

Partnership Support Group
(A company limited by guarantee)
Report and Consolidated
Financial Statements
For the year ended 31 March 2018

Company registration number: 10805894

Charity registration number: 1175080

Contents	Page
Charity Information	3
Report of the Trustees	4 - 9
Report of the Independent Auditors	10 - 13
Statement of Consolidated Financial Activities	14
Balance Sheets	15
Consolidated Statement of Cash Flows	16
Notes to the Financial Statements	17 - 35

Reference and administrative information

Charity Name: Partnership Support Group

Charity registration number: 1175080 Registered 10 October 2017

Company registration number: 10805894 England and Wales Incorporated 6 June 2017

Registered Office address: 100 Westminster Bridge Road, Ground Floor, London SE1 7XA

Board of trustees:

Oliver Mills (Chair) (appointed 6 June 2017)
Ian Bell (appointed 1 November 2017)
Chris Dorey (appointed 6 June 2017)
Lynda Frampton (appointed 1 November 2017)
Paul McGee (appointed 6 June 2017)
Kate Wood (appointed 1 November 2017)
Anne Chapman (appointed 6 June 2017, resigned 28 August 2018)
Barry Coker (appointed 1 November 2017, resigned 31 January 2018)
Peter Hasler (appointed 1 November 2017)
Oliver James (appointed 6 June 2017, resigned 1 November 2017))
Colin Mills (appointed 1 November 2017)
Philippa Holroyd (appointed 28 November 2018)
Sharon Landa (appointed 28 November 2018)
Maurice Rumbold (appointed 29 November 2018)

Company secretary: Mark Ferry (appointed 18 September 2017)

Executive directors:

Sarah Maguire	Chief Executive
Debbie Bankole-Williams	Group Director – Finance, Payroll and ICT
Mark Ferry	Group Director – HR
Dave Jackson	Group Director – Operations Learning Disability
Mel Shad	Group Director – Mental Health and Autism
Richard Webb	Group Director – Housing and Development

Auditors: 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

Structure, Governance and Management

Structure and governing document

Partnership Support Group was incorporated on 6 June 2017. The company was registered as a charity on 10 October 2017. The 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.

Acquisitions

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.

Presentation of financial statements

The consolidated accounts comprise those of Partnership Support Group with those of its two subsidiary companies, mcch and Choice Support.

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 consolidated accounts have been prepared under the principles of merger accounting, whereby the financial statements are combined for the whole of the year from 1 April 2017 to 31 March 2018, as if the group had always existed. The comparative financial statements presented for the year ended 31 March 2017, are described as "combined" figures as the merged group did not exist in that period. The financial statements that have been combined are the published financial statements for mcch for the year ended 31 March 2017, and the restated financial statements for Choice Support for the year ended 31 March 2017, as disclosed in its financial statements for the year ended 31 March 2018.

Our purpose

Partnership Support Group is a national social care charity offering innovative support and housing services through its subsidiaries, mcch and Choice Support.

Partnership Support Group acted as a holding company during the year.

mcch's principal activity during the year was 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 operated throughout the south east of England, particularly in London, Essex, East Sussex, Surrey, Hampshire, Bexley, Greenwich, Medway and Kent.

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. Choice Support operated throughout England, particularly in London, Wakefield, Hampshire, Buckinghamshire and Cheshire.

Organisational structure

There is a unitary board of six trustees who act as the board of trustees for Partnership Support Group, mcch and Choice Support.

The board delegates certain specified powers to committees for particular purposes and specialist activities, and as such committees are accountable to the board for all decisions made on its behalf.

There are the following standing committees of the PSG Board:

- Finance, Risk and Audit Committee
- Performance and Quality Committee
- Human Resources Committee
- Safeguarding Adults at Risk Committee
- Integration Committee
- Remuneration Committee

Senior managers' remuneration

The Remuneration Committee annually reviews senior management team pay. It develops a remuneration strategy which sets objectives for pay at all levels of the organisation. Trustees are guided by our Senior Managers' Remuneration Policy, 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 two subsidiary companies held by Partnership Support Group, each have subsidiary companies as detailed in note 20 to the financial statements.

Strategic report

We review our aims, objectives and activities each year. This review looks at what we achieved and the outcomes of our work in the previous 12 months. The review looks at the success of each key activity and the benefits they have brought to those groups of people we are set up to help. The review also helps us ensure our aim, objectives and activities remain focused on our stated purposes. We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aim and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

The group follows a shared vision and values which form the basis of the objectives in developing our work.

Vision

Improving the quality of life and independence of people we support so that they can enjoy full, empowered and active lives of their choosing.

