

**Community Benefit Society No. 7845 from 19 September 2018
Previously Charitable Company Limited by Guarantee No. 1156486,
Company No. 8971493**

Choice Support

**Annual Consolidated Report and Financial
Statements
For the year ended 31 March 2018**

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Choice Support

Reference and Administrative Information

Trustees during the year and up to 19 September 2018

Oliver Mills	(appointed and Chairman from 1 November 2017)
Paul McGee	(Chairman until 1 November 2017)
Lynda Frampton	
Chris Dorey	
Ian Bell	
Colin Mills	(appointed 1 November 2017)
Peter Hasler	(appointed 1 November 2017)
Kate Wood	(appointed 1 November 2017)
Valerie Austin	(resigned 6 October 2017)
Anne Chapman	(appointed 1 November 2017, resigned 28 August 2018)
Barry Coker	(resigned 31 March 2018)
Helen Hopkinson	(resigned 31 October 2017)
Anthony Millson	(resigned 31 October 2017)
Kevin Rodgers	(resigned 31 October 2017)
Lorraine Yearsley	(resigned 31 October 2017)
Ken Jones	(resigned 31 October 2017)

Directors of the Community Benefit Society from 19 September 2018

Oliver Mills
Paul McGee
Colin Mills

Secretary Mark Ferry

Executive Directors

Sarah Maguire	Chief Executive (appointed 1 November 2017)
Debbie Bankole-Williams	Group Director – Finance and ICT (appointed 1 November 2017)
Mark Ferry	Group Director – HR
Dave Jackson	Group Director – Operations Learning Disability
Mel Shad	Group Director – Mental Health and Autism (appointed 1 November 2017)
Richard Webb	Group Director – Housing and Development (appointed 1 November 2017)

Registered Office

100 Westminster Bridge Road
London SE1 7XA

Bankers

Barclays Bank plc
St Johns Wood and Swiss Cottage Branch
P O Box 2764
London NW3 6JD

Solicitors

Russell-Cooke LLP
2 Putney Hill
Putney
London SW15 6AB

Auditor

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

Choice Support

Trustees' Report For the year ended 31 March 2018 Merger with mcch

On 1 November 2017, both Choice Support and mcch (company registration number 8971493; charity registration number 1156486), a charity providing support to people with the same range of disabilities as Choice Support, 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 and this reflects the position at the balance sheet date, to which these accounts are prepared.

The two charities Choice Support and mcch are now working towards a full merger, whereby as from 1 January 2019 the activities and assets of Choice Support will be transferred into mcch and mcch will change its name to Choice Support.

The first step in the process for the merger of Choice Support and mcch is the conversion of Choice Support from a Registered Charity to a Community Benefit Society which completed on 19 September 2018. The second step is 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 is expected to complete on 31 December 2018.

As at the date of this report Choice Support is a Community Benefit Society, registration number 7845.

The Trustees Report reflects the activities of the Charitable Company up to the point of transfer to the Charitable Community Benefit Society on 19 September 2018, and is therefore referred to as a Trustees Report throughout. The Trustees Report and accounts are approved by those Directors/Trustees of the Charitable Company who became Directors of the Charitable Community Benefit Society on 19 September 2018.

Structure, Governance and Management

The Board of Trustees' Annual Report reflects on the past year and highlights our successes and challenges. It incorporates the Group Strategic Report and the Consolidated Financial Statements for Choice Support and its subsidiary companies for the year ended 31 March 2018.

Choice Support ("the charity", "the company", or "the organisation") was incorporated on 6 November 1987 and was registered with the Charity Commission on 11 December 1987 under charity registration number 298149. It has previously been known as Southwark Consortium. Choice Support is incorporated as a company limited by guarantee. The liability of each member is £1.

The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed by its Articles of Association.

Choice Support is an innovative national social care charity providing support to people with a wide range of disabilities. Our aim is to work continuously to improve the quality of our work by listening to what people want. We work directly with people with disabilities and their families to shape support that truly meets their needs.

For over 30 years we have enabled people to lead the lives they want with support that's right for them. We work hard to encourage people who use our services, and their families, to become involved as much as possible in what we do. To give just one example, we believe it's important that people we support can select their own staff who match their personalities and interests.

Decision making and delegation

Choice Support is a complex organisation that requires a detailed framework for decision making. A Scheme of Delegation details what authority the Board has delegated to its committees, Managing Director, directors, staff, and volunteers. The scheme ensures the appropriate level of delegation from the Board so that there is effective decision making. It also ensures that the Trustees can fulfil their legal through mechanisms and policies which enable them to delegate, monitor and, if necessary, modify or withdraw the delegated authority if it is considered in the interests of 'people we support'.

The Board of Trustees is supported by the following committees:

1. Finance and Audit (F&A) Committee
2. Quality Assurance Committee
3. Safeguarding Adults at Risk Committee
4. Health and Safety Committee
5. Human Resources Committee
6. Remuneration Committee

Choice Support

Trustees' Report For the year ended 31 March 2018 (continued)

Trustees receive no remuneration but are reimbursed for any reasonable, out of pocket, expenses connected with their duties. Trustees are recruited in open competition by a panel of senior Trustees (normally the Chairs of Committees). References and other checks are completed and successful Trustees are invited to attend a Board meeting as an observer and have an opportunity to speak to existing Trustees. At the end of the meeting Trustees vote to confirm the new appointment. New Trustees meet with senior officers and other staff and visit service as part of their induction and are issued with a pack of key documents. All Trustees also receive additional classroom training when necessary.

Senior Managers' Remuneration

The Remuneration Committee of the Board of Trustees annually review senior Management Team pay. They agreed a remuneration strategy which sets objectives for pay at all levels of the organisation. Our Senior Managers Remuneration Policy is used to guide Trustees in the determination of senior managers pay together with external benchmarking information, the performance of the organisation, individual performance, affordability, and the rate of pay in relation to front line staff.

Subsidiary companies

The Lady Verdin Trust (LVT) is a subsidiary of Choice Support that during the year operated independently with its own Board of Trustees. The Board of LVT includes two representatives nominated by Choice Support to sit as full members of the Board. Currently these are Sarah Maguire (Trustee) and Mark Ferry (Secretary). Ken James (The Chair of LVT) and Lorraine Yearsley (Vice Chair of LVT) also sat on the Choice Support Board of Trustees during the year.

The Board of LVT meets at least six times per year and are responsible for the governance and strategic direction of LVT. Following the departure of the LVT Chief Executive a new Chief Operating Officer was appointed 6 April 2016 on secondment from Choice Support to lead the LVT Senior Management Team and oversee the integration of LVT more closely with Choice Support. From 1 July 2017, the day to day management of LVT was delegated to Choice Support's current Chief Executive and Group Executive Directors. The board subsequently approved the transfer of engagement of LVT to Choice Support on 31 March 2018, and the assets and liabilities were transferred to Choice Support.

The results of LVT and of the other two subsidiary companies, The Blue River Project and Choice Consultancy Services Limited, are disclosed in note 11 to the financial statements.

