



# Social Interest Group

## Trustees' Report & Consolidated Financial Statements

Year ended 31<sup>st</sup> March 2020

Company registration number 9122052

Charity registered number 1158402



Social  
Interest  
Group



SIG Investments

Milner  
Gibson

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## Reference and administrative details of the charity, its trustees and advisors

Social Interest Group was incorporated as a company limited by guarantee on the 8<sup>th</sup> July 2014. It became a charity registered with the Charity Commission on the 1<sup>st</sup> September 2014. It changed its name to the Social Interest Group on the 1<sup>st</sup> October 2014, when Equinox Care (“Equinox”), Penrose Options (“Penrose”) and Milner Gibson Limited (“Milner Gibson”) joined as wholly owned subsidiaries. SIG Investments (“SIGI”) joined the Group when it was incorporated on the 15<sup>th</sup> December 2015. The Social Interest Group is referred to as the Charity throughout this document. SIG is a charity that through its subsidiaries provides social and health care services and support for people who have complex needs and have chaotic lives. Often these same people live with trauma, mental ill health, personality disorders, substance and/or alcohol misuse and may have been homeless or in the criminal justice system. SIG provides the subsidiaries with strategic direction, good governance and risk management and all back-office functions to enable them to run quality services and reduce their overhead cost.

### Directors and charity trustees

The directors of the Charity are its trustees for the purposes of charity law and throughout this document are collectively referred to as trustees. The current trustees and those that served during the year are as follows:

#### **Non-executive trustees**

##### **Chairman**

Dr Karl Marlowe

##### **Treasurer**

Lindsey Wishart

##### **Trustees:**

Craig Brown (Resigned – 21 December 2019)

Zelda Peters (Resigned – 19 January 2020)

Rami Bibi (Appointed – 26 February 2020)

Dylan Kerr (Appointed – 26 February 2020)

##### **Chairman, SIG Investments**

Stuart Jenkin

##### **Executive trustee & Group Chief Executive**

Gill Arukpe

##### **Company secretary**

Michael Rutherford (Appointed – 27 May 2020)

Paul Lynas (Resigned – 27 May 2020)

##### **Executive Officers**

##### **Group Chief Executive**

Gill Arukpe

##### **Senior Director of Operations**

Cassie Newman (Appointed – 26 February 2020)

##### **Director of Finance & Resources**

Michael Rutherford

##### **Director of Governance**

Paul Lynas

##### **Director of People and Culture**

Zainah Baker (Appointed – 7 May 2019)

#### **Registered office**

1 Waterloo Gardens

Milner Square

London N1 1TY

#### **Auditor**

Sayer Vincent LLP

Invicta House

108 – 114 Golden Lane

London

EC1Y 0TL

#### **Bankers**

Lloyds Bank plc

25 Gresham Street

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#### **Solicitors**

Russell Cooke LLP

2 Putney Hill

London

SW15 6AB

Devonshires Solicitors LLP

30 Finsbury Circus

London

EC2M 7DT

DWF LLP

1 Scott Place

2 Hardman Street

Manchester

M3 3AA

**Company registration number - 9122052**

**Charity registration number - 1158402**

[www.socialinterestgroup.org.uk](http://www.socialinterestgroup.org.uk)

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The trustees present their report and the audited financial statements for the year ended 31<sup>st</sup> March 2020.

The reference and administration information set out on page 2 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

## Objectives and Activities

### Purposes and aims

The objects of the Charity as set out in the Articles of Association are for the public benefit:

- To relieve people in need, including but not limited to those with mental health illness, those currently suffering from substance misuse, alcohol or other addictive behaviour, people in the criminal justice system, the homeless, poor people, the aged, disabled (whether physically or mentally) or chronically sick, and to assist and relieve such persons' family, dependents and other carers who are in need as a result of that person's problems;
- To promote and improve the efficiency and effectiveness of its charitable subsidiaries in fulfilling their charitable objectives;
- To further such other exclusively charitable purposes according to the law of England and Wales as the trustees in their absolute discretion from time to time determine.