Values

Caring – we value the people we support and our staff
Empowering – we believe everyone should have the same rights
Innovative – we think of new ways to make good ideas happen
Collaborative – we listen and learn by working together
Honest – we are open and ready to learn from mistakes
Organised – we work efficiently so people get value for money

Achievements and performance

mcch

In the past year the charity was awarded a capital grant from the Transforming Care programme to develop a new service, The Nest in Ashford, to provide a transitional respite service for young people with challenging behaviour. The service can cater for three young people at any one time, who will stay at the Nest for up to 12 weeks. The development was completed in September 2018 and the service opened in October 2018.

For the last 6 months of the financial year the housing department has focused on the additional responsibilities as part of the merger of the charities. The mcch housing team took over all responsibility for all Choice Support owned and managed properties both in terms of tenancy management, repairs and asset management.

At the beginning of the financial year we secured a substantial contract to run pan disability employment services across Richmond and Wandsworth. This service is embedding well and delivering excellent outcomes.

We were successful in re-securing our wellbeing and employment services across Kent and won a new contract in Essex to provide housing-related support to people with learning disabilities. This opens a new geography for the learning disability business with is very positive.

Burgess Autistic Trust merged with mcch fully on 31 March 2018 and has now become the autism specialist team for the wider charity. We successfully bid to join the Lewisham Framework for Children and Families and are extending our autism services into Lewisham as a result.

We measure performance against our business plan, using key performance indicators to confirm legal and regulatory compliance and efficiency. These are reported to both the main board and committees.

Choice Support

Choice Support has continued to innovate and share best practice across the sector. Our Supported Loving Campaign has been a huge success this year. We funded research into the challenges people with learning disabilities face when forming and maintaining loving relationships. 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 Third 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 learning disabilities. The conference launched new, pioneering service standards which have been endorsed by NHS England and Norman Lamb MP.

Choice Support has never shied away from issues that affect people 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

The merger leads to exciting new opportunities for the charity. By merging, we will reduce central costs and be more competitive in price. We will combine systems and create new ways of working. The successful management and delivery of all integration projects will be our primary focus over the 20 months from the merger date. We will plan and manage business development and growth carefully, as the successful merger is our top priority.

We plan to transform and grow so we remain leaders in our sector. Our support will remain at the highest quality, focusing on developing services that support individual choice and control. Our strategic aims are to:

- be seen as a 'whole solutions provider' including housing and support.
- create new models and approaches to winning business, becoming less reliant on tendering and more focused on partnerships with people and families
- create a group structure with an attractive offer to small and medium-sized companies.

One key focus will be the delivery of new housing solutions to meet the needs under the Transforming Care programme, building on a successful model we previously developed in Kent in 2013. We will be working with local authorities across the country using NHS Capital Grant to meet the housing needs of the most challenging people who are unable to leave long stay hospitals. Our next development has already been agreed (and funding awarded) in Kirklees, Yorkshire.

Managing risk

The board of trustees ensures the charity exercises sound financial management and has effective management and internal controls. It ensures the development of a financial strategy, and policies that maintain and improve the charity's financial health and 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. The risk management process is formally reviewed annually. A risk management plan details how risks will be managed.

The board has reviewed major risks and established procedures and systems to mitigate those risks. The principal risks are financial - owing to continued pressure on local authority funding which results in low pay. In turn, this leads to difficulty recruiting and retaining employees and an increased reliance upon costly agency staff. 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. 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. 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 identified and adequately mitigated where necessary.

Impact of HMRC guidance on 'sleep-in' rates

The financial impact of the legal action on payments to staff for 'sleep-in' shifts is unclear at this time. Further information is given in note 22 to these financial statements.

Fundraising

Raising voluntary funds from trusts, foundations and individuals helps us fulfil our charitable objectives. Choice Support has undertaken limited fundraising activity in this financial period.

In mcch, we received a further grant from the Kent Police & Crime Commissioner for our *Jigsaw* project, supporting the awareness and reporting of hate crime against people with learning disabilities. The ACT Foundation continued to fund our dance, drama and music workshops for young people with learning disabilities in Medway, providing valuable opportunities to develop self-esteem, team working, and artistic talent. Thanks to a grant from the Souter Foundation, we're piloting the use of virtual reality in services to help people with learning disabilities and autism adapt to new experiences and challenges. Money raised from events, such as our Blues Brothers night and the Prudential RideLondon-Surrey 100, has continued to raise money to support people using our services to take part in new experiences to help them meet their personal goals and expand their interests.

The charity's fundraising is carried out by one full-time employee, with the valued assistance of our volunteer fundraisers who give up their time to raise money for us in many varied and inventive ways. We do not use professional fundraising agencies or commercial participators to raise funds. Our fundraising team ensures all fundraising activities are compliant with the Code of Fundraising Practice, and mcch is registered with the Fundraising Regulator. Most of the activities carried out on our behalf are entries in "challenge events" organised by third parties, and we are able to monitor these to ensure that they too are compliant with the Code.