Our aims and purpose

The Trustees have regard to the Charity Commission's public benefit guidance in all aspects of their leadership and governance of Choice Support.

As a charity, Choice Support is established to meet the needs and promote the health of a broad group of people including those with a learning disability, mental health, physical illness, or other physical health needs are old or infirm or have needs because of their youth, lack of education, poverty or the misuse of drugs or alcohol or other charitable needs.

Strategic report

Objectives and activities

Our Business Plan is built around achieving many strategic objectives related to quality, retention, transformation and growth, and change. Each of these objectives has a named sponsor who is a director fully accountable for its delivery. There are many objectives that should result in improvements in the quality of service being provided, new income or more effective ways of using resources.

Our main organisational objectives are to:

- a. deliver the highest quality services possible
- b. retain all our key contracts
- c. increase our group turnover
- d. implement major changes to our IT infrastructure including IT systems for rostering, finance, HR, intranet, document management & customer relationship management.

Choice Support

Trustees' Report For the year ended 31 March 2018 (continued)

We continue to provide a range of high quality, person-centred care and support packages to people with learning disabilities, mental health needs and other disabilities. All of our work aims to support people to become as independent as possible, making choices and taking control over their loved ones.

Choice Support now employs over 1,700 full and part time staff to support approximately 1,400 people with disabilities in Wakefield, Mansfield, Nottinghamshire, Stockport, Cheshire, Buckinghamshire, Milton Keynes, Bedfordshire, Hampshire, Portsmouth, and ten London boroughs; and through our work with 'Experts by Experience' we now operate throughout the central region.

Achievement and Performance

There are numerous ways we have tried to make an impact as a charity this year. Austerity is not an excuse for lack of creativity and at Choice Support we have endeavoured to innovate and share best practice across the sector. Our Supported Loving Campaign has been a huge success this year. We funded our Quality Analyst to complete a doctorate researching why it is that forming and maintaining relationships is so hard for people with learning disabilities. She found that in many situations it was good staff support that made the difference. The campaign includes blogs from various contributors on the topic of good support in relationships; sharing stories in words, pictures and films, of good and bad support on Twitter and Facebook and a national network group which meets regularly. The campaign was picked up by Channel 4 as part of their No-Go Britain series. Supported Loving also won the technology category at the 3rd Sector Awards for its use of social media.

Our work with families and carers resulted in a new partnership this year including professionals, academics and education providers. We ran our first Raising the Bar conference with an exclusive focus on Profound and Multiple Disabilities. The conference launched the new and pioneering service standards which have been endorsed by NHS England and Norman Lamb M.P. The standards are a free download.

Choice Support has never shied away from issues that affect people's lives. Touch is a difficult subject for staff but an integral part of sensitive and good care for people we support. Working with Goldsmiths University, London we carried out research about using touch safely and creatively with people with learning disabilities and those with profound and multiple needs. A set of free guidelines was developed to increase awareness of the benefits of touch.

Future growth and change

As we reflect on our achievements last year we can see three themes emerging. The first is how we can use technology to better affect in the way we support people; design services and operate our central services. We have already made good progress in this area, but we need to be bolder and in our approach. Our Board of Trustees are committed to our improved use of technology and tasked the Executive team to develop a technology strategy for our new Business Plan.

Our second area of change and growth is around our offer to families and self-funders. The Trustees' past investment in our New Ways of Working team has helped us understand the changes we need to make to ensure we can offer families support that is flexible to meet their needs and affordable within their budgets. We will be focusing on new pricing models and accounting process to help us deliver services to individual and families with their own budgets and to commissioners who use Individual Service Funds.

This year we have written a great deal about the Transforming Care programme and our belief that people can be supported to live back in their communities rather than in expensive Assessment and Treatment units far away from their families. We have spent time thinking about the success factors for supporting people out of hospitals and will be seeking a range of new collaborations to design homes and support packages for people. We will create a Transforming Care strategy that will support our change and growth in this area over the next 3 years.

Managing Risk - the impact of business change

The Board of Trustees closely monitors the organisation's Risk Register. A formal review of the charity risk management process is undertaken on an annual basis. A detailed action plan has been completed on all of the risks to the organisation.

The Board of Trustees has reviewed the major risks to which the Charity is exposed and procedures and systems have been established to mitigate those risks. The principal risks are financial, due to continued pressure on Local Authority funding resulting in low pay, leading to difficulty recruiting and retaining employees and an increased reliance upon costly agency staff. At present this is managed effectively through negotiations for higher contract uplifts, making efficiency savings and effective HR strategies. The other main risks are connected with the loss of IT systems or data and these are mitigated through effective disaster recovery

Choice Support

Trustees' Report For the year ended 31 March 2018 (continued)

systems and the use of encryption software. Internal risks are minimised by the implementation of procedures that ensure consistent quality of service. It is recognised that systems and internal controls can only provide reasonable but not absolute assurance that major risks have been adequately managed. The Board of Trustees is satisfied that the major risks have been identified and adequately mitigated where necessary.

Impact of HMRC guidance on 'sleep-in' rates

At the date of approval of these financial statements it is unclear what the financial impact for the charity may be as a result of the legal action taking place concerning payments to staff for 'sleep-in' shifts. Further information is given in note 19 to these financial statements.

Fundraising

Raising voluntary funds from trusts, foundations and individuals is a limited source of income for the Charity, helping us to fulfil our charitable objectives.

We utilise internal staff for fundraising and do not engage external professional fundraisers or commercial participators to carry out fundraising activity nor do we engage in face-to-face or telephone fundraising. In developing our approach to fundraising we have taken account of the Code of Fundraising Practice issued by the Fundraising Regulator. Choice Support has received no complaints about its fundraising activities either during the financial year or subsequently.

As part of its preparation for the General Data Protection Regulation that came into force in May 2018, the Charity has reviewed and updated its Privacy Policy. This 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 sets out how individuals can raise concerns or complaints.

Employees with disabilities

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. 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.

Financial Review

The group is reporting a deficit of £3,065,595 for the financial period 2017/18, compared to a restated deficit of £318,585 for the previous 2016/17 financial year.

The group does not consider that this deficit is a true reflection of its operating performance in the year, but includes significant adjustments that arose from a detailed review of its assets and liabilities being undertaken upon it becoming a subsidiary of the Partnership Support Group. This review has resulted in adjustments being raised to reduce the carrying value of debtors and intangible assets and to increase creditors due within one year.

This review also resulted in significant adjustments being required to correct errors and deviations from the required financial reporting standards, principally FRS102, that have been accounted for as prior year adjustments, as detailed in note 3 to the accounts.

The accounts previously presented for the 2016/17 financial year have had to be restated and the deficit of £341,190 previously reported for 2016/17 has been restated to a deficit of £318,585. The previously reported group net assets and total funds as at 31 March 2017, have increased from £11,501,800 to £12,168,896.

Choice Support Group's funding is largely from contracts with local authorities although some funding is directly from individuals. Choice Support Group offers less Residential Care than previously and has increased the provision of Supported Living and Individualised Services, reflecting our transformation strategy of growth in Individualised Services Funds (ISFs).

