirklees Council to run their Quality Checking programme for the next 2 years, and signed a three year contract with a large provider to run their internal Experts by Experience programme. Our success has been built on a belief that people who use services are best places to help judge their effectiveness. Their unique insight has proved invaluable in building robust inspection methodologies and supporting the CQC to see things through a different lens.

Section 172

Section 172 of the UK Companies Act 2006 states that all Trustees must act in accordance with a set of general duties. A Trustee of a charitable organisation must act in the way they consider, in good faith, would

most likely promote the success of the charity for the benefit of its stakeholders as a whole, and in doing so have regard (amongst other matters) to the:

- likely consequences of any decisions in the long term;
- interests of the charitable company's employees;
- need to foster the charitable company's business relationships with suppliers, customers and other;
- impact of the charitable company's operations on the community and the environment;
- charitable company's reputation for standards and business conduct; and
- need to act fairly between members of the charitable company

Environmental Impact

The trustees recognise the environmental and climate risks faced by the charity and we are committed to reducing, where possible, the environmental impact of our operations and minimising our environmental impact. In order to achieve this Choice Support ensures waste is recycled where possible, all new domestic appliances (including heating systems) are A rated, and in 2019/20 we have invested in technology to reduce our need to travel.

Choice Support has appointed an independent carbon and energy management company to assess its Greenhouse Gas (GHG) emissions in accordance with the UK Government's 'Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance'.

The GHG emissions have been assessed following the ISO 14064-1:2018 standard and has used the 2019 emission conversion factors published by Department for Environment, Food and Rural Affairs (Defra) and the Department for Business, Energy & Industrial Strategy (BEIS). The assessment follows the location-based approach for assessing emissions from electricity usage. The financial control approach has been used.

The table below summarises the GHG emissions for the reporting year 1 April 2019 to 31 March 2020. This is the first year Choice Support has assessed its emissions, and this will set the baseline for future assessments.

Scope	Activity	Tonnes CO2e
Scope 1	Site gas	1362.98
	Van travel and distribution	6.24
	Company car travel	1.31
Scope 1 Sub Total		1,370.53
Scope 2	Electricity generation	407.69
Scope 2 Sub Total		407.69
Scope 3	Employee-owned car travel (grey fleet)	62.87
	Electricity transmission & distribution	34.61
Scope 3 Sub Total		97.48
Total tonnes of CO2e		1,875.69
Intensity metric: Tonnes of CO2e per employee		0.76
Intensity metric: Tonnes of CO2e per £M turnover		29.41
Total Energy Consumption (kWh)*		9,334,501.81

* Total Energy Consumption includes UK Electricity, UK Site Gas, Company Owned Vehicles and Employee owned vehicles (grey fleet).

Fundraising

While the Fundraising function across Choice Support was reduced prior to the 2019/20 financial year, we continued to undertake some fundraising activities throughout the 2019/20 financial year.

We received a further year's grant funding from the Kent Police and Crime Commissioner for our Jigsaw project, supporting the awareness and reporting of hate crime against people with learning disabilities, enabling us to develop a slightly new and expanded offer for the people of Kent.

From our fundraising events in previous financial years, for example, the Corporate Golf Day, we had raised approximately £50,000, which created an Experience Fund for people within Choice Support to access monies enabling them to realise ambitions and undertake specific experiences. This Experience Fund has resulted in people we support gaining a range of experiences that would not have been possible, for example:

- Attendance at Comic Con, with dinner included
- Wheelchair accessible swing
- Lion King Trip
- Weekend Trips away including one to Portsmouth
- Monies to build and design a sensory greenhouse
- Tina Turner musical
- WBR Christmas party for people we support

We do not use professional fundraising agencies or commercial participators to raise funds and we are no longer registered with the Fundraising Regulator.

Our volunteer fundraisers use reputable online giving platforms which give us full access to reports on the funds raised. We have not received any complaints about fundraising but should anyone wish to raise a complaint we would seek to resolve it through our published complaints procedure. We do not currently undertake any direct mailing activity, and we do not fundraise from vulnerable people or anyone who has previously requested not to be contacted by us. We do not share our donors' data with any other party and have not had any complaints regarding our processes and policies in the year.

The Choice Support Privacy Policy, published on our website, clearly states what personal data Choice Support will hold in relation to supporters and how this data will be used. It also sets out how individuals can raise concerns or complaints.

We'd like to express our sincere thanks to everyone who has supported us over the year.

Principal Risks and Management

The board of trustees ensures the charity exercises sound financial management and has effective management and internal controls. It ensures the development of a business plan, financial strategy, and policies that maintain and improve the charity's financial health, integrity and safeguards its assets. The board receives accurate, timely and meaningful financial information and advice on all approved investment and audit arrangements and all other financial matters. It is this which enables the board to give an annual statement of assurance in respect of financial control systems.

We have in place a corporate risk management policy that sets out the board's agreed approach to risk management. The policy applies to the whole charity and sets out how we understand and manage risks relating to the law, regulations, governance, financial management and business performance.

We use our risk management framework to identify, prioritise and manage risks. This helps us to minimise threats and make the most of opportunities. We report on risks and mitigating action to our Finance, Risk and Audit committee (FRA committee) and our board of trustees.

We define a risk as an incident, event, or action that may affect our performance, mean we do not meet our targets, goals and plans, or result in loss of some kind. We maintain a strategic risk register and an operational risk register.

The FRA committee:

- reviews the charity's risk registers at least annually and strategic risks at each meeting;
- identifies significant changes, including events that might increase the probability of risks crystallising and advises the board on any matters which might create significant financial risk.

The principal risks faced by the charity remain financial - owing to continued pressure on local authority funding which results in low pay and low margins. In turn, this leads to difficulty recruiting and retaining employees and an increased reliance upon costly agency staff. It has also rendered some contracts unviable resulting in deficit making services. This is managed effectively through negotiations for higher contract uplifts, making efficiency

savings via new ways of working, innovative business models and effective HR strategies. We are also handing back contracts that remain unsustainable after making efforts to alleviate the risks.

The other main risks are connected with the loss of IT systems or data. These are mitigated through effective disaster recovery systems and the use of encryption software. We minimise internal risks by the implementation of procedures, support and training ensuring consistent quality of service.

During the year we introduced a separate COVID risk register in response to the global pandemic. We put in place a process of risk assessment for people we support and employees with appropriate mitigating actions.

We recognise systems and internal controls provide reasonable, but not absolute, assurance that major risks have been adequately managed. The board is satisfied that major risks have been reasonably identified and adequately mitigated where necessary.

Remuneration Policy

The Remuneration Committee meets at least once per annum to consider the overall remuneration strategy of the organisation, and in particular that of the Directors Group. The committee is chaired by the Choice Support chair, and is attended by Committee chairs. Senior salaries are benchmarked externally using a variety of formal and informal sources including the XperthHR Voluntary Sector Salary Survey.

Staff engagement Policy

Our staff engagement work focuses on our employees as it relates to the following;

- Recruitment, selection and induction
- Probation, learning and development
- Communications
- Reward and recognition
- General conditions of employment
- Performance and conduct
- Work-life balance and wellbeing
- Employee relations and staff representative trade union and matters arising through them.

Through a process of engagement and collaboration, we will strive to meet our priorities: ensuring that our policies are understood by employees and managers alike, and remain relevant and workable.

Financial Review

The Group is reporting a surplus of £177k for the financial year ending 31 March 2020 (2019: a surplus of £338k) before transfers between reserves and the pension actuarial adjustment.

Total income has fallen by 4.19% however after removing the impact of the capital grant funding income has fallen by 5.56%. Total expenditure has seen a corresponding fall of 4.11% with cost increases due to the National Minimum Wage not being fully reflected in uplifts in fees from local authorities.

Ongoing downturn pressure on fees in the care sector and austerity measures in the public sector finances continues to pose a challenge and has impacted contract retention in a highly competitive market.