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 for mcch or Choice Support, 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.

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

Data protection

As part of its preparation for the General Data Protection Regulation that came into force in May 2018, the charity reviewed and updated its data protection policy and procedures. Our privacy notice, published on our websites, clearly states what personal data we 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. 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, we make every effort to ensure their employment continues with appropriate adjustments, support and/or re-training. Our policy is 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 £2,458k for the financial period 2017/18, compared to a deficit of £182k 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 the assets and liabilities being undertaken upon Choice Support 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.

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 £12.2 million.

Our merged reserves at 31 March 2018 stood at £11.8m (2017: £14.9m), before allowing for the servicing of the long term pension liability of £3.4m. Restricted funds currently stand at £14.7m, whilst designated funds of £15.9m have been set aside for items identified in Note 16.

The shortfall in reserves has been caused by the adjustments made upon merger within the accounts of Choice Support. The trustees intend to replenish general reserves as soon as is possible, without affecting the quality of the services provided.

Going concern

The trustees have a reasonable expectation that the group 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 the group. 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.

Statement of Trustees' responsibilities

The trustees (who are also the directors of Partnership Support Group 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.

Auditor

Kingston Smith LLP were appointed as auditor to the company for this year ended 31 March 2018.

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 28 November 2018 and signed on their behalf by:



Oliver Mills (Chair)

We have audited the financial statements of Partnership Support Group for the year ended 31 March 2018 which comprise the Merged Statement of Financial Activities, the Merged and Parent Charitable Company Balance Sheets, the Merged 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.

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 9, 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 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.

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.

N. Finlayson

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

20 December 2018

Devonshire House
60 Goswell Road
London
EC1M 7AD

Partnership support Group
Consolidated Statement of Financial Activities (incorporating Income and Expenditure Account)
For the year ended 31 March 2018

	Note	Merged			Combined		
		Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
		2018 £000	2018 £000	2018 £000	2017 £000	2017 £000	2017 £000
Income From:							
Charitable Activities		63,734	1,662	65,396	65,910	2,054	67,964
Donations & Legacies		49	457	506	-	658	658
Capital grant funding		-	-	-	-	608	608
Other Trading Activities		126	-	126	263	-	263
Investments		91	-	91	121	-	121
Total Income	4	64,004	2,119	66,123	66,294	3,321	69,615
Expenditure on:							
Raising funds		(144)	-	(144)	(147)	-	(147)
Charitable activities	5	(66,362)	(2,476)	(68,838)	(66,338)	(2,388)	(68,726)
Total Expenditure		(66,506)	(2,476)	(68,982)	(66,485)	(2,388)	(68,873)
Net (Expenditure)/income for the year	6	(2,502)	(357)	(2,859)	(191)	933	742
Pension Scheme actuarial (loss)/gain		401	-	401	(924)	-	(924)
Net Movement in funds		(2,101)	(357)	(2,458)	(1,115)	933	(182)
Transfers		175	(175)	-	-	-	-
Reconciliation of funds:							
Total funds brought forward		26,293	15,262	41,555	27,408	14,329	41,737
Transfer to/From reserves		-	-	-	-	-	-
Total funds carried forward		24,368	14,729	39,097	26,293	15,262	41,555

Partnership Support Group
BALANCE SHEETS
31 March 2018

	Note	Merged 2018 £000	Combined 2017 £000	Company 2018 £000
Fixed Assets				
Intangible Fixed Assets	10	783	1,047	-
Tangible Fixed Assets	11	28,156	27,960	-
Total Fixed Assets		28,939	29,007	-
Investments				
Long Term Deposits		5,000	4,040	-
Current Assets				
Stocks	12	29	32	-
Investments Short Term Deposits		2,796	5,384	-
Debtors	13	7,805	8,271	-
Cash at Bank & in Hand		5,069	5,933	-
Total Current Assets		15,699	19,620	-
Creditors: Amounts falling due within one year	14	(7,180)	(6,931)	-
Net Current Assets		8,519	12,689	-
Net Assets Excluding Pension Liability		42,458	45,736	-
Pension Liability	15	(3,361)	(4,181)	-
Net Assets		39,097	41,555	-
Accumulated Funds				
Unrestricted Funds				
General Funds	16	11,843	14,945	-
Pension	15	(3,361)	(4,181)	-
Designated Funds	16	15,886	15,529	-
Total Unrestricted Funds		24,368	26,293	-
Restricted Funds	16	14,729	15,262	-
Total Funds		39,097	41,555	-

The financial statements on pages 17 to 34 were approved and authorised for issue by the Board of Directors on 28 November 2018.

Oliver Mills Chair
Company Number: 10805894

Colin Mills Trustee.