The effects funding reductions are reflected in overall income for the group reducing by 0.2% from £36.6m to £36.5 million.

Choice Support

Trustees' Report For the year ended 31 March 2018 (continued)

Following the introduction of the National Living Wage (NLW) the Organisation increased the minimum rates of pay to ensure that staff salaries are at least the NLW in all areas. The Organisation also has an objective to improve pay for front line staff to narrow the gap with the voluntary living wage.

Reserves policy

The Trustees consider that general reserves should be retained at a level sufficient to cover at least three months' operational expenditure equivalent to £7.2 million. As a result of the significant adjustments that arose from a detailed review of its assets and liabilities undertaken during the year, free reserves have reduced to £5.3m as of 31 March 2018, being £1.9m below target. Upon its transfer into mcch on 1 January 2019, the Trustees consider that the enlarged entity's reserves policy target will be met.

Our free reserves at 31 March 2018 stood at £5,344,896 (2017: £8,021,418), before allowing for the servicing of the long term pension liability of £169,000. Restricted funds currently stand at £251,922, whilst designated funds of £3,675,483 have been set aside for items identified in Note 14.

Going concern

The Trustees have a reasonable expectation that Choice Support has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies in the Financial Statements.

Investment policy and objectives

The investment objective for the long-term reserves is to generate a return more than inflation while generating an income to support the on-going activities of Choice Support. At minimum, long-term reserves should be invested to grow at least in line with inflation.

The investment objective for the short-term reserves is to preserve the capital value with a minimum level of risk. Short term reserves should be invested emphasising certainty of value (e.g. Instant Access Accounts) and are held for use at short notice to provide financial security. As such, capital volatility cannot be tolerated and investment of these assets should be focused on minimising this.

Investments are concentrated in real assets with no capital fluctuation and liquid investments are held as reserves. The key risk to the long-term reserves is inflation, and assets are invested to mitigate this risk over the long term.

Auditor

Kingston Smith LLP, the auditor to mcch, replaced Deloitte LLP as auditor to Choice Support for this year ended 31st March 2018.

Trustees' responsibilities statement

The Trustees who are also directors of Choice Support for the purposes of company law are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with 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 Republic of Ireland.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;

Choice Support

Trustees' Report For the year ended 31 March 2018 (continued)

- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- 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 adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustee's report, including the Strategic report, was approved by the Directors of the Community Benefit Society, and signed on its behalf by:



Oliver Mills - Director

28 November 2018

Choice Support

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 2018 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 2018 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.

Choice Support

Independent Auditor's Report to the Members of Choice Support (Continued)

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

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.

Choice Support

Independent Auditor's Report to the Members of Choice Support (Continued)

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism 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.
- 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.

Choice Support

Independent Auditor's Report to the Members of Choice Support (Continued)

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.



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

20 December 2018

Devonshire House
60 Goswell Road
London
EC1M 7AD

Choice Support

Consolidated Statement of Financial activities (including an income and expenditure account) For the year ended 31 March 2018

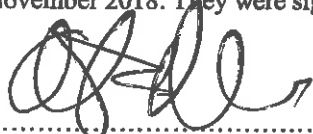
	Notes	Unrestricted Funds	Restricted Funds	Total Funds	As Restated (Note 2)		
		2018	2018	2018	Unrestricted Funds	Restricted Funds	Total Funds
		£	£	£	2017	2017	2017
					£	£	£
Income From:							
Charitable Activities	5	36,044,002	-	36,044,002	35,984,636	258,350	36,242,986
Donations & Legacies		7,151	343,214	350,365	-	56,447	56,447
Other Trading Activities		93,289	-	93,289	190,168	-	190,168
Investments		40,228	-	40,228	52,064	-	52,064
Total Income		36,184,670	343,214	36,527,884	36,226,868	314,797	36,541,665
Expenditure on:							
Charitable activities	6	(39,143,097)	(450,382)	(39,593,479)	(36,718,668)	(141,582)	(36,860,250)
Total Expenditure		(39,143,097)	(450,382)	(39,593,479)	(36,718,668)	(141,582)	(36,860,250)
Net (Expenditure)/income for the year		(2,958,427)	(107,168)	(3,065,595)	(491,800)	173,215	(318,585)
Net movement in funds		(2,958,427)	(107,168)	(3,065,595)	(491,800)	173,215	(318,585)
Reconciliation of funds:							
Total funds brought forward		11,809,806	359,090	12,168,896	12,301,606	185,875	12,487,481
Total funds carried forward	14, 15	8,851,379	251,922	9,103,301	11,809,806	359,090	12,168,896

Choice Support

Group Balance Sheet As at 31st March 2018

	Notes	2018 £	As Restated (Note 2) 2017 £
Fixed Assets			
Intangible Assets	9	636,630	898,960
Tangible Assets	10	3,038,853	3,088,428
Investments	11		-
Total Fixed Assets		3,675,483	3,987,388
Current Assets			
Investment Short Term Deposits		2,795,631	5,383,641
Debtors	12	4,642,227	5,654,127
Cash at Bank & in Hand		2,437,675	889,535
Total Current Assets		9,875,533	11,927,303
Creditors: Amounts falling due within one year	13 (a)	(4,278,715)	(3,546,795)
Net Current Assets		5,596,818	8,380,508
Net Assets excluding pension liability		9,272,301	12,367,896
Pension Liability	13 (b)	(169,000)	(199,000)
Total Net Assets		9,103,301	12,168,896
The funds of the Charity:			
Unrestricted Funds			
General Funds	14	5,344,896	8,021,418
Pension	17	(169,000)	(199,000)
Designated Funds	14	3,675,483	3,987,388
Total Unrestricted Funds		8,851,379	11,809,806
Restricted Funds		251,922	359,090
Total Funds	14	9,103,301	12,168,896

The Financial Statements were approved by the Directors of the Community Benefit Society and authorised for issue on 28 November 2018. They were signed on its behalf by:



Oliver Mills - Director



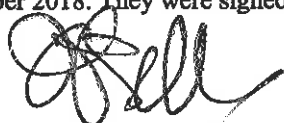
Colin Mills - Director

Choice Support

Company Balance Sheet As at 31st March 2018

	Notes	2018 £	As Restated (Note 2) 2017 £
Fixed Assets			
Intangible Assets	9	636,630	898,960
Tangible Assets	10	3,038,853	2,980,978
Investments	11	-	770,618
Total Fixed Assets		3,675,483	4,650,556
Current Assets			
Investment Short Term Deposits		2,795,631	5,383,641
Debtors	12	4,628,871	4,919,197
Cash at Bank & in Hand		2,437,675	593,476
Total Current Assets		9,862,177	10,896,314
Creditors: Amounts falling due within one year	13 (a)	(4,271,496)	(3,185,048)
Net Current Assets		5,590,681	7,711,266
Net Assets excluding pension liability		9,266,164	12,631,822
Pension Liability		(169,000)	(199,000)
Total Net Assets		9,097,164	12,162,822
The funds of the Charity:			
Unrestricted Funds			
General Funds	14	5,338,759	8,122,794
Pension	17	(169,000)	(199,000)
Designated Funds	14	3,675,483	3,879,938
Total Unrestricted Funds		8,845,242	11,803,732
Restricted Funds		251,922	359,090
Total Funds	14	9,097,164	12,162,822