In spite of this, our financial position remains sound. Net assets after allowing for the pension liability are £40.4m, an increase of 7.8% on the previous year which was due to very positive movements on the pension liability. Excluding the pension liability, net assets decreased by 0.66%.

Impact of HMRC guidance on 'sleep-in' rates

At the date of approval of these financial statements the company has quantified its potential liability and has made a nil declaration to HMRC on the basis of the law as it currently stands. In the event that the law is reversed following the Supreme Court hearing, the Trustees believe that there may be a significant contingent liability for the company in respect of the arrears of sleep-in pay. Further information is given in note 24 to these financial statements.

Principal Funding Sources

The main funding sources of the charity are fees received from local authorities and the NHS for the provision of services in the furtherance of its charitable aims. A significant amount of income derives from rent and service charges for the occupation of properties owned and leased by the charity.

The largest area of expenditure is staff costs directly attributed to meeting the care and support needs of service users. Expenditure has been incurred in the key area of central management where staff report under functionality directorates to provide vital support, administration and management information to ensure our key objectives are met effectively in a cost-effective manner.

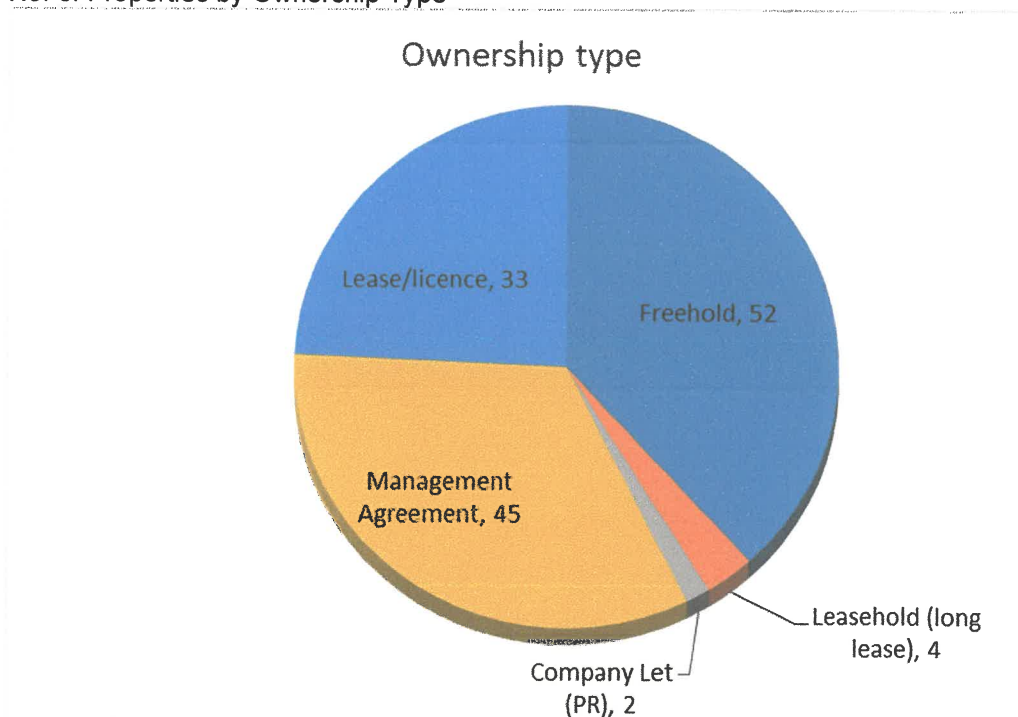
Property portfolio

Choice Support owns and manages approximately 136 properties across 40 plus separate local authorities comprised of 11 day and enterprise services, 11 main and regional supporting offices and 113 residential properties (dwellings). We work in partnership with around 40 landlords including 13 housing associations, 6 Local Authority/NHS landlords and 21 private landlords

Our property portfolio includes:

Ownership Type	No. Properties	No. Lettable Units/Bedspaces
Freehold	52	177
Leasehold (long leases)	4	24
Management Agreement	45	215
Leases/Licences	33	117
Company Lets (Private Rental , PR)	2	2
Total	136	535

No. of Properties by Ownership Type



Investment Policy

Choice Support has published an investment policy which seeks to strike the right balance between the two objectives of:

- providing an income to help the charity carry out its purposes effectively in the short to medium term, and
- maintaining and enhancing the value of the invested funds, so as to enable the charity to effectively carry out its purposes in the longer term.

Every investment opportunity is subject to financial scrutiny and appraisal in order to ensure that we are allocating resources prudently and making the right decision particularly where there is more than one opportunity to choose from. We will seek to consider both the financial and non-financial issues that could affect investment in any given project, service, property or group of projects, services or properties. We will adopt a flexible approach to investment that combines a mixture of ethical, socially responsible, and mission related approaches to investment in so far as decisions are financially sound and economically viable or otherwise justifiable.

Cash not required in the short or medium term is invested in fixed deposit accounts, bonds or other deposit funds designed for longer term investment. This is placed with reputable banks in the UK providing the best interest rates with minimum risk of loss. Any cash surplus to our daily requirements but which is needed to fund on-going working capital is invested in an instant access special reserve account.

We consider investment in innovative housing solutions for people with learning disabilities, autism or mental health needs. We invest in the research and development of different models of support and new concepts of providing care for people with learning disabilities, autism or mental health needs.

We invest in the research and development of innovative ideas that enhance our reputation as a problem solver in the Adult Social Care sector particularly to make a difference in the lives of people with learning disability; mental health or autism needs as well as investing in Information and Communication Technology and infrastructure in line with our ICT Strategy.

Reserves Policy

During the year, the board of Trustees reviewed the charity's requirements for reserves taking into consideration the main risks facing the organisation and the Charity Commission guidance on the subject. Trustees are mindful of the need for further reserves to support future capital investment, working capital requirements to support new initiatives, any potential repayment of capital grants, other legislative changes, and the continuing financial pressures within the social care sector.

Trustees consider that general reserves should be retained at a level sufficient to cover a minimum of six months expenditure relating to support costs. Support costs are mainly expenditure relating to local, area and central management overheads. Direct staff and non-staff costs pertaining to operational business activities are substantially covered by fee income and trustees have set a contribution level for these activities. Reserves are also used to cover budget shortfall in the short term for services that are not currently generating the target contribution for which a turnaround plan or exit strategy must be established. Additionally, reserves are held for investment in housing related projects as opportunities arise working in partnership with other public bodies who provide significant capital funding.

Budgeted support costs for 2020-21 are £11.8m. Six months is equivalent to £5.9m.

Our free reserves at 31 March 2020 stood at £7,760k (2019: £6,611k) after allowing for the servicing of the long term pension liability. Restricted funds currently stand at £16,414k whilst designated funds of £16,253k have been set aside for items identified in Note 17.

Trustees are satisfied that the level of free reserves currently held is sufficient to meet the total reserve requirements outlined above, as well as the planned payment of the LGPS pension scheme (note 26).

Plans for future Periods and COVID-19

This is the last year of our existing Strategy and Business Plan. In 2020/21 we will begin work with our stakeholders on the strategic options for the next 5 years.

Social care has never been in a more uncertain place in terms of national policy and funding. This has been exacerbated this year by the COVID-19 global pandemic which hit at the end of this reporting period. Choice Support like all social care organisations had to respond overnight to ensure the safety of our beneficiaries and employees.

Our investment in ICT proved invaluable. In March 2020 we completed our migration to Microsoft Office Teams. The use of Teams, and online packages has changed the way we work. It has enabled us to deliver our work in new ways and helped us make decisions quickly. We have learnt we do not need to be co located to work as a team. It has connected us in ways we had not expected, and our aim is to build on this during recovery. We will not have to travel as much as we did in the past.

We will review the use of all of our office accommodation next year in light of this.