Partnership support Group
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2018

	Merged 2018 £000	Combined 2017 £000
Cash Flows from operating activities		
Net cash (used in)/ provided by operating activities	(1,772)	(2,131)
Interest Received	90	121
Cash flows from financing activities		
Payments to acquire intangible fixed assets	(173)	-
Sale proceeds from disposal of of tangible fixed assets	-	34
Payments to acquire tangible fixed assets	(636)	(2,619)
Net investment in fixed term deposits	(960)	1,960
Net cash outflow from investing activities	(1,679)	(504)
Net change in cash and cash equivalents in the reporting period	(3,451)	(2,633)
Cash and cash equivalents at 1 April 2017	11,316	13,949
Cash and cash equivalents at 31 March 2018	7,865	11,316
Analysis of cash and cash equivalents		
Cash in hand	5,069	5,932
Short term deposits	2,796	5,384
	7,865	11,316
Reconciliation of net income / (expenditure) to net cash flow from operating activities		
Net income	(2,859)	742
Interest receivable	(90)	(121)
Depreciation of fixed assets	442	416
Amortisation of intangible assets	303	217
Donation of Fixed Assets from Burgess Autistic Trust	-	(66)
Loss on disposal of assets	135	(34)
Net movement on pension scheme	(419)	(415)
(Increase)/decrease in stocks	3	1
(Increase)/decrease in debtors	464	(352)
Increase/(decrease) in creditors	249	(2,519)
Net cash provided by operating activities	(1,772)	(2,131)

1. ACCOUNTING POLICIES

Status

The charity is a company limited by guarantee (number 10805894), incorporated in England and Wales and registered with the charity commission (number 1175080). The registered office is 100 Westminster Bridge Road, Ground Floor, London. SE1 7XA. 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 thousand pounds.

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 consolidated financial statements comprise the accounts of the company and of its two subsidiary companies, mcch and Choice Support.

The consolidated accounts have been prepared on the basis of a group merger structure using the principles of merger accounting, whereby the accounts are shown as if Partnership Support Group had owned its two subsidiary companies for the whole of the year ended 31 March 2018, although it became their parent company on 1 November 2017. The comparative financial statements presented for the year ended 31 March 2017, are "combined" figures as the merged group did not exist in that period. The financial statements that have been combined are the published financial statements for mcch for the year ended 31 March 2017, and the restated financial statements for Choice Support for the year ended 31 March 2017, as disclosed in its financial statements for the year ended 31 March 2018.

Income and endowments

Resources from generated 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.

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.

Operating expenditure

Resources are recognised in the period in which they are 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.

1. ACCOUNTING POLICIES (continued)

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.

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 mcch.

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	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. Assets costing over £1,000 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
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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 directors 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.

1. ACCOUNTING POLICIES (continued)

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 have been classified as long term investments and shown separately in the balance sheet. 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.

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 group 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. The remaining defined benefit scheme, Bexley Council, has been accounted for in line with FRS102.

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 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.

2.1 Critical judgements

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

The group 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 17 for the disclosures relating to the defined benefit pension scheme.

The group 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 13 for the net carrying amount of the debtors.

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

Partnership Support Group has taken advantage of S408 of the Companies Act 2006 not to prepare a separate parent charity Statement of Financial Activities. The company did not trade in the year and therefore its income and expenditure was nil.

4. INCOME

	Merged 2018 £000	Combined 2017 £000
Income		
Supported living and individualised services	30,324	30,518
Residential Care Services	28,306	30,519
Core rent and service charges	2,669	2,446
Expert by experience	1,516	1,715
Placement fees and trading income	1,424	1,812
Other Income	657	665
Community support	649	819
Fundraising and donations	488	583
Investment Income	90	121
Aquisition of Burgess Trust	-	417
	<u>66,123</u>	<u>69,615</u>

5. EXPENDITURE

	Merged				Combined
	Staff Costs 2018 £000	Direct Costs 2018 £000	Support Costs 2018 £000	Total Costs 2018 £000	Total Costs 2017 £000
Expenditure					
Residential care services	2,847	492	777	4,116	3,949
Supported living & individualised services	25,784	1,800	7,750	35,334	32,765
Cost of generating voluntary income	98	46	0	144	147
Learning Disability	17,136	2,462	4,165	23,763	25,408
Mental Health	2,284	350	908	3,542	3,924
Autism	408	85	111	604	624
Housing	302	871	162	1,335	1,909
Total Expenditure	<u>48,859</u>	<u>6,106</u>	<u>13,873</u>	<u>68,838</u>	<u>68,726</u>