The Financial Statements were approved by the Directors of the Community Benefit Society and authorised for issue on 28 November 2018. They were signed on its behalf by:



Oliver Mills – Director



Colin Mills – Director

Choice Support

Consolidated Cash Flow Statement For the year ended 31st March 2018

	2018 £	As Restated (Note 2) 2017 £
Cash Flows from operating activities		
Net cash (used in)/ provided by operating activities	(974,135)	(1,455,311)
Cash flows from investing activities		
Interest Received	40,228	52,064
Cash flows from financing activities		
Payments to acquire intangible fixed assets	(100,610)	-
Payments to acquire tangible fixed assets	(5,341)	(387,652)
Net cash outflow from investing activities	(65,723)	(335,588)
Net change in cash and cash equivalents in the reporting period	(1,039,859)	(1,790,899)
Cash and cash equivalents at 1 April 2017	6,273,165	8,064,064
Cash and cash equivalents at 31 March 2018	5,233,306	6,273,165
Analysis of cash and cash equivalents		
Cash in hand	2,437,675	888,524
Short term deposits	2,795,631	5,383,641
	5,233,306	6,273,165
Reconciliation of net income / (expenditure) to net cash flow from operating activities	2,018 £	2,017 £
Net income	(3,065,595)	(318,585)
Depreciation of fixed assets	56,074	42,422
Amortisation of intangible assets	228,999	143,472
Loss on sale of assets	132,784	-
Interest received	(40,228)	(52,064)
(Increase)/decrease in debtors	1,011,900	(1,222,317)
Increase/(decrease) in creditors	701,931	(48,239)
Net cash provided by operating activities	(974,135)	(1,455,311)

Choice Support

Notes to the Financial Statements For The Year Ended 31 March 2018

1. Accounting policies

Status

During the year covered by these financial accounts the charity was a company limited by guarantee, incorporated in England and Wales (company number 02189556) and registered with the charity commission (number 298149). At the date that this report was approved by its Directors the company is a Community Benefit Society (number 7845) The charity is a public benefit entity for the purposes of FRS102.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, the Charities Act 2011 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with financial reporting standards applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP) published on 16 July 2016.

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 pound.

Going concern

These financial statements are prepared on the going concern basis as the directors have a reasonable expectation that the charity will continue in operational existence for the foreseeable future.

Basis of consolidation

The results of the Lady Verdin Trust and The Blue River Project have been consolidated on a line by line basis and the results for the subsidiaries are disclosed in note 11. Choice Consultancy Service Limited, a subsidiary of Choice Support, has been dormant throughout the year ended 31 March 2018.

Choice Support has taken advantage of S408 of the Companies Act 2006, not to prepare a separate parent charity Statement of Financial Activities. The net movement of funds in the parent charity is a deficit of £3,085,660 (2017 deficit of £320,399 as restated).

Income

Income from raising funds is 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.

Investment income is recognised on an accruals basis.

Trading income relates to non-support income that are not donations, and includes income from training and café sales.

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 an appropriate basis.

Choice Support

Notes to the Financial Statements For The Year Ended 31 March 2018 (Continued)

Tangible fixed assets

Component accounting is used and applied to all freehold property. Land is not depreciated. 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		

Change in accounting estimate:

Freehold buildings (excluding land) were previously depreciated over 50 years. This was revised in the year as the Trustees consider that component accounting is the best estimate of the useful economic lives and residual values and is consistent with the new group entities. The depreciation charge for freehold properties using the new estimate is £14,901 compared to £18,740 using the previous rate.

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	Up to a maximum of 50 years but not exceeding 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. In previous years the cost of computer and office equipment were written off when expenditure was incurred. During the year the policy changed to assets costing over £1,000 used in area and central offices are capitalised. This is consistent with new subsidiaries in the Group 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 comprise IT software. 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	20% 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.

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.

Choice Support

Notes to the Financial Statements For The Year Ended 31 March 2018 (Continued)

Investments

Investments in the subsidiary undertakings are measured at cost less impairment in the charity balance sheet and are classified as fixed assets.

Current asset investments

In line with FRS102, cash deposits which are repayable in excess of three months are disclosed as current asset investments in the Balance Sheet and are not considered to be cash and cash equivalents.

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 group contributes to various pension schemes on behalf of its employees.

The charity makes payments to a defined contribution pension scheme (Aegon) on behalf of employees. The assets of the scheme are held separately from those of the charitable company in an independently administered funds. The pension cost charge represents contributions payable to the funds during the year.

The charity makes contributions to the NHS pension scheme, a defined benefit scheme under the Transfer of Undertakings (Protection of Employees) Regulations 2006. The charity has no liabilities under the scheme other than the payment of these contributions.

In addition, the charity makes contributions to The Social Housing Pension Scheme (SHP), a defined benefit scheme for 1 (2017 – 1) employee. The amount payable during the year is charged to the Statement of Financial Activities. The charity has recognised its liability for deficit funding in accordance with FRS102. More detail is given in note 16.

To comply with the Pensions Act 2008, the group enrolled with the National Employment Saving Trust (Nest) and started automatically enrolling staff on 1 December 2013.

Employee benefits

The cost of short-term employee benefits are recognised as a liability and as 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. Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the directors 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 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. See note 6 for the net carrying amount of the debtors and associated impairment provision.

Choice Support

Notes to the Financial Statements For The Year Ended 31 March 2018 (Continued)

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 12 for the carrying amount of the property, plant and equipment and note 1 for the useful economic lives for each class of asset.

3. Prior year adjustments

The company has made changes to certain of its accounting policies to bring them into accordance with FRS102 and to reflect the legal position on certain assets, which are reflected in the financial statements for the year ended 31 March 2018. These changes have been accounted for as prior year adjustments in the comparative financial statements disclosed for the year ended 31 March 2017, and in the total charity funds brought forward as at 31 March 2016, as follows:

Choice Support

Notes to the Financial Statements For The Year Ended 31 March 2018 (Continued)