COVID-19 made us focus on our structures. We were flexible, and we were able to sense issues and respond swiftly. We focused on what was important – our people and our staff. We were led by people who understand operations and a central support team who stood by their colleagues and adapted processes to ensure safety but aid speed.

Having a resilient workforce that stepped up and did all the right things to keep people safe meant our losses of people we support were minimal in the early stages of the pandemic. The values of our organisation have shone through the work of our staff.

We have seen that teams can work far more autonomously than we have allowed in the past which will be a help as we launch our pilot self-directed teams.

We have always been committed to a community model of support. COVID-19 has demonstrated that this model works as it has contributed to keeping people safe and flexing support in different ways.

There will undoubtedly be a need for the Government to recoup the money it has spent on the COVID-19 crisis. This will mean reduced funding and a need to find new ways to deliver care and support. We will need to re-focus our efforts to ensure all of our contracts work for Choice Support as well as Commissioners. Seeking new partners to help us deliver support in more sustained ways will become a feature of our work moving forward.

We need to push for a move away from hourly-based commissioning to enable us to be more flexible and creative. Now is the time to think about real and sustained change to the ways we operate in the future. We should not go back to "business as usual" - either internally or externally. COVID-19 presents us with as many threats as it does opportunities. Our challenge will be to find the balance to ensure we help our beneficiaries live the lives they chose.

We have considered the impact of COVID-19 since the year end and there has been no material shortfall in income that is not matched by a corresponding reduction in costs. Additional costs incurred have largely been covered by specific funding from local and central government. Additional risks to reserves from the uncertainties arising from pandemic in future months have been considered and we are of the view that the charity has sufficient reserves and liquid funds to mitigate any additional costs arising from COVID-19.

Post Balance Sheet Event

In July 2020 the trustees took the decision to exit the LGPS pension scheme and crystallize the deficit. The valuation methodology of the scheme for this purpose is different to that employed under FRS102 and results in a liability of approximately £1m which will be paid over a three year period beginning with the year ended 31 March 2021. The deficit will be recognised in the financial year ended 31 March 2021.

Employees with disabilities

The charity is a member of the 'Positive about Disabilities' scheme and welcomes applications from people with a disability. Applications for employment by people with disabilities are always fully considered and selection is conducted on the ability and competence of the individual to perform the tasks required with reasonable adjustments being made where necessary. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the charity continues with appropriate adjustments, support and/or re-training. We are also a Mindful Employer and take action to support the mental wellbeing of our employees. It is the policy of the charity that all staff are entitled to fair treatment at work with training, career development and promotion being based on ability and competence. In total over 290 people with disabilities are employed by the charity.

Related Parties

The charity has a number of dormant subsidiaries arising from mergers over recent years. These are listed in note 23 of the accounts. The Blue River Project (company registration number 02656104, charity registration number 1029739) remains the only active subsidiary of Choice Support.

The Trustees' report, has been approved by the Trustees, who have also approved the Strategic report in their role as Directors of the charitable company. Both were approved on 22 October 2020 and signed on their behalf by:



Oliver Mills Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHOICE SUPPORT

Opinion

We have audited the financial statements of Choice Support for the year ended 31 March 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland'

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2020 and of the group's 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 financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHOICE SUPPORT (cont.)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' annual report.

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 3, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHOICE SUPPORT (cont.)

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 which 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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

moore Kingston Smith LLP

Neil Finlayson (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

Devonshire House
60 Goswell Road
London
EC1M 7AD

18/11 / 2020

Consolidated Statement of Financial Activities (incorporating an income and expenditure account)
For the year ended 31 March 2020

Notes	Unrestricted Funds 2020 £000	Restricted Funds 2020 £000	Total Funds 2020 £000	Unrestricted Funds 2019 £000	Restricted Funds 2019 £000	Total Funds 2019 £000
Income						
Donations and legacies	7	42	49	12	159	171
Capital grant funding	-	1,434	1,434	-	550	550
Other trading activities(shops)	29	-	29	17	-	17
Profit on disposal of Fixed Assets	-	-	-	234	-	234
Other income	40	-	40	188	-	188
Income from investments	124	-	124	120	-	120
Income from charitable activities:						
Learning Disability & Autism	54,074	-	54,074	57,187	-	57,187
Mental Health	3,645	-	3,645	3,408	-	3,408
Housing	3,140	-	3,140	3,457	-	3,457
Experts by Experience	1,248	-	1,248	1,240	-	1,240
Total income	62,307	1,476	63,783	65,863	709	66,572
Expenditure						
Expenditure on raising funds						
Fundraising costs	2	-	2	69	-	69
Trading costs (shops)	38	-	38	89	-	89
Expenditure on charitable activities						
Learning Disability & Autism	55,723	37	55,760	59,601	109	59,710
Mental Health	3,588	20	3,608	3,615	1	3,616
Housing	2,990	151	3,141	1,630	110	1,740
Experts by Experience	988	-	988	1,037	-	1,037
Total expenditure	63,329	208	63,537	66,041	220	66,261
Net (losses) / gains on investments	12	-	(69)	27	-	27
Net Income/(Expenditure)	5	1,268	177	(151)	489	338
Transfer between funds	17	(102)	-	(29)	29	-
Pension opening adjustment	17	-	-	(1,042)	-	(1,042)
Pension scheme actuarial gain/(loss)	6,16	-	2,746	(889)	-	(889)
Net movement in funds	1,757	1,166	2,923	(2,111)	518	(1,593)
Funds at the start of the year	22,256	15,248	37,504	24,367	14,730	39,097
Funds at the end of the year	24,013	16,414	40,427	22,256	15,248	37,504

BALANCE SHEET
As at 31 March 2020

		Charity		Group	
	Notes	2020 £'000	2019 £'000	2020 £'000	2019 £'000
FIXED ASSETS					
Intangible assets	11	375	604	375	604
Tangible assets	11	28,744	28,065	28,744	28,065
		29,119	28,669	29,119	28,669
INVESTMENTS					
Investments	12	480	533	480	533
Long term deposits	12	6,151	6,807	6,151	6,807
CURRENT ASSETS					
Stocks	13	22	24	22	24
Debtors	14	9,130	9,101	9,130	9,101
Cash in bank and in hand		4,242	4,386	4,242	4,386
		13,394	13,511	13,394	13,511
CREDITORS: Amounts falling due within one year	15	(7,035)	(7,130)	(7,029)	(7,124)
NET CURRENT ASSETS		6,359	6,381	6,365	6,387
NET ASSETS excluding pension liability		42,109	42,390	42,115	42,396
Pension liability	16	(1,688)	(4,892)	(1,688)	(4,892)
NET ASSETS including pension liabilities		40,421	37,498	40,427	37,504
CAPITAL AND RESERVES	17				
Restricted		16,414	15,248	16,414	15,248
Designated		16,253	15,645	16,253	15,645
Pension		(1,688)	(4,892)	(1,688)	(4,892)
General		9,442	11,497	9,448	11,503
		40,421	37,498	40,427	37,504

As permitted by s408 of the Companies Act 2006, the company has not presented its own statement of financial activities and income and expenditure account. The company's net income in 2020 was £177k (2019: £338k)

The financial statements on pages 18 to 44 were approved and authorised for issue by the Board of Directors on 22 October 2020.