6. NET INCOME FOR THE YEAR

	Merged 2018 £000	Combined 2017 £000
This is stated after charging:		
Auditors remuneration (excluding VAT):		
Audit Fees	131	105
Other services	13	17
Depreciation: Owned Assets	441	416
Amortisation	303	217
Operating lease rentals	866	1,117

7. SUPPORT COSTS

	Merged						Combined
	Learning Disability	Mental Health	Autism	Housing	Choice Support	Total	Total
	2018	2018	2018	2018	2018	2018	2017
	£000	£000	£000	£000	£000	£000	£000
Local Costs	874	196	23	58	931	2,082	1,444
Area Costs	732	222	21	21	6,888	7,884	1,110
Central Costs	2,559	490	67	84	796	3,997	3,826
Choice Support	-	-	-	-	-	-	6,619
Total Support Costs	4,165	908	111	163	8,615	13,963	12,999

8. STAFF COSTS

	Merged 2018 £000	Combined 2017 £000
Wages and salaries	47,568	48,306
Social security costs	3,931	3,830
Pension costs	919	973
Redundancy and termination costs	249	279
	<u>52,667</u>	<u>53,388</u>
Agency staff	2,915	3,336
Total	<u>55,582</u>	<u>56,724</u>

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

Care staff	2,322	2,400
Management and administration staff	185	195
	<u>2,507</u>	<u>2,595</u>

The number of employees whose employee benefits (including redundancy costs) but excluding employers pension costs and employers NI was £60,000 or more, was:

	2018	2017
£60,001 - £70,000	2	1
£70,001 - £80,000	5	4
£80,001 - £90,000	2	3
£90,001 - £100,000	2	2
£100,001 - £110,000	2	2
£110,001 - £120,000	<u>-</u>	<u>1</u>

9. TRUSTEES AND KEY MANAGEMENT PERSONNEL

No Trustee received any remuneration or benefit in kind during the year or prior year. Travel expenses reimbursed to 8 Trustees in 2018 (2017: 9 Trustees) amounted to £10k (2017: £7k).

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

	Merged 2018 £000	Combined 2017 £000
Total paid to key management personnel	<u>1,390</u>	<u>1,283</u>

10. INTANGIBLE FIXED ASSETS

Group

IT software.	Merged Total £000
Cost	
At 31 March 2017	1,339
Additions	173
Disposals	(244)
At 31 March 2018	1,268
Amortisation	
At 31 March 2017	293
Charge for the year	303
Disposals	(111)
At 31 March 2018	485
Net book value	
At 31 March 2018	783
At 31 March 2017	1,047

11. TANGIBLE FIXED ASSETS

	Housing Development £000	Leasehold Improvements £000	Freehold Properties £000	Fixtures, equipment and Vehicles £000	Total £000
Cost					
At 31 March 2017	225	2,493	26,976	1,033	30,727
Additions	71	25	458	82	637
Disposals	-	(19)	-	(262)	(281)
Cost as 31 March 2018	296	2,499	27,434	854	31,083
Depreciation					
At 31 March 2017	-	460	1,410	896	2,767
Charge for the year	-	81	296	63	440
Disposals	-	-17	-	(263)	(280)
Depreciation at 31 March 2018	-	524	1,706	696	2,927
Net book value					
At 31 March 2018	296	1,975	25,728	157	28,156
At 31 March 2017	225	2,033	25,566	136	27,960

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 mcch 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.

Contingent liability

Choice Support 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.

12. STOCKS

	Merged 2018 £000	Combined 2017 £000
Goods for resale	<u>29</u>	<u>32</u>

13. DEBTORS

	Merged 2018 £000	Group Combined 2017 £000	Company 2018 £000
Trade debtors and grants	6,390	7,175	-
Charges to residents	54	70	-
Prepayments and accrued income	1,121	308	-
Other debtors	240	719	-
	<u>7,806</u>	<u>8,271</u>	<u>-</u>
The debtors above include financial instruments measured at amortised cost	<u>7,218</u>	<u>7,552</u>	<u>-</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Partnership Support Group Creditors

	Group		
	Merged	Combined	Company
	2018	2017	2018
	£000	£000	£000
Accruals	1,391	1,037	-
Trade Creditors	1,873	2,671	-
Deferred Income	1,051	483	-
Other Creditors	1,371	1,337	-
Other taxes and social security	1,139	994	-
Client monies	404	409	-
	<u>7,180</u>	<u>6,931</u>	<u>-</u>

The creditors above include financial liabilities
measured at amortised cost

	<u>4,857</u>	<u>5,437</u>	<u>-</u>
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The movement on deferred income is as follows:

Deferred income brought forward	483	909
Released in year	(483)	(909)
New provision added	1,004	483
Deferred income carried forward	<u>1,004</u>	<u>483</u>

15. PENSION LIABILITY

As described in note 17, mcch has made provision for its liability under the deficit funding plan agreed for the Social Housing Pension Scheme. Choice Support has also made provision for its liability under the deficit funding plan agreed for the Social Housing Pension Plan, and mcch also has a liability under the Local Government Pension Scheme.