	Note	Charity Only			Group		
		2017			2017		
		As Published	Adjustments	As Restated	As Published	Adjustments	As Restated
		£	£	£	£	£	£
Fixed assets							
Intangible assets		898,960		898,960	898,960		898,960
Tangible assets		2,980,978		2,980,978	3,088,430		3,088,428
Investments		770,618		770,618	-		0
Total fixed assets		<u>4,650,556</u>		<u>4,650,556</u>	<u>3,987,390</u>		<u>3,987,388</u>
Current assets							
Investments - fixed term deposits		5,383,641		5,383,641	5,383,641		5,383,641
Debtors		4,919,197		4,919,197	5,654,127		5,654,127
Cash at bank and in hand	A	593,476		593,476	1,124,713	(235,178)	889,535
Total current assets		<u>10,896,314</u>		<u>10,896,314</u>	<u>12,162,481</u>	<u>(235,178)</u>	<u>11,927,303</u>
Creditors: amounts falling due within one year	A and B	(3,844,742)	659,694	(3,185,048)	(4,441,071)	894,276	(3,546,795)
Net current assets		<u>7,051,572</u>	<u>659,694</u>	<u>7,711,266</u>	<u>7,721,410</u>	<u>659,098</u>	<u>8,380,508</u>
Total assets less current liabilities		<u>11,702,128</u>	<u>659,694</u>	<u>12,361,822</u>	<u>11,708,800</u>	<u>659,098</u>	<u>12,367,896</u>
Creditors: amounts falling due after more than one year	C	(207,000)	207,000	-	(207,000)	207,000	-
Pension liability	D		(199,000)	(199,000)		(199,000)	(199,000)
Net assets		<u>11,495,128</u>	<u>667,694</u>	<u>12,162,822</u>	<u>11,501,800</u>	<u>667,098</u>	<u>12,168,896</u>
Unrestricted funds							
General funds		6,237,864	866,694	7,104,558	6,907,702	1,113,716	8,021,418
Pension fund deficit		-	(199,000)	(199,000)	-	(199,000)	(199,000)
Consolidation adjustment							
Designated funds		4,898,174		4,898,174	4,235,008	(247,620)	3,987,388
Total unrestricted funds		<u>11,136,038</u>	<u>667,694</u>	<u>11,803,732</u>	<u>11,142,710</u>	<u>667,096</u>	<u>11,809,806</u>
Restricted funds		359,090		359,090	359,090		359,090
Total funds		<u>11,495,128</u>	<u>667,694</u>	<u>12,162,822</u>	<u>11,501,800</u>	<u>667,096</u>	<u>12,168,896</u>

Choice Support

Notes to the Financial Statements For The Year Ended 31 March 2018 (Continued)

- A. Monies held on behalf of individuals supported by the subsidiary The Lady Verdin Trust totalling £234,582 were included in cash and creditors within one year. The company had no contractual right to these monies, and therefore both cash and creditors within one year have been reduced by £234,582.
- B. Rental income for properties that the company managed, but did not own, has been accounted for in the balance sheet. In the current financial year, the company has changed its accounting policy and accounted for all rents received as income in the Consolidated Statement of Financial activities. The effect is to reduce Creditors: amounts falling due within one year by £460,694 and increase net income by £22,603, in 2017.
- C. Grants received towards the acquisition of properties by the company have previously been accounted for as a liability. As no repayment of the grants will take place, except for the payment to the grantor of a proportionate share of the proceeds upon a sale of the property, the liability in creditors is not required. The effect is to reduce Creditors: amounts falling due after more than one year by £207,000 in 2017. This is now shown as a contingent liability.
- D. The defined benefit Social Housing Pension scheme has enacted a deficit funding plan. In accordance with FRS102 the present value of the company's liability under this plan has been accounted for as a liability on the face of the balance sheet. The effect is to increase Pension Liability and decrease creditors within 1 year by £199,000 in 2017.

The effects of the restatement of the funds brought forward as of 1st April 2017 from the above prior year adjustments are as follows:

	Brought Forward As Of 1st April 2017			
	Charity Only		Group	
	2016		2016	
	As Published	As Restated	As Published	As Restated
	£	£	£	£
Fixed assets				
General fund	6,709,939	7,366,029	7,120,755	7,262,839
Pension fund deficit	-	(218,000)	-	(218,000)
Designated funds	4,942,317	5,149,317	4,536,360	5,256,767
Total unrestricted funds	<u>11,652,256</u>	<u>12,297,346</u>	<u>11,657,115</u>	<u>12,301,606</u>
Restricted funds	185,875	185,875	185,875	185,875
Total funds	<u>11,838,131</u>	<u>12,483,221</u>	<u>11,842,990</u>	<u>12,487,481</u>

In addition to the prior year adjustments, amounts have been reclassified within the creditors note within the accounts for 31 March 2017, in order to correct the misstatement of certain items within the creditor categories. This reclassification does not change the total balance shown for creditors, but does change the balances against which the prior year adjustments are made, as follows:

Choice Support

Notes to the Financial Statements For The Year Ended 31 March 2018 (Continued)

	Charity				Group			
	As Previously	As	Prior Year	As	As Previously	As	Prior Year	As
	Reported	Reclassified	Adjustments	Restated	Reported	Reclassified	Adjustments	Restated
	2017	2017	2017	2017	2017	2017	2017	2017
	£	£	£	£	£	£	£	£
Accruals	1,817,027	1,383,172	(460,694)	922,478	1,931,252	1,497,397	(460,694)	1,036,703
Trade Creditors	725,811	725,811		725,811	939,292	939,292		939,292
Deferred Income				0				0
Client Monies	409,342	409,342		409,342	643,924	643,924	(234,582)	409,342
Other Creditors	290,397	737,392	(199,000)	538,392	290,397	737,392	(199,000)	538,392
Amounts due to subsidiary undertakings	10,554	10,554		10,554				0
Other taxes and social security	591,611	578,471		578,471	636,206	623,066		623,066
	<u>3,844,742</u>	<u>3,844,742</u>	<u>(659,694)</u>	<u>3,185,048</u>	<u>4,441,071</u>	<u>4,441,071</u>	<u>(894,276)</u>	<u>3,546,795</u>

4. Net (Expenditure)/Income for the Year:

This is stated after charging:

	Group	
	2018	2017
	£	£
Auditors' remuneration:		
- Fee payable for the audit of the charity's annual financial statements	79,000	50,000
- Fee payable audit of subsidiaries	16,000	17,000
Operating lease rentals:		
- Land and buildings	237,753	137,684
- Office equipment	11,911	18,224
Depreciation	56,073	42,420
Amortisation	<u>228,999</u>	<u>143,472</u>

5. Analysis of income from charitable activities

	Group	restated
	2018	2017
	£	£
Residential Care Services	3,612,817	3,910,309
Supported living and individualised services	30,744,414	30,516,265
Expert by experience	1,516,314	1,714,522
Housing	<u>170,457</u>	<u>101,890</u>
	<u>36,044,002</u>	<u>36,242,986</u>

All income is derived from the United Kingdom

Choice Support

Notes to the Financial Statements For The Year Ended 31 March 2018 (Continued)

6. Expenditure

Group	Staff costs £	Direct costs £	Support costs £	2018 £	As restated 2017 £
Charitable activities undertaken directly					
Residential care services	2,847,450	497,313	784,884	4,129,647	3,971,007
Supported living & individualised services	<u>25,783,918</u>	<u>1,848,181</u>	<u>7,831,733</u>	<u>35,463,832</u>	<u>32,889,243</u>
Total expenditure	<u>28,631,368</u>	<u>2,345,494</u>	<u>8,616,617</u>	<u>39,593,479</u>	<u>36,860,250</u>
2017	<u>28,140,516</u>	<u>2,100,868</u>	<u>6,618,866</u>	<u>36,860,250</u>	

7. Analysis of support costs

	Group 2018 £	As restated 2017 £
Local	931,177	728,075
Area	6,888,449	5,295,093
Central	<u>796,991</u>	<u>595,698</u>
Total support costs	<u>8,616,617</u>	<u>6,618,866</u>