Oliver Mills Chairman



Tim Coppard Trustee

Company No. 8971493

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2020

	Group	
	2020	Merged
	£'000	2019
		£'000
Cash Flows from operating activities		
Net cash (used in)/ provided by operating activities	290	(734)
Cash flows from investing activities		
Interest Receivable	124	120
Payments to acquire tangible fixed assets	(1,130)	(890)
Payments to acquire intangible fixed assets	(68)	(149)
Sale Proceeds from disposal of fixed assets	-	487
Purchase of investments	-	(487)
Proceeds from disposal of investments	1	8
Net Investment in long term deposits	656	(1,807)
Net cash outflow from investing activities	(417)	(2,718)
Net change in cash and cash equivalents in the reporting period	(127)	(3,452)
Cash and cash equivalents at 1 April 2019	4,413	7,865
Cash and cash equivalents at 31 March 2020	4,286	4,413
Analysis of cash and cash equivalents		
Cash in hand and at bank	4,242	4,386
Cash held at investment managers	44	27
	4,286	4,413
Reconciliation of net income / (expenditure) to net cash flow from operating activities		
	2020	2019
	£'000	£'000
Net income	177	338
Interest receivable	(124)	(120)
Depreciation of fixed assets	451	575
Unrealised gains on investments	69	(27)
Amortisation of intangible assets	297	328
(Gain)/Loss on sale of assets	-	(81)
Net movement on pension scheme	(458)	(400)
Decrease/(increase) in stocks	2	5
Decrease/(increase) in debtors	(29)	(1,296)
(Decrease)/increase in creditors	(95)	(56)
	290	(734)

1. ACCOUNTING POLICIES

Status

The charity is a company limited by guarantee, incorporated in England and Wales (company number 8971493) and registered with the charity commission (number 1156486) with a registered address of One Hermitage Court, Hermitage Lane, Maidstone, Kent, ME16 9NT.

Accounting convention

The charity constitutes a public benefit entity as defined by FRS102. The financial statements have been prepared in accordance with 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 (FRS102) including update bulletin 2 (SORP(FRS102)), the Financial and Reporting Standard applicable in the United Kingdom and Republic of Ireland, The Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice.

The financial statements are prepared on a going concern basis under the historic cost convention, modified to include certain items at fair value.

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 thousand pounds.

Going concern

The financial statements are prepared on a going concern basis which assumes the organisation will continue in operational existence for the foreseeable future.

The trustees have considered the impact of COVID-19 on the charity's income and expected level of income and expenditure, and believe that :

- the nature of the charity's activities are such that there will not be any material shortfall in income that is not matched by a corresponding reduction in costs; and
- The charity has sufficient liquid reserves to deal with any additional costs incurred arising from COVID-19, such as additional PPE, if these are not funded by local or central government.

Based on above, the trustees consider that the charity has adequate resources to continue to operate and meet their liabilities as they fall at least for a period of 12 months from the date of approval of these financial statements and consequently the financial statements have been prepared on a going concern basis

Basis of consolidation

The consolidated accounts comprise those of Choice Support with those of its sole active subsidiary, The Blue River Project. The accounts for the year ended 31 March 2019 were prepared on the basis of a group merger structure using the principles of merger accounting, whereby the accounts are shown as if Choice Support and mcch had been amalgamated for the whole of the year ended 31 March 2019, although the transfer took place on 31 December 2018.

Income

Resources from raising funds are received by way of donations, gifts and fundraising and is included in full in the Statement of Financial Activities (SOFA) when there is entitlement to the income, the receipt is probable and the amount can be quantified. Interest income is included when receivable.

Income from charitable activities includes fees and grants for residential care and is included when receivable. This income represents amounts due from tenants in supported living services, residents of registered services and grants and allowances receivable from funding bodies including fees for the provision of community, employment and vocational services. Grants of a revenue nature are credited to income in the period to which they relate.

Grants for capital expenditure are credited to income and held in restricted reserves. Expenditure of such grants is subject to the terms and conditions under which the grants were made and the depreciation of the capital asset acquired is debited to the SOFA.

Expenditure

Expenditure is recognised in the period in which it is incurred. Expenditure includes attributable VAT which cannot be recovered and is reported as part of the expenditure to which it relates.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its charitable activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs, which are included within support costs, are those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fee and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of resource. Costs relating to a particular activity are allocated directly; others are apportioned on the basis of resources utilised.

Tangible fixed assets

Land purchased for the purpose of developing into units for occupation by people with learning disabilities, autism or enduring mental health issues, together with the development costs associated therewith, are disclosed separately in the balance sheet. No depreciation is provided on these assets until such time as they are brought into use by Choice Support.

Component accounting is used and applied to all freehold property. Land is not depreciated. The Board has taken professional advice as to the estimated economic life of each building and the apportionment of original cost between land and buildings. The various components and associated estimated useful lives are:

Kitchens	15 years	Roofs	25 and 75 years
Bathrooms	20 years	Windows & doors	25 years
Electrical re-wire	30 years	Lifts	40 years
Boiler and heating	15 years	Specialised baths	15 years
Bricks and mortar	100 years		

Depreciation is provided on all other tangible fixed assets other than freehold land and buildings at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Leasehold buildings	Depreciated over the leasehold period
Fixtures and fittings	25% pa on cost
Office & IT equipment	25% pa on cost
Motor vehicles	25% pa on cost

A full year's depreciation is charged in the year of acquisition and none in the year of disposal. Assets costing over £1k used in area and central offices are capitalised. Replacement assets in services are charged directly to the SOFA irrespective of cost.

Depreciation rates, residual lives and impairment losses are assessed annually.

Intangible fixed assets

Intangible fixed assets are recognised at costs and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised so as to write off the cost less their estimated residual values over their useful lives, as follows: -

Software	25% on cost
----------	-------------

Financial Instruments

Trade debtors that have been acquired in the ordinary course of business are obligations by commissioners and others to pay for goods or services supplied. These basic financial assets are initially measured at transaction price including transaction costs and are subsequently carried at book value after making adequate provision for non-payment. There are no arrangements that constitutes a financing transaction, whereby the transaction would be measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised at transaction price on the basis that they are imminently payable.

Fund Accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund. Capital grants, or other funds received, for a specific purpose are transferred to

restricted reserves. Depreciation is offset against it once the capital asset has been acquired and is brought into use.

The trustees designate certain funds to reflect the fact that those funds are not available for general use; these amounts are disclosed as designated reserves. Note 17 details funds that have been designated and include funds tied up in fixed assets and sinking funds set aside for future housing expenditure of a cyclical nature.

Investments

Investments in the subsidiary undertakings are stated at cost in the charity balance sheet and are classified as fixed assets. The charity has paid no consideration for the investments in subsidiaries and therefore there is no cost shown in the balance sheet.

Cash held in fixed rate deposit accounts with terms longer than twelve months or with the intention of reinvestment for such a period has been classified as long term investments and shown separately in the balance sheet.

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date.

Realised and unrealised gains (or losses) are credited (or debited) to the statement of financial activities in the year in which they arise.

The charity does not acquire put options, derivatives or other complex financial instruments.

Stock and work in progress

Stocks of goods held for resale are valued at the lower of cost and net realisable value.

Taxation

The charity and its subsidiaries have charitable status and therefore are not subject to Corporation Tax on surpluses derived from their charitable activities.

Retirement Benefits

The charity participates in both defined benefit (multi-employer) and defined contribution schemes which require contributions to be made to separately administered funds. Contributions payable for the year relating to defined contribution schemes are charged in the Income and Expenditure Account as incurred. Defined benefit schemes, are accounted for in line with FRS102.

Employee Benefits

The cost of short-term employee benefits are recognised as a liability and an expense. 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.

Rentals under operating leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the Statement of Financial Activities in the year in which they fall due.

2. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

The charity has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depends on a number of factors including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 16 for the disclosures relating to the defined benefit pension scheme.

The charity makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets taking account of the separate component parts of the land and buildings. See note 11 for the carrying amount of the property, plant and equipment and note 1 for the useful economic lives for each class of asset.

3. CHARITY RESULTS

Choice Support has taken advantage of S408 of the Companies Act 2006 not to prepare a separate parent charity Statement of Financial Activities. The total income of the parent charity only was £63.8m (2019: £66.5m) with a surplus of £177k for the year before pension actuarial gains and opening adjustments (2019: a surplus of £338k).