The pension liabilities recognized in these accounts are:

	Merged				Combined			
	mcch	Choice Support		Total	mcch	Choice Support		Total
	Social Housing Pension Fund	Local Government Pension Scheme	Social Housing Pension Fund		Social Housing Pension Fund	Local Government Pension Scheme	Social Housing Pension Fund	
	2018	2018	2018	2018	2017	2017	2017	2017
	£000	£000	£000	£000	£000	£000	£000	£000
Deficit at beginning of year	3,310	672	199	4,181	3,546	(73)	228	3,701
Employer contributions	(418)	(39)	(30)	(487)	(403)	(77)	(29)	(509)
Net interest/(return) on assets	41	27	-	68	69	(4)	-	65
Actuarial gain/(loss)	(42)	(359)	-	(401)	98	826	-	924
Deficit at end of year	<u>2,891</u>	<u>301</u>	<u>169</u>	<u>3,361</u>	<u>3,310</u>	<u>672</u>	<u>199</u>	<u>4,181</u>

16. ACCUMULATED FUNDS

	Merged					Combined				
	Start Of Year 2018 £000	Income 2018 £000	Expenditure 2018 £000	Gains & Losses 2018 £000	End Of Year 2018 £000	Start Of Year 2017 £000	Income 2017 £000	Expenditure 2017 £000	Gains & Losses 2017 £000	End Of Year 2017 £000
Unrestricted Funds										
General funds	14,945	63,547	(66,365)	(284)	11,843	14,395	65,286	(65,691)	955	14,945
Pension provision	(4,181)	457	(38)	401	(3,361)	(3,691)	486	(52)	(924)	(4,181)
	10,764	64,004	(66,403)	117	8,482	10,704	65,772	(65,743)	31	10,764
Designated Funds										
Fixed assets fund	14,311	0	(102)	721	14,930	15,700	0	(286)	(1,103)	14,311
Legacies and donations	72	0	0	0	72	72	0	0	0	72
Sinking fund	220	0	0	0	220	154	522	(456)	0	220
Property disposal surplus	27	0	0	0	27	27	0	0	0	27
Nexus integrated IT programme	899	0	0	(262)	637	751	0	0	148	899
	15,529	0	(102)	459	15,886	16,704	522	(742)	(955)	15,529
Total Unrestricted Funds	26,293	64,004	(66,505)	576	24,368	27,408	66,294	(66,485)	(924)	26,293
Restricted Funds										
Fixed assets acquired through capital grants	13,470	0	(126)	29	13,373	11,977	0	(147)	1,640	13,470
Capital grants received for housing developments	383	0	0	(29)	354	1,415	608	0	(1,640)	383
Legacies and donations	397	145	(105)	0	437	396	179	(178)	0	397
Area committee funds	139	2	(38)	0	103	162	0	(23)	0	139
Autism London	10	0	0	0	10	10	0	0	0	10
DGSM	241	0	0	0	241	241	0	0	0	241
Employment services	0	0	0	0	0	0	10	(10)	0	0
Roy Kinnear Foundation	5	10	(1)	0	14	0	32	(27)	0	5
Wakefield Local Authority	239	300	(409)	0	130	0	258	(19)	0	239
Southwark Innovation Fund	46	0	0	0	46	104	0	(58)	0	46
Steven Clark Trust	22	0	0	0	22	23	0	(1)	0	22
Burgess Autistic Trust	310	1,662	(1,797)	(175)	0	0	2,234	(1,924)	0	310
Total Restricted Funds	15,262	2,118	(2,476)	(175)	14,730	14,328	3,321	(2,387)	0	15,262
Total Charity Funds	41,555	66,123	(68,982)	401	39,097	41,736	69,615	(68,872)	(924)	41,555

The trustees have designated funds for the following purposes:

Fixed assets not acquired through capital grants	This fund represents the net book value of the fixed assets of the group.
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.
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.
Transfer between funds	At 31 March, the assets and engagements of Burgess Autistic Trust were transferred to mcch. This released the funds to mcch and the transfer represents the transfer of assets to mcch.