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

Support costs include the following governance costs:

	2018 £	2017 £
Trustees expenses	7,839	6,316
Audit fees	<u>66,000</u>	<u>50,000</u>
	<u>73,839</u>	<u>56,316</u>

Choice Support

Notes to the Financial Statements For The Year Ended 31 March 2018 (Continued)

Staff costs

	Group	
	2018	2017
	£	£
Wages and salaries	28,422,141	28,050,466
Redundancy	147,970	104,117
Social security costs	2,466,166	2,299,337
Pension costs	560,775	599,357
Total	31,597,052	31,053,277
Agency staff costs	632,343	818,452
	<u>32,229,395</u>	<u>31,871,729</u>

Group average monthly number of employees during period was as follows:

	2018	2017
	£	£
Care staff	1,206	1,198
Management and administration	84	82
	<u>1,290</u>	<u>1,280</u>

The average full time equivalent number of employees who received emoluments (excl. Pensions) in the following ranges were:

	2018	2017
£60,001 - £70,000	1	1
£70,001 - £80,000	3	3
£80,001 - £90,000	1	1
£90,001 - £100,000	1	1
£100,001 - £110,000	1	
£110,001 - £120,000		1
	<u>=====</u>	<u>=====</u>

Trustees and Key Management Personnel

No trustee received any remuneration or benefit in kind during the year or the prior year. Travel expenses were reimbursed to 8 Trustees in 2018 (2017 : 9 Trustees) and amounted to £7,839 (2017: £6,316). Trustee liability insurance was purchased at a cost of £1,048 (2017 – £1,064).

Choice Support

Notes to the Financial Statements For The Year Ended 31 March 2018 (Continued)

Key Management personnel include Trustees and executive directors. The aggregate amount, including pensions and social security costs, paid in the year was:

	2018	2017
	£	£
Total paid to key management personnel	<u>782,982</u>	<u>798,805</u>

9. Intangible fixed assets

The group and charity intangible fixed assets comprise the IT software.

	Total £
Cost	
At 31 March 2017	1,042,432
Additions	100,610
Disposals	(244,487)
At 31 March 2018	<u>898,555</u>
Amortisation	
At 31 March 2017	143,472
Charge for the year	228,999
Disposals	(110,546)
At 31 March 2017	<u>261,925</u>
Net book value	
At 31 March 2018	<u>636,630</u>
At 31 March 2017	<u>898,960</u>

Choice Support

Notes to the Financial Statements For The Year Ended 31 March 2018 (Continued)

10. Tangible fixed assets

(a) Group

	Long leasehold and improvements £	Freehold properties £	Motor Vehicles £	Total £
Cost				
At 31 March 2017	1,676,659	1,810,423	37,717	3,524,799
Additions	5,341	-	-	5,341
Disposals	-	-	(23,609)	(23,609)
Cost as 31 March 2018	1,682,000	1,810,423	14,108	3,506,531
Depreciation				
At 31 March 2017, as restated	203,544	200,496	32,329	436,369
Charge for the year	32,745	16,785	6,545	56,074
Disposals	-	-	(24,766)	(24,766)
At 31 March 2018	236,289	217,281	14,108	467,678
Net book value				
At 31 March 2018	1,445,711	1,593,142	-	3,038,853
At 31 March 2017	1,473,114	1,609,928	5,388	3,088,428

(b) Charity

	Long leasehold and improvements £	Freehold properties £	Motor Vehicles £	Total £
Cost				
At 31 March 2017	1,676,659	1,664,827	14,108	3,355,594
Additions	5,341	-	-	5,341
Transfers from subsidiary company	-	145,596	-	145,596
Cost as 31 March 2018	1,682,000	1,810,423	14,108	3,506,531
Depreciation				
At 31 March 2017, as restated	203,544	156,963	14,108	374,616
Charge for the year	32,745	14,902	-	47,647
Transfers from subsidiary company	-	45,415	-	45,415
At 31 March 2018	236,289	217,280	14,108	467,678
Net book value				
At 31 March 2018	1,445,711	1,593,142	-	3,038,853
At 31 March 2017	1,473,112	1,507,864	-	2,980,978

Choice Support

Notes to the Financial Statements For The Year Ended 31 March 2018 (Continued)

Contingent liability

The company received a grant from South East Thames Regional Health Authority, acting as agent for the Secretary of State of Health, of £207,000 to purchase three freehold properties which has created legal charges over the properties. The grant is repayable following the sale of the properties.

11. Fixed asset investments

	2018 £	2017 £
Subsidiary undertakings – Charity		
Cost		
At 31 March 2017 and 2018	<u>901,446</u>	<u>901,446</u>
Provisions for impairment		
Impairment at beginning of year	130,828	379,494
Impairment provision in year	<u>91,477</u>	<u>(248,666)</u>
Impairment at end of year	<u>222,305</u>	<u>130,828</u>
Donation of assets and liabilities to parent company	<u>(679,141)</u>	<u>-</u>
Net book value		
At end of year	<u><u>-</u></u>	<u><u>770,618</u></u>
At beginning of year	<u><u>770,618</u></u>	<u><u>521,952</u></u>

- (a) The Lady Verdin Trust Limited is incorporated in the United Kingdom and registered in England and Wales (Company number 02750298) as a company limited by guarantee and registered as a charity with the Charity Commission for England and Wales (charity number 1015229). The level of control is 100%. The objects of the charity are to: (a) Promote the provision of accommodation for the benefit of mentally and physically impaired persons and the care or support of such persons; (b) Supplement the services provided by the Department of Education and Employment and the Department of Social Services for the benefit of mentally and physically impaired persons.

Choice Support

Notes to the Financial Statements For The Year Ended 31 March 2018 (Continued)

	2018 £	2017 £
Assets	-	1,447,791
Liabilities	-	(677,173)
Total net assets	-	770,618

	2018 £	2017 £
Income	3,278,493	3,458,706
Expenditure	(3,369,970)	(3,139,770)
Donation to parent company	(679,141)	-
Net (expenditure)/income	(770,618)	318,936

On 31 March 2018, the board approved the transfer of engagement of The Lady Verdin Trust to Choice Support and the assets and liabilities were transferred to Choice Support at the balance sheet date.

- (b) The Blue River Project is incorporated in the United Kingdom and registered in England and Wales (Company number 02656104) as a company limited by guarantee and registered as a charity with the Charity Commission for England and Wales (charity number 1029739). The level of control is 100%. The objects of the charity are to continue to exist for employees who were originally members of the NHS Pension Scheme (a defined benefit scheme) to protect employee pension rights who were unable to transfer to the ultimate parent company Choice Support.

Choice Support

Notes to the Financial Statements For The Year Ended 31 March 2018 (Continued)

(c)

	2018 £	2017 £
Assets	11,467	10,709
Liabilities	(6,047)	(5,354)
Total net assets	5,420	5,355
	2018 £	2017 £
Income	65,000	66,100
Expenditure	(64,935)	(64,287)
Net incoming resources	65	1,813

- (d) Choice Consultancy Services Limited is incorporated in the United Kingdom and registered in England and Wales (Company number 02656104) as a company limited by shares. The investment cost is £1 (2017: £1). The principal activity of the company was advertising and consultancy services. The company is now dormant as defined under section 1169 of the Companies Act 2006 and has made neither a profit nor a loss, nor recognised any gains or losses.