4. INCOME

	2020 £'000	Merged 2019 £'000
Fundraising and donations	49	171
Capital Grant funding	1,434	550
Supported Living and Individualised services	40,306	41,858
Registered Care	13,196	14,802
Housing	2,967	3,310
Experts by Experience	1,248	1,240
Community support	630	549
Engagement Services	2,337	1,991
Employment Services	499	525
Social Enterprises	931	999
Trading	25	17
Other income	37	206
Investment income	124	120
Profit on disposal of fixed assets	-	234
	63,783	66,572

5. NET INCOME FOR THE YEAR	2020 £'000	Merged 2019 £'000
This is stated after charging:		
Depreciation	451	575
Amortisation	297	328
Operating lease rentals	1,005	1,319
Net profit / (loss) on disposal of fixed assets	-	81

6. PENSION SCHEME ACTUARIAL (LOSS)/GAIN

	2020 £'000	Merged 2019 £'000
Actuarial gain/(loss) – Bexley LGPS	(35)	236
Actuarial gain/(loss) - SHPS	2,781	(1,125)
Note 16 Total	2,746	(889)

7. OPERATING EXPENDITURE

2020				Group
Group	Direct costs, staff £'000	Direct costs, non-staff £'000	Support Costs (note 8) £'000	Total 2020 £'000
Cost of generating voluntary income	18	22	-	40
Direct charitable activities:				
Learning Disability & Autism	43,703	3,150	8,907	55,760
Mental Health	2,314	446	848	3,608
Housing	427	2,373	341	3,141
Experts by Experience	245	607	136	988
Total	46,707	6,598	10,232	63,537

2019				Group Merged
Group	Direct costs, staff £'000	Direct costs, non-staff £'000	Support Costs (note 8) £'000	Total 2019 £'000
Cost of generating voluntary income	96	62	-	158
Direct charitable activities:				
Learning Disability & Autism	44,888	5,757	9,065	59,710
Mental Health	2,178	707	731	3,616
Housing	368	1,183	189	1,740
Experts by Experience	235	645	157	1,037
Total	47,765	8,354	10,142	66,261

8. SUPPORT COSTS

2020

	Learning Disability & Autism £'000	Mental Health £'000	Housing £'000	Experts by Experience £'000	Group 2020 Total £'000
Local Costs	1,742	28	-	-	1,770
Area Costs	1,231	411	-	-	1,642
Central Costs	5,934	6409	341	136	6,820
Total	8,907	848	341	136	10,232

2019 (as restated)

	Learning Disability & Autism £'000	Mental Health £'000	Housing £'000	Experts by Experience £'000	Group Merged 2019 Total £'000
Local Costs	1,363	122	73	-	1,558
Area Costs	1,453	225	31	-	1,709
Central Costs	6,249	384	85	157	6,875
Total	9,065	731	189	157	10,142

The 2019 comparative figures have been restated to reflect improved reclassification of certain balances.

Local support costs represent direct management to operational services. Area support costs, include training, recruitment and management costs incurred in the geographical areas. Central support costs represent the support services provided from the charity's head office.

Support costs include the following governance costs:

	Merged 2020 £'000	Merged 2019 £'000
Trustee expenses	6	4
Fees payable to current auditors		
- Audit Services – current year	84	84
- Audit Services – prior year	-	72
- Tax and other non-audit services	5	10
Fees payable to previous auditors	-	15
Total Governance Costs	95	185

9. STAFF COSTS

	2020 £'000	Merged 2019 £'000
Wages and salaries	44,917	47,037
Social security costs	3,828	3,765
Pension costs	1,319	1,138
Redundancy and termination costs	178	217
	50,242	52,157
Agency staff	2,620	2,843
Total	52,862	55,000

The average monthly number of employees during the period was as follows:

	2020 No	Merged 2019 No
Care staff	2,303	2,478
Management and administration staff	163	183
	2,466	2,661

The number of employees whose emoluments, including benefits in kind, were in excess of £60,000 was:

	2020	Merged 2019
60,001 - £70,000	1	2
£70,001 - £80,000	1	-
£80,001 - £90,000	3	6
£90,001 - £100,000	2	1
£100,001 - £110,000	1	1

10. TRUSTEES AND KEY MANAGEMENT PERSONNEL

There are eight trustees serving at 31 March 2020, (2019:10) No trustee received any remuneration or benefit in kind during the year or the prior year. Travel expenses reimbursed to 10 trustees (2019: 9) amounted to £6k (2019: £4k).

Key Management personnel include trustees and executive directors. The aggregate amount, including employers' national insurance, benefits and pensions, paid in the year was:

	2020 £'000	Merged 2019 £'000
Total paid to key management personnel	778	984

11. FIXED ASSETS

A) TANGIBLE FIXED ASSETS - YEAR ENDED 31 MARCH 2020

Charity and Group	Housing Development	Freehold land and buildings	Leasehold land and buildings	Fixtures, fittings, office & IT equipment and vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2019	257	27,858	2,246	597	30,958
Additions	1,028	47	55	-	1,130
Disposals	-	-	-	(14)	(14)
At 31 March 2020	1,285	27,905	2,301	583	32,074
Depreciation					
At 1 April 2019	-	2,066	382	445	2,893
Charged in the year	-	335	44	72	451
Disposals	-	-	-	(14)	(14)
At 31 March 2020	-	2,401	426	503	3,330
Net Book Value					
At 31 March 2020	1,285	25,504	1,875	80	28,744
Net Book Value					
At 31 March 2019	257	25,792	1,864	152	28,065

Certain assets included within Housing Development and Freehold land and buildings have been funded by capital grants which create legal charges over the properties, although section 256 agreements allow the charges to be removed upon negotiation.

In 2002 a number of properties were transferred to the charity for the operation of a contract in Bexley. These properties are not shown in the balance sheet as there is no beneficial ownership and on cessation of the contract, ownership reverts to the original owners.

Housing development costs represent the expenditure incurred in acquiring land and buildings in advance of developing these to provide accommodation for individuals with learning disabilities. Once completed these costs will be reallocated to freehold or leasehold land and buildings as appropriate and depreciated accordingly when they are brought into use.

Two charges in favour of National Westminster Bank plc are held over two other properties.

B) TANGIBLE FIXED ASSETS -YEAR ENDED 31 MARCH 2019

Charity and Group	Housing Development	Freehold land and buildings	Leasehold land and buildings	Fixtures, fittings, office & IT equipment and vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2018	296	27,434	2,499	854	31,083
Transfer	(754)	754	-	-	-
Additions	715	-	56	119	890
Disposals	-	(330)	(309)	(376)	(1,015)
At 31 March 2019	<u>257</u>	<u>27,858</u>	<u>2,246</u>	<u>597</u>	<u>30,958</u>
Depreciation					
At 1 April 2018	-	1,706	524	697	2,927
Charged in the year	-	400	51	124	575
Disposals	-	(40)	(193)	(376)	(609)
At 31 March 2019	<u>-</u>	<u>2,066</u>	<u>382</u>	<u>445</u>	<u>2,893</u>
Net Book Value At 31 March 2019	<u>257</u>	<u>25,792</u>	<u>1,864</u>	<u>152</u>	<u>28,065</u>
Net Book Value At 31 March 2018	<u>296</u>	<u>25,728</u>	<u>1,975</u>	<u>157</u>	<u>28,156</u>

C) INTANGIBLE FIXED ASSETS

Charity and Group	2020 Software £'000	2019 Software £'000
Cost		
At 1 April 2019	1,417	1,268
Additions	68	149
Disposals	-	-
At 31 March 2020	<u>1,485</u>	<u>1,417</u>
Amortisation		
At 1 April 2019	813	485
Charged in the year	297	328
Disposals	-	-
At 31 March 2020	<u>1,110</u>	<u>813</u>
Net Book Value At 31 March 2020	<u>375</u>	<u>604</u>
Net Book Value At 31 March 2019	<u>604</u>	<u>783</u>