Group net assets by fund:

	Merged			Combined		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
	2018	2018	2018	2017	2017	2017
	£000	£000	£000	£000	£000	£000
Fixed Assets	13,372	15,566	28,938	13,797	15,210	29,007
Investment	-	5,000	5,000	-	4,811	4,811
Net Current Assets	1,358	7,162	8,520	1,465	10,453	11,918
Pension Liability	-	(3,361)	(3,361)	-	(4,181)	(4,181)
Total Group Funds	14,730	24,367	39,097	15,262	26,293	41,555

17. PENSION COMMITMENTS

(a) mcch

mcch participates in various pension schemes. These are detailed below:

a) The charity participates in the Social Housing Pension Scheme (SHPS). SHPS is funded and is contracted-out of the State Pension scheme. With effect from 1 October 2010 a defined contribution benefit structure was made available in place of the previous defined benefit scheme. All eligible employees who wished to remain in the SHPS scheme from October 2010 onwards have accrued future benefits under the defined contribution structure only. Past service benefits under the defined benefit structure are not affected by this change.

Previously, due to the nature of the Scheme, the accounting charge for the period under FRS17 represented the employer contribution payable. It had not been possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the SHPS is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. In accordance with the requirements of FRS102 the net present value of agreed liabilities is shown in the balance. The increase in the liability since the previous year is charged in the statement of financial activities.

The trustees commission an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2014 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £3,123 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £4,446 million, equivalent to a past service funding level of 70.2%. (Shortfall value £1,323m)

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 & 3 deficit contributions.

The charity recognises a liability for the deficit obligation (Note 16). The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit; these are payable over eleven years. The present value is calculated using the discount rates below. The unwinding of the discount rate is recognised as a finance cost.

	31 March 2018 % per annum	31 March 2017 % per annum	31 March 2016 % per annum
Rate of discount	1.72	1.33	2.06

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.

The total current employer contribution payable in the year 2017/18 was £139k (2016/17: £159k) and not included in the deficit contribution.

- 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 2013 by a professionally qualified actuary. The actuarial assumptions are detailed below.

	2018 % pa.	2017 % pa.
Financial Assumptions		
Rate of inflation – CPI	2.1	2.3
Rate of increase in salaries	-	3.8
Rate of increase in pensions	2.2	2.3
Discount rate	2.6	2.5
	2018 % pa.	2017 %pa.
Split of assets between investment categories		
Equities	39.0	62.1
Government Bonds	14.4	-
Other Bonds	4.9	7.4
Property	11.0	10.7
Cash/Liquidity	1.7	1.7

Partnership Support Group
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

The assets in the scheme were:

	2018	2017	2016	2015	2014
	£'000	£'000	£'000	£'000	£'000
Equities	4,222	6,701	5,470	5,684	5,421
Government Bonds	1,558	-	-	-	-
Other Bonds	530	798	772	837	801
Property	1,190	1,154	1,139	1,065	827
Cash/Liquidity	184	183	226	143	128
Other	3,138	1,953	1,807	1,778	1,347
Total market value of assets	10,822	10,789	9,414	9,507	8,524
Present value of benefit obligations	(11,123)	(11,461)	(9,341)	(9,823)	(8,433)
Surplus/(Deficit) in LGPS scheme	(301)	(672)	73	(316)	91

	2018	2017	2016	2015	2014
	£'000	£'000	£'000	£'000	£'000
History of experience gains and losses					
Difference between the expected and actual return on scheme assets	-	-	-	651	(218)
Value of plan assets	10,822	10,789	9,414	9,507	8,524
Percentage of scheme assets	-	-	-	6.8	2.6
	301	672	310	638	1,256
Total actuarial gain/(loss) in the statement of total recognised gains and losses					
Present value of scheme liabilities	11,123	11,461	9,341	9,823	8,433
Percentage of the present value of scheme liabilities	2.7	5.8	3.3	6.5	14.9

The actuarial assumptions used in the calculation of the year end balance sheet liabilities are based on the 2010 actuarial valuation assumptions, other than the financial assumptions, which are shown above.

Membership numbers

	2018	2017
	No	No
Actives	-	-
Deferred	58	62
Pensioners	50	49
Spouses/dependents	6	5
	114	116

Due to there being no members in the scheme during the year there were no employer contributions made (2016/17: nil). The total net employer contributions payable by the charity in 2017/18 were £nil (2016/17: nil). Two past service deficit payments were made in the year of £39k each (2016/17: £39k).

	2018	2017
Post retirement mortality assumptions		
- Non-retired members (retiring in the future in normal health)	Males: 95% S1PA CMI_2012_M [1.50%] Females: 85% S1PA CMI_2012_F[1.50%]	Males: 95% S1PA CMI_2012_M [1.50%] Females: 85% S1PA CMI_2012_F[1.50%]
- Current pensioners (retired in normal health)	Males: 95% S1PA CMI_2012_M [1.50%] Females: 85% S1PA CMI_2012_F[1.50%]	Males: 95% S1PA CMI_2012_M [1.50%] Females: 85% S1PA CMI_2012_F[1.50%]
Life expectancy		
- of a male (female) future pensioner aged 65 in 20 years' time	25.3 (28.4) years	25.2 (28.3) years
- of a male (female) current pensioner aged 65	23.1 (26.1) years	23. (26) 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)	855 (mid-market value, as at 31 December 2017)	666 (mid-market value, as at 29 February 2016)

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.

d) Contributions amounting to £54k (2016/17: £99k) were payable to the pension funds at the year end and are included in creditors.