The aggregate of the assets and liabilities was:

	2018 £	2017 £
Current liabilities	1,889	1,889
Net assets	(1,171)	(1,171)
	718	718

12. Debtors

	Charity		Group	
	2018 £	2017 £	2018 £	2017 £
Trade debtors	3,734,439	4,196,456	3,734,439	4,960,687
Charges to residents	54,164	69,510	54,164	69,510
Amount due from subsidiary undertaking	1,171	310,798	-	-
Other debtors	202,140	61,734	216,667	291,965
Accrued income	587,041	-	587,041	-
Prepayments	49,916	280,699	49,916	331,965
	4,628,871	4,919,197	4,642,227	5,654,127
The debtors above include financial instruments measured at amortised cost	4,592,311	4,638,498	4,592,311	5,322,162

Choice Support

Notes to the Financial Statements For The Year Ended 31 March 2018 (Continued)

13. Creditors

7 (a) Amounts falling due within one year	Charity	Restated	Group	Restated
	2018 £	2017 £	2018 £	2017 £
Accruals	1,391,024	922,478	1,391,024	1,036,703
Trade Creditors	371,273	725,811	371,273	939,292
Deferred Income	887,392	-	887,392	-
Client monies	404,450	409,342	404,450	409,342
Other Creditors	421,438	538,392	437,489	538,392
Amounts due to subsidiary undertakings	11,467	10,554	-	-
Other taxes and social security	784,452	578,471	787,087	623,066
	<u>4,271,496</u>	<u>3,185,048</u>	<u>4,278,715</u>	<u>3,546,795</u>
 (b) Amounts falling due to after more than one year				
	2018 £	Restated 2017 £	2018 £	Restated 2017 £
Amounts payable in more than 5 years:				
Pension Liability	169,000	199,000	169,000	199,000
	<u>169,000</u>	<u>199,000</u>	<u>169,000</u>	<u>199,000</u>
 The creditors above include financial instruments measured at amortised cost				
	<u>2,415,203</u>	<u>2,593,437</u>	<u>2,422,422</u>	<u>2,906,195</u>

Choice Support

Notes to the Financial Statements For The Year Ended 31 March 2018 (Continued)

14. Movement in funds

Charity 2018	As Restated At 1 April 2017 £	Income £	Expenditure £	Transfers £	At 31 March 2018 £
Unrestricted funds					
Free reserves	8,122,794	32,841,177	(35,829,669)	204,456	5,338,759
Pension	(199,000)	-	30,000	-	(169,000)
Total Unrestricted Fund	7,923,794	32,841,177	(35,799,699)	204,456	5,169,758
Designated funds					
Fixed asset fund	2,980,878			57,874	3,038,852
Nexus integrated IT Programme	898,960			(262,330)	636,630
Total designated funds	3,879,938	-	-	(204,456)	3,675,483
Total unrestricted funds	11,803,732	32,841,177	(35,799,699)	-	8,845,240
Restricted funds					
Donations	46,590	32,446	(39,971)	-	39,064
Roy Kinnear Foundation	4,982	10,386	(1,299)	-	14,069
Wakefield Local Authority	239,150	300,000	(408,759)	-	130,391
Southwark Innovation Fund	45,882	382	(352)	-	45,912
Steven Clark Trust	22,486	0	0	-	22,486
Total restricted funds	359,090	343,214	(450,381)	-	251,922
Total Charity funds	12,162,822	33,184,391	(36,250,051)	-	9,097,164

Charity 2017	Restated At 1 April 2016 £	Restated Income £	Restated Expenditure £	Restated Transfers £	As Restated At 31 March 2017 £
Unrestricted funds					
Free reserves	7,366,029	32,768,162	(33,280,776)	1,269,379	8,122,794
Pension	(218,000)	-	19,000	-	(199,000)
Total Unrestricted Fund	7,148,029	32,768,162	(33,261,776)	1,269,379	7,923,794
Designated funds					
Fixed asset fund	4,398,587	-	-	(1,417,609)	2,980,878
Nexus integrated IT Programme	750,730	-	-	148,320	898,930
Total designated funds	5,149,317	-	-	(44,143)	3,879,938
Total unrestricted funds	12,297,346	32,768,162	(33,261,776)	(1,269,379)	11,803,732

Choice Support

Notes to the Financial Statements For The Year Ended 31 March 2018 (Continued)

Restricted funds					
Donations	58,571	24,908	(36,889)	-	46,590
Roy Kinnear Foundation	-	31,539	(26,557)	-	4,982
Wakefield Local Authority	-	258,350	(19,200)	-	239,150
Southwark Innovation Fund	104,240	-	(58,358)	-	45,882
Steven Clark Trust	23,064	-	(578)	-	22,486
Total restricted funds	185,875	314,797	(141,582)	-	359,090
Total Charity funds	12,483,221	33,082,959	(33,403,358)	-	12,162,822

b) Group 2018	At 1 April 2017 £	Income £	Expenditure £	Transfers £	At 31 March 2018 £
Unrestricted funds					
Free reserves	8,021,418	36,184,670	(39,173,097)	311,905	5,344,896
Pension	(199,000)	-	30,000	-	(169,000)
Total Unrestricted Fund	7,822,418	36,184,670	(39,143,097)	311,905	5,175,896
Designated funds					
Fixed asset fund	3,088,428	-	-	(49,575)	3,038,853
Nexus integrated IT Programme	898,960	-	-	(262,330)	636,630
Total designated funds	3,987,388	-	-	(311,905)	3,675,483
Total unrestricted funds	11,809,806	36,184,670	(39,143,097)	-	8,851,379
Restricted funds					
Donations	46,590	32,446	(39,971)	-	39,064
Roy Kinnear Foundation	4,982	10,386	(1,299)	-	14,069
Wakefield Local Authority	239,150	300,000	(408,759)	-	130,391
Southwark Innovation Fund	45,882	382	(352)	-	45,912
Steven Clark Trust	22,486	-	-	-	22,486
Total restricted funds	359,090	343,214	(450,382)	-	251,922
Total Group funds	12,168,896	36,527,884	(39,593,479)	-	9,103,301

Choice Support

Notes to the Financial Statements for the Year Ended 31 March 2018 (Continued)

Group 2017	Restate At 1 April 2016 £	Restated Income £	Restated Expenditure £	Restated Transfers £	Restated At 31 March 2017 £
Unrestricted funds					
Free reserves	7,262,839	36,226,868	(36,737,668)	1,269,379	8,021,418
Pension	(218,000)	-	19,000	-	(199,000)
Total Unrestricted Fund	7,044,839	36,226,868	(36,718,668)	1,269,379	7,822,418
Designated funds					
Fixed asset fund	4,506,037	-	-	(1,417,609)	3,088,428
Nexus integrated IT Programme	750,730	-	-	148,230	898,960
Sinking Fund	-	-	-	-	-
Total designated funds	5,256,767	-	-	(1,269,379)	3,987,388
Total unrestricted funds	12,301,606	36,246,620	(36,718,668)	-	11,809,806
Restricted funds					
Donations	58,571	24,908	(36,889)	-	46,590
Roy Kinnear Foundation	-	31,539	(26,557)	-	4,982
Wakefield Local Authority	-	258,350	(19,200)	-	239,150
Southwark Innovation Fund	104,240	-	(58,358)	-	45,882
Steven Clark Trust	23,064	-	(578)	-	22,486
Total restricted funds	185,875	314,797	(141,582)	-	359,090
Total Group funds	12,487,481	36,541,665	(36,860,250)	-	12,168,896

The Trustees have designated funds for the following purposes:

Fixed asset fund

This fund represents the net book value of tangible fixed assets of the Group and of the Charity.