12. INVESTMENTS

	Charity and Group	Charity and Group
	2019 £'000	2019 £'000
Listed investments		
Market value at 1 April	506	-
Additions at cost	-	487
Disposals (proceeds: £1,203, gains: £20)	(1)	(8)
Unrealised (losses)/gains	(69)	27
Market value as at 31 March	436	506
Cash held for reinvestment	44	27
Total Investments	480	533
Cash held in long term deposits	6,151	6,807
Total investments and long term deposits	6,631	7,340
Cost of listed investments (excluding cash at 31 March)	496	497

As at 31 March 2020 the following individual investment holdings each represented a material holding (ie greater than 5% of the value of the portfolio) when compared to the value of the listed investments held at that date:

	Market Value £'000	% of total listed investments
Barclays Charity Fund -R (GBP)	436	100

13. STOCKS

	Charity		Group	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Goods for resale	22	24	22	24

14. DEBTORS

	Charity		Group	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade debtors and grants	6,896	7,342	6,896	7,342
Prepayments and accrued income	2,180	1,715	2,180	1,715
Other debtors	54	44	54	44
	9,130	9,101	9,130	9,101

15. CREDITORS: Amounts falling due within one year

	Charity		Group	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade creditors	1,350	1,662	1,350	1,662
Accruals	2,222	2,282	2,229	2,823
Deferred income	1,042	903	1,042	903
Tax and social security costs	955	885	957	886
Client monies	530	422	530	422
Amounts owed to group undertakings	15	8	-	-
Other creditors	921	968	921	968
	7,035	7,130	7,029	7,124
<u>Movement in deferred income</u>				
Deferred income brought forward	903	1,002	903	1,002
Released in year	(903)	(1,002)	(903)	(1,002)
New provision added	1,042	903	1,042	903
Deferred income carried forward	1,042	903	1,042	903

16. PENSION LIABILITY

	Group and Company	Group and Company
	2020	2019
	£'000	£'000
Re Bexley LGPS		
Surplus/(Deficit) for at the beginning of year	(4)	(301)
Current service cost	-	-
Employer contributions	77	77
Past service costs	(39)	-
Net interest / return on assets	1	(16)
Actuarial (loss) / gain*	(35)	236
Bexley LGPS pension liability	-	(4)

*The actuarial gain (loss) figure has been adjusted to ensure that no surplus is recognised, in accordance with FRS102.

	Group and Company	Group and Company
	2020 £'000	2019 £'000
Re SHPS- NPV of deficit reduction plan future liability		
Surplus/(Deficit) at the beginning of year	(4,888)	(3,060)
Opening adjustment (see accounting policies)	-	(1,042)
Restated surplus (deficit) at the beginning of the year	(4,888)	(4,102)
Current service cost	-	(45)
Employer contributions	542	501
Net interest / return on assets	(123)	(117)
Actuarial (loss) / gain	2,781	(1,125)
SHPS pension liability	(1,688)	(4,888)
Total Pension Liability	(1,688)	(4,892)

	Group and Company	Group and Company Merged
	2020 £'000	2019 £'000
Amounts recognized within net income in the Statement of Financial Activities in respect of the defined benefit schemes are:		
Current service costs	-	(45)
Employer contributions	619	578
Past service costs	(39)	-
Net interest / return on assets	(122)	(133)

17. MOVEMENTS IN FUNDS

2020 – group and charity	Brought Forward	Income	Expenditure	Transfers, Gains and Losses	Total Funds
	£'000	£'000	£'000	£'000	£'000
Restricted reserves					
Fixed assets acquired through capital grants	13,726	-	(151)	1,174	14,749
Capital grants received for housing developments	550	1,434	-	(1,276)	708
Fundraising, Legacy and donations	536	42	(57)	-	521
Area committee funds	103	-	-	-	103
Autism London	10	-	-	-	10
DGSM	241	-	-	-	241
Roy Kinnear Foundation	14	-	-	-	14
Southwark Innovation Fund	46	-	-	-	46
Steven Clarke Trust	22	-	-	-	22
Charity and Group - Total Restricted	15,248	1,476	(208)	(102)	16,414

	Brought Forward	Income	Expenditure	Transfers, Gains and Losses	Total Funds
	£'000	£'000	£'000	£'000	£'000
Designated reserves					
Fixed assets not acquired through capital grants	14,943	-	(597)	24	14,370
Depreciated capital grant fund	-	-	-	1,025	1,025
Legacy and donations	72	-	-	-	72
Sinking fund	603	-	-	156	759
Property disposal surplus	27				27
Charity and Group Total designated	15,645	-	(597)	1,205	16,253
Pension reserve – Charity and group	(4,892)	-	458	2,746	(1,688)
Group General reserves	11,503	62,307	(63,190)	(1,172)	9,448
	22,256	62,307	(63,329)	2,779	24,013
Group Total Reserves	37,504	63,783	(63,537)	2,677	40,427
Charity Total Reserves	37,498	63,783	(63,537)	2,677	40,421

Restricted funds

Fixed assets acquired through capital grants
Capital grants received for housing developments
Fundraising, Legacy and donations
Other restricted funds

This fund represents the net book value of assets purchased using capital grants.
This fund represents the value of capital grants received for housing developments but unspent at the balance sheet date.
This fund consists of unspent donations and legacies that have been received for restricted purposes.
Other restricted funds represent monies raised/received for named projects or transferred in from subsidiary charities during merger.

Designated funds

The Trustees have designated funds for the following purposes:

Fixed assets not acquired through capital grants	Amounts representing Choice Support's capital investment in fixed assets are transferred to designated reserves to match the net book value of such assets
Depreciated Capital Grant Fund	Amounts representing the depreciated element of potentially repayable capital grants.
Legacy and donations	This represents legacies and donations which have no explicit restriction, but have been designated for specific expenditure for the benefit of service users, but as yet not spent.
Sinking fund	Amounts representing expenditure to be carried out in future years relating to major internal and external works on properties used in the business
Property disposal surplus	This represents the surplus on the disposal of a property which has been designated for use within Mental Health services

2019 – group and charity	Brought Forward	Income	Expenditure	Transfers, Gains and Losses	Total Funds
	£'000	£'000	£'000	£'000	£'000
Restricted reserves					
Fixed assets acquired through capital grants	13,373	-	(160)	513	13,726
Capital grants received for housing developments	354	550	-	(354)	550
Fundraising, Legacy and donations	437	159	(60)	-	536
Area committee funds	103	-	-	-	103
Autism London	10	-	-	-	10
DGSM	241	-	-	-	241
Roy Kinnear Foundation	14	-	-	-	14
Wakefield Local Authority	130	-	-	(130)	-
Southwark Innovation Fund	46	-	-	-	46
Steven Clarke Trust	22	-	-	-	22
Charity and Group - Total Restricted	14,730	709	(220)	29	15,248

	Brought Forward	Income	Expenditure	Transfers, Gains and Losses	Total Funds
	£'000	£'000	£'000	£'000	£'000
Designated reserves					
Fixed assets not acquired through capital grants	14,930	-	(387)	400	14,943
Nexus integrated IT programme	637	-	-	(637)	-
Legacy and donations	72	-	-	-	72
Sinking fund	220	-	-	383	603
Property disposal surplus	27	-	-	-	27
Charity and Group Total designated	15,886	-	(387)	146	15,645
Pension reserve – Charity and group	(3,361)	-	400	(1,931)	(4,892)
Group General reserves	11,842	65,863	(66,054)	(148)	11,503
	24,367	65,863	(66,041)	(1,933)	22,256
Group (merged) Total Reserves	39,097	66,572	(66,261)	(1,904)	37,504
Charity (merged) Total Reserves	39,092	66,572	(66,262)	(1,904)	37,498

18. CAPITAL COMMITMENTS

	Charity		Group	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Contracted for	719	-	719	-
Authorised but not contracted for	-	1,928	-	1,928
	719	1,928	719	1,928

The commitments above include £719k (2019: £1,928k) relating to the development of a property in order to provide additional housing facilities to enable the charity to meet its housing strategy. These commitments will be largely matched by the receipt of capital grants.

19. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2020 the Group had commitments under non-cancellable operating leases. The total obligation for future payments are as follows:

	Group	
	2020	2019
	£'000	£'000
Land and buildings		
payable in the first year	472	495
payable in the second to fifth year	516	767
payable after five years	88	15
	1,076	1,277
Office equipment		
payable in the first year	118	121
payable in the second to fifth year	300	437
payable after five years	-	-
	418	558
Vehicles		
payable in the first year	91	126
payable in the second to fifth year	56	190
payable after five years	-	-
	147	316

20. PENSION COMMITMENTS

The charity participates in various pension schemes. These are detailed below:

- The charity participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the charity is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or before 28 February 2019, it has not been possible for the charity to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme. In accordance with the requirements of FRS102 the net present value of agreed liabilities was shown in the balance sheet. The increase in the liability since the previous year was charged in the statement of financial activities.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the charity to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the charity's fair share of the Scheme's total assets to calculate the charity's net deficit or surplus at the accounting period start and end dates.

Reconciliation of opening and closing balances of the defined benefit obligation

	31 March 2020 £'000	31 March 2019 £'000
Defined benefit obligation at start of period	20,352	19,125
Current service cost	-	45
Expenses	17	18
Interest expense	458	480
Contributions by plan participants	-	8
Actuarial losses (gains) due to scheme experience	426	123
Actuarial losses (gains) due to changes in demographic assumptions	(178)	58
Actuarial losses (gains) due to changes in financial assumptions	(2,248)	1182
Benefits paid and expenses	(958)	(687)
Defined benefit obligation at end of period	17,869	20,352

Reconciliation of opening and closing balances of the fair value of plan assets

	31 March 2020 £'000	31 March 2019 £'000
Fair value plan assets at start of period	15,464	15,023
Interest income	352	381
Experience on plan assets (excluding amounts included in interest income) – gain (loss)	781	238
Contributions by the employer	542	501
Contributions by plan participants	-	8
Benefits paid and expenses	(958)	(687)
Fair value of plan assets at end of period	16,181	15,464

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £1,133,000 (2019: £619,000)

Defined benefit costs recognized in Statement of Comprehensive Income (SOCl)

	31 March 2020 £'000	31 March 2019 £'000
Current service cost	-	45
Expenses	17	18
Net interest expense	106	99
Defined benefit costs recognised in statement of comprehensive income (SoCI) income	123	162

Defined benefit costs recognized in other comprehensive income

	31 March 2020 £'000	31 March 2019 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	781	238
Experience gains and losses arising on the plan liabilities - gain (loss)	(426)	(123)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(178)	(58)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	(2,248)	(1,182)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(2,781)	(1,125)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-	-
Total amount recognised in other comprehensive income - gain (loss)	(2,781)	(1,125)

Assets

	31 March 2020 £'000	31 March 2019 £'000
Global Equity	2,367	2,602
Absolute Return	844	1,338
Distressed Opportunities	312	281
Credit Relative Value	444	283
Alternative Risk Premia	1,131	892
Fund of Hedge Funds	9	70
Emerging Markets Debt	490	533
Risk Sharing	546	467
Insurance-Linked Securities	497	444
Property	356	348
Infrastructure	1,204	811
Private Debt	326	208
Opportunistic Illiquid Credit	392	-
Corporate Bond Fund	923	721
Liquid credit	7	-
Long Lease Property	280	227
Secured Income	614	554
Liability Driven Investment	5,370	5,655
Net Current Assets	69	30
Total assets	16,181	15,464

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Key assumptions

	31 March 2020 % per annum	31 March 2019 % per annum
Discount rate	2.38	2.30
Inflation (RPI)	2.63	3.30
Inflation (CPI)	1.63	2.30
Salary Growth	2.63	3.30
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 (years)	Life expectancy at age 65 (years)
Male retiring in 2019	21.5	21.8
Female retiring in 2019	23.3	23.5
Male retiring in 2039	22.9	23.2
Female retiring in 2039	24.5	24.7

- b) The charity also participates in a local government pension scheme (LGPS) in respect of employees who transferred from Bexley Council. The last active member left the scheme on 30 September 2013. LGPS is a defined benefit scheme. The scheme is funded and is contracted out of the state scheme. Values attributable to mcch's share of this scheme are available and the scheme has been accounted for in accordance with FRS102.

The last actuarial valuation of this pension fund was carried out at 31 March 2019 by a professionally qualified actuary. The actuarial assumptions are detailed below.

	2020 % pa.	2019 % pa.
Financial Assumptions		
Rate of inflation – CPI	2.1	2.2
Rate of increase in salaries	3.6	3.7
Rate of increase in pensions	2.2	2.3
Discount rate	2.4	2.4
	2020 % pa.	2019 %pa.
Split of assets between investment categories		
Equities	47.7	40.3
Government Bonds	10.4	9.7
Other Bonds	11.4	10.2
Property	11.0	11.8
Cash/Liquidity	0.3	1.6
Other	19.2	26.4

The assets in the scheme were:

	2020	2019
	£'000	£'000
Equities	5,548	4,710
Government Bonds	1,210	1,134
Other Bonds	1,326	1,192
Property	1,280	1,379
Cash/Liquidity	35	187
Other	2,233	3,085
Total market value of assets	11,632	11,687
Present value of benefit obligations	(10,538)	(11,691)
Unrecognised asset	(1094)	-
Net retirement benefit obligation in LGPS scheme	-	(4)

The surplus has not been recognized in the balance sheet as the recovery is uncertain as the recoverability of the surplus in the form of a refund or a reduction in future contribution depends on the future decisions of the trustees of the scheme.

Reconciliation of opening and closing balances of the defined benefit obligation

	31 March 2020 £'000	31 March 2019 £'000
Defined benefit obligation at start of period	11,691	11,123
Interest expense	277	285
Past service gains	39	-
Actuarial losses (gains) on assumptions	(1,181)	564
Benefits/transfers paid	(288)	(281)
Defined benefit obligation at end of period	10,538	11,691

Reconciliation of opening and closing balances of the fair value of plan assets

	31 March 2020 £'000	31 March 2019 £'000
Fair value plan assets at start of period	11,687	10,822
Interest income	278	279
Remeasurements (assets)	(122)	800
Contributions by the employer	77	77
Administration expenses	-	(10)
Benefits paid	(288)	(281)
Defined benefit obligation at end of period	11,632	11,687

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £1,000 (2019: £1,080,000)

Defined benefit costs recognized in Statement of Comprehensive Income (SOCl)

	31 March 2020 £'000	31 March 2019 £'000
Past service cost	39	-
Expenses	-	10
Net interest expense	(1)	17
Defined benefit costs recognised in statement of comprehensive income (SoCl)	38	27

Defined benefit costs recognized in other comprehensive income

	31 March 2020 £'000	31 March 2019 £'000
Remeasurements (liabilities and assets)	(1,059)	(236)
Change in effect of the asset ceiling	955	-
	(35)	(236)

The actuarial assumptions used in the calculation of the year end balance sheet liabilities are based on the 2019 actuarial valuation assumptions, other than the financial assumptions, which are shown above.

Membership numbers

	2020 No	2019 No
Actives	-	-
Deferred	48	55
Pensioners	64	52
Spouses/dependents	0	7
	<u>112</u>	<u>114</u>

Due to there being no members in the scheme during the year there were no employer contributions made (2018/19: nil). The total net employer contributions payable by the charity in 2019/20 were £nil (2018/19: nil). Two past service deficit payments were made in the year of £39k each (2018/19: £39k).