(b) Choice Support

Defined contribution scheme

Choice Support 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.

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.

Partnership Support Group
Notes to the Financial Statements (cont.)
For the year ended 31 March 2018

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.

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	-	-
Liability at end of period	169	199

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

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

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.

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. CAPITAL COMMITMENTS.

	Merged 2018 £000	Combined 2017 £000
Contracted for	-	-
Authorised but not contracted for	334	360
	<u>334</u>	<u>360</u>

The commitments above include £334k (2017: £360k) relating to the development of a number of properties in order to provide additional housing facilities to enable the society to meet its housing strategy.

19. COMMITMENTS UNDER OPERATING LEASES

The group's total future minimum lease payments under non-cancellable operating leases:

	Merged 2018 £000	Combined 2017 £000
Land & Buildings:		
Within one year	629	628
In two to five years	648	990
After five years	724	724
	<u>2,000</u>	<u>2,342</u>
Others:		
Within one year	227	129
In two to five years	271	202
After five years	-	-
	<u>498</u>	<u>331</u>

20. SUBSIDIARY UNDERTAKINGS

These merged financial statements include the accounts of the following subsidiary companies, all of which are incorporated in England. mcch and its subsidiary companies have their registered address as One Hermitage Court, Hermitage Lane, Maidstone, Kent. ME16 9NT. Choice Support and its subsidiary companies have their registered address at 100 Westminster Bridge Road, Ground Floor, London. SE1 7XA. Each entity is a subsidiary as its respective parent company has 100% control:

mcch – company registration number 8971493, charity registration number 1156486
Operating subsidiaries of mcch –

Burgess Autistic Trust – company registration number 2572568, charity registration number 1002032

Dormant subsidiaries of mcch –
Autism London – company registration number 2669072, charity registration number 1009720

Byways Trust – company registration number 5443145, charity registration number 1109825

DGSM your Choice - company registration number 04378206, charity registration number 1103190

Partnership Support Group
Notes to the Financial Statements (cont.)
For the year ended 31 March 2018

Choice Support – Community Benefit Society number 7845

Operating subsidiaries of Choice Support –

The Lady Verdin Trust – company registration number 2750298, charity registration number 1015229

The Blue River Project – company registration number 2656104, charity registration number 1029739

Dormant subsidiary of Choice Support –

Choice Consultancy Services Limited – company registration number 2656104

Details of the summarised trading results for those subsidiaries above that did trade in the year ended 31 March 2018, are as follows:

	Merged					Combined				
	Burgess Autistic mcch	Choice Trust 2018	The Lady Verdin Trust 2018	The Blue River Project 2018		Burgess Autistic mcch	Choice Trust 2017	The Lady Verdin Trust 2017	The Blue River Project 2017	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income	28,108	1,662	33,184	3,278	65	31,258	1,815	33,083	3,459	66
Expenditure	(27,591)	(1,797)	(36,250)	(3,370)	(65)	(30,089)	(1,923)	(33,402)	(3,140)	(64)
Gain/(Loss) On Pension Scheme Deficit	401	-	-	-	-	(924)	-	-	-	-
Donation to parent company	-	(175)	-	(679)	-	-	-	-	-	-
Increase/(Decrease) In Funds For The Year	918	(310)	(3,066)	(771)	-	245	(108)	(319)	319	2
Reserves Brought Forward	29,076	310	12,164	771	5	28,831	418	12,483	452	3
Reserves Carried Forward	29,994	0	9,098	-	5	29,076	310	12,164	771	5

On 31 March 2018, the respective boards approved the transfer of engagement of The Lady Verdin Trust to Choice Support and Burgess Autistic Trust to mcch. Therefore all the assets and liabilities of LVT and Burgess were transferred to Choice Support and mcch respectively, at the balance sheet date.

21. RELATED PARTY TRANSACTIONS

Apart from the company becoming the parent company of mcch and Choice Support, there were no transactions in the year between the three companies.

The transactions between mcch and its subsidiary companies, and between Choice Support and its subsidiary companies, are disclosed within their respective financial statements.

22. 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

At the date of approval of these financial statements the group 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.

23. POST BALANCE SHEET EVENTS

On 1 November 2017, Choice Support merged with mcch. This merger was effected by Choice Support and Choice mcch both becoming subsidiary companies of Partnership Support Group which has become the sole member of both organisations, a company and charity incorporated on 6 June 2017 for this purpose.

The two charities 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.