Nexus integrated IT programme

The funding for the Nexus Programme was approved by the IT programme board for the implementation of new technology to enable the transformation programme.

The purpose of restricted funds:

Donations

This fund represents donations from individuals and it is used for the benefit of the people that the organisation supports.

Roy Kinnear Foundation

This fund is for the ongoing restoration of Roy Kinnear House.

Wakefield Local Authority

This fund represents income from Wakefield Local Authority to be used for the transformation of services to independent service funds.

Choice Support

Notes to the Financial Statements For The Year Ended 31 March 2018 (Continued)

Southwark Innovation Fund

This funding is a grant from the London Borough of Southwark to bring innovative ideas and advice on maintaining a healthy lifestyle for people with challenging needs.

15. Group Net Asset by Fund

2018	Restricted £	Unrestricted £	Total £
Fixed assets	-	3,675,483	3,675,483
Investment	-	-	-
Net Current assets	251,922	5,344,896	5,596,818
Pension liability	-	(169,000)	(169,000)
Total Group funds	251,922	8,851,379	9,103,301

2017	Restricted £	Unrestricted £	Total £
Fixed assets	-	3,987,388	3,987,388
Investment	-	-	-
Net current assets	359,090	8,021,418	8,380,508
Pension liability	-	(199,000)	(199,000)
Total Group funds	359,090	11,809,806	12,168,896

16. Operating lease commitments

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
The group and charity's total future minimum lease payments under non-cancellable operating leases:				
Within one year	142,987	117,906	142,987	114,791
In two to five years	248,167	36,361	248,167	29,747
After five years	53,184	-	53,184	-
	444,338	154,267	444,338	144,538

17. Pensions

Defined contribution scheme

The group operates individual defined contribution pension schemes including Auto Enrolment. Choice Support enrolled employees on auto enrolment on 1 December 2013.

Defined benefit scheme

Several employees are members of the NHS Pension Scheme and The Social Housing Pension Scheme (SHPS).

The NHS defined benefit pension scheme active at the year-end 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 for this scheme are charged in the Income and Expenditure Account as incurred.

Choice Support

Notes to the Financial Statements For The Year Ended 31 March 2018 (Continued)

The remaining defined benefit scheme is the Social Housing Pension which is also a multi-employer scheme, which provides benefits to some 500 non-associated employers, and has been similarly accounted for in line with FRS102. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme. Contributions payable for this scheme are also charged in the Income and Expenditure Account. A provision has been recognised for the deficit funding plan agreed for this scheme.

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 assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the schemes and amounted to £570,901 (2017: £599,357). The outstanding contributions due as at 31 March 2018 were £67,803 (2017: £78,819).

The scheme is classified as a 'last-man standing arrangement'. Therefore, the company 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.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

Tier 1	£40.6m per annum
From 1 April 2016 to 30 September 2020:	(payable monthly and increasing by 4.7% each year on 1 April)
Tier 2	£28.6m per annum
From 1 April 2016 to 30 September 2023:	(payable monthly and increasing by 4.7% each year on 1 April)
Tier 3	£32.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1 April)
Tier 4	£31.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1 April)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 and 3 deficit contributions.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Choice Support

Notes to the Financial Statements For The Year Ended 31 March 2018 (Continued)

Present Values of Provision

Reconciliation of opening and closing provisions

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Provision at start of period	199	218
Unwinding of the discount factor (interest expense)	2	5
Deficit contribution paid	(30)	(29)
Remeasurements - impact of any change in assumptions	(2)	5
Remeasurements - amendments to the contribution schedule	-	-
	<hr/>	<hr/>
Liability at end of period	169	199
	<hr/>	<hr/>

Income and Expenditure impact

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Interest expense	2	5
Remeasurements – impact of any change in assumptions	(2)	5
Remeasurements – amendments to the contribution schedule	-	-
Costs recognised in income and expenditure account	30	31
	<hr/>	<hr/>

Assumptions

	31 March 2018 % per annum	31 March 2017 % per annum	31 March 2016 % per annum
Rate of discount	1.72	1.33	2.06
	<hr/>	<hr/>	<hr/>

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Choice Support

Notes to the Financial Statements For The Year Ended 31 March 2018 (Continued)

Income and Expenditure Impact

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Interest expense	5	3
Remeasurements – impact of any change in assumptions	5	(1)
Remeasurements – amendments to the contribution schedule	-	56
Costs recognised in income and expenditure account	31	32

Assumptions

	31 March 2017 % per annum	31 March 2016 % per annum	31 March 2015 % per annum
Rate of discount	1.33	2.06	1.92

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

18. Related parties

The Charity had the following transactions with two subsidiary companies during the year:

The Lady Verdin Trust (LVT)

The Charity incurred payroll and related costs in the year totalling £2,802,706 on behalf of LVT, which were reimbursed by LVT to the Charity and no balance was due as at 31 March 2018.

The Blue River Project (BRP)

The Charity incurred payroll and related costs in the year totalling £64,935 on behalf of BRP, which were reimbursed by BRP to the Charity. BRP billed the Charity in the year the sum of £65,000 for the provision of nursing services. As at 31 March 2018, BRP owed to the Charity the sum of £1,171.

19. 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 applied for leave to appeal this decision to the Supreme Court and therefore any ultimate outcome remains unclear

Choice Support

Notes to the Financial Statements For The Year Ended 31 March 2018 (Continued)

At the date of approval of these financial statements the 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 company in respect of the arrears of sleep-in pay.

20. Post Balance Sheet Events

On 1 November 2017, both Choice Support and mcch (company registration number 8971493; charity registration number 1156486), a charity providing support to people with the same range of disabilities as Choice Support, 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 and this reflects the position at the balance sheet date, to which these accounts are prepared.

The two charities Choice Support and mcch are now working towards a full merger, whereby as from 1 January 2019 the activities and assets of Choice Support will be transferred into mcch and mcch will change its name to Choice Support.

The first step in the process for the merger of Choice Support and mcch is the conversion of Choice Support from a Registered Charity to a Community Benefit Society which completed on 19 September 2018. The second step is 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 is expected to complete on 31 December 2018.

As at the date of this report Choice Support is a Community Benefit Society, registration number 7845.