	2020	2019
Post retirement mortality assumptions		
- Non-retired members (retiring in the future in normal health)	Males: 107% S3PA CMI_2018_[1.75%] Females: 91% S3PA CMI_2018_[1.75%]	Males: 95% S2PA CMI_2015_M [1.50%] Females: 85% S2PA CMI_2015_F[1.50%]
- Current pensioners (retired in normal health)	Males: 102% S3PA CMI_2018_[1.75%] Females: 90% S3PA CMI_2018_[1.75%]	Males: 95% S2PA CMI_2015_M [1.50%] Females: 85% S2PA CMI_2015_F[1.50%]
Life expectancy		
- of a male (female) future pensioner aged 65 in 20 years' time	24 (27.1) years	25.4 (28.5) years
- of a male (female) current pensioner aged 65	22.4 (25.1) years	23.2 (26.2) years
Commutation of pension for lump sum at retirement	50% take maximum cash 50% take 3/80ths cash	50% take maximum cash, 50% take 3/80ths cash

Market value of total fund assets (£millions)	926 (mid-market value, as at 31 December 2019)	845 (mid-market value, as at 31 December 2018)
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- c) In September 2013, the charity joined The People's Pension Scheme as its auto enrolment scheme open to all employees. This is a defined contribution scheme. There is one other auto enrolment scheme operated with The Nest Pension, the charity joined this scheme in December 2013 and closed the scheme for any new employees who joined after 31 December 2018. The charity currently also operates a defined contribution scheme with Aegon.
- d) Several employees are members of the NHS Pension Scheme, this is a defined benefit scheme active at the year end and is a multi employer scheme. The information required is not available to separately identify the underlying assets and liabilities relating to individual employers. Contributions payable to the scheme are charged to expenditure as incurred.
- e) Contributions amounting to £236k (2018/19: £168k) were payable to the pension funds at the year end and are included in creditors.

21. RELATED PARTY TRANSACTIONS

A summary of transactions between Choice Support and its subsidiary are shown below:

	2020 The Blue River Project	2019 The Blue River Project
	£'000	£'000
Payroll and related costs incurred on behalf of The Blue River Project	66	62
Invoices billed by The Blue River Project for the provision of nursing services	(66)	(63)

As at 31 March 2020 Choice Support owed £14,855 to the Blue River Project (2019 £8,345)

22. GROUP NET ASSETS BY FUND

	2020 Restricted Funds £'000	2020 Unrestricted Funds £'000	2020 Total Funds £'000
Tangible & Intangible fixed assets	14,749	14,370	29,119
Investments	-	6,631	6,631
Net Current Assets	1,665	4,700	6,365
Pension (liability)/asset	-	(1,688)	(1,688)
At 31 March 2020	16,414	24,013	40,427

GROUP NET ASSETS BY FUND	2019	2019	2019
	Restricted	Unrestricted	Total
	Funds	Funds	Funds
	£000's	£000's	£000's
Tangible & Intangible fixed assets	13,726	14,943	28,669
Investments	-	7,340	7,340
Net Current Assets	1,522	4,865	6,387
Pension (liability)/asset	-	(4,892)	(4,892)
At 31 March 2019	15,248	22,256	37,504

23. SUBSIDIARY UNDERTAKINGS

The merged financial statements include the accounts of the following subsidiary companies, all of which (apart from those where stated otherwise) are incorporated in England and Wales and have their registered office at One Hermitage Court, Hermitage Lane, Maidstone, Kent ME16 9NT. Each entity is a subsidiary as Choice Support has 100% control.

Autism London (company no. 2669072, charity no. 1009720) incorporated in England has been dormant throughout the year of review up until its dissolution on 21 May 2019

Byways Trust (company no. 5443145, charity no. 1109825) incorporated in England has been dormant throughout the year of review.

DGSM your Choice (company no. 04378206, charity no. 1103190) incorporated in England has been dormant throughout the year of review.

Mcch Services Limited (company no. 2633299) incorporated in England has been dormant throughout the year of review.

Burgess Autistic Trust (company no. 02572568, charity number 1002023) incorporated in England has been dormant throughout the year of review.

The Lady Verdin Trust Limited (company no. 02750298, charity number 1015229) incorporated in England has been dormant throughout the year of review up until its dissolution on 4 June 2019. The Trust's registered office was 196 Nantwich Road, Crewe, Cheshire, CW2 6BP.

Choice Consultancy Services Limited (company no. 02886450) incorporated in England was dissolved 26 March 2019. The company's registered office was Ground Floor, 100 Westminster Bridge Road, London, SE1 7XA

Unique People Unique Approach CIC (company no. 09134238) incorporated in England has been dormant throughout the year of review up and including its dissolution on 28 May 2019.

The Blue River Project (company no. 02656104, charity number 1029739) incorporated in England.

Details of the summarised results of The Blue River Project are shown below:

	2020 £'000	2019 £'000
Incoming Resources	66	63
Outgoing Resources	(66)	(62)
Surplus/New movement in funds for the year	-	1
Reserves brought forward	6	5
Reserves carried forward	6	6

Merger of mcch and Choice Support

Following the conversion of Choice Support from a registered charity to a community benefits society on 19 September 2018, the respective boards of Choice Support and mcch approved the transfer of engagements of Choice Support to mcch. Therefore all the assets and liabilities of Choice Support as at 31 December 2018 were transferred to MCCH on 31 December 2018.

A. Analysis of principal SOFA components for 2019

	Choice Support (pre- merger) £'000	mcch (pre- merger) £'000	Choice Support (post- merger) £'000	Combined Total £'000
Total Income	27,860	21,506	17,206	66,572
Total Expenditure	(27,566)	(21,806)	(16,889)	(66,261)
Net income / (expenditure)	294	(300)	317	311
Other gains / (losses)	-	-	(1,904)	(1,904)
Net movement in funds	294	(300)	(1,587)	(1,593)

Other gains and losses above includes £1,931k relating to movements on defined benefit pension schemes.

B. Analysis of net assets at the date of merger

	Choice Support £'000	mcch £'000	Combined Total £'000
Net assets	9,397	29,694	39,091
Represented by:			
Unrestricted funds	9,145	15,216	24,361
Restricted funds	252	14,478	14,730
Total funds	9,397	29,694	39,091

24. CONTINGENT LIABILITY

In July 2017 The Government's Department for Business, Energy & Industrial Strategy reaffirmed its position that all employers are responsible for paying the correct minimum wage to their staff and that HMRC would take enforcement action against those who did not. This affects employers such as ourselves, paying staff a flat rate payment for overnight 'sleep-in' shifts which may not meet the minimum wage guidelines.

In March 2018, the Court of Appeal reversed this decision and ruled that the minimum wage should only be paid to sleep in care workers where they are awake and active. Unison have been granted permission to appeal this decision to the Supreme Court and therefore any ultimate outcome remains unclear.

At the date of approval of these financial statements the charitable company has quantified its liability and has made a nil declaration to HMRC on the basis of the law as it currently stands. In the event that the law is reversed following the Supreme Court hearing, the Trustees believe that there may be a significant contingent liability for the charitable company in respect of the arrears of sleep-in pay.

In September 2019 the charity received notice of a personal injury claim relating to an individual being cared for in 2016. At this stage it is impossible to evaluate the outcome of the case.

25. ULTIMATE PARENT CHARITY – PSG

The Ultimate parent company is Partnership Support Group, a company (registration no 10803894) and a charity (charity registration no 1175080) registered office One Hermitage Court, Hermitage Lane, Maidstone, Kent ME16 9NT.

Copies of the consolidated financial statement can be obtained from the registered office.

26. Post Balance Sheet Event

In July 2020 the trustees took the decision to exit the LGPS pension scheme and crystallize the deficit. The valuation methodology of the scheme for this purpose is different to that employed under FRS102 and results in a liability of approximately £1m which will be paid over a three year period beginning with the year ended 31 March 2021.