The trustees review the aims, objectives and activities of the charity and its subsidiaries each year. This report looks at what the Group has achieved and the outcomes of its work in the reporting period. The trustees report the success of each key activity and the benefits the Group has brought to the people that it is set up to help. The review also helps the trustees ensure the Charity's aims, objectives and activities remain focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

### Activities

The Charity's role is to provide strong governance, strategic guidance, risk management and the safeguarding of people who are vulnerable adults and young people, standards and quality, audit and compliance, marketing and communications, development and access to investment as well as back office support services to promote and improve the efficiency and effectiveness of its subsidiaries. The charity is the vehicles for providing back office services and leadership on behalf of the subsidiaries enabling them to fulfil their own objectives.

The services provided by the Charity's subsidiaries are as far reaching as their Service User profile.

## **Penrose**

Penrose Housing Association was set up as an Industrial & Provident Society, an exempt charity, in 1969 by two ex-offenders and a number of volunteers to provide housing for ex-offenders. It converted to be a company limited by guarantee, registered with the Charity Commission and changed its name to Penrose Options on the 28<sup>th</sup> March 2013. It now trades as Penrose and joined the Group on the 1<sup>st</sup> October 2014.

Penrose provides practical social support and health care services for people who may be vulnerable because of their social and health care needs. People who are struggling with day-to-day living, mental illness, personality disorders, trauma, substance and alcohol issues, homelessness, offending backgrounds or just face challenges in daily life, need support to overcome difficulties because of a complex chaotic life. Penrose also provides very specialist rehabilitation, technical and therapeutic support that aids recovery, reduces offending and changes behaviour. Penrose specialises in working with people who have been excluded from other services as they present personal or public safety risks. Penrose currently operates across London, Bedfordshire and Luton and has ambition to grow.

## **Equinox**

Equinox was established in 1986, incorporated as Drink Crisis Centre on the 23<sup>rd</sup> March 1987, opened its first service in 1990 and changed its name to Equinox Care on the 13<sup>th</sup> April 1999. It now trades as Equinox and joined the Group on the 1<sup>st</sup> October 2014.

Equinox provides individually tailored support, health care and recovery for people whose behaviours and trauma, mental ill health, substance and alcohol issues, homelessness, or forensic history, or any combination of these issues has prevented them from living fulfilled lives which they are seeking support to change and recover from. Equinox's expertise is in supporting people who have been excluded from other services due to their substance and alcohol misuse. The heart and soul of Equinox is providing hope without exclusion to all those who come to them. Equinox currently operates across London and in Brighton and has ambition to grow.

## **Milner Gibson**

Penrose operated an in-house maintenance department for more than 20 years for its accommodation-based services. Penrose Works Limited was incorporated on the 21<sup>st</sup> October 2013, commenced trading on the 1<sup>st</sup> August 2014, joined the Group on the 1<sup>st</sup> October 2014 and changed its name to Milner Gibson Limited on 27<sup>th</sup> January 2016.

Milner Gibson ceased trading on the 31<sup>st</sup> March 2017 when the business was transferred to the Housing Management department within the Charity. The Company is currently dormant.

## **SIG Investments**

SIG Investments (SIGI) was incorporated on the 16<sup>th</sup> December 2015, registered with the Charity Commission on the 28<sup>th</sup> April 2016 and commenced trading on the 1<sup>st</sup> October 2016. Its purpose is to hold the Group's property portfolio and loan book. The Company is currently seeking to become registered with the Regulator for Social Housing. The charity as a whole has 320 units of accommodation and holds 1 freehold property and 4 leasehold (2 Penrose, 2 Equinox).

## Strategic Report

### Achievements and performance and beneficiaries of our services

The Group has provided safe, secure, quality and innovative support, resettlement and reintegration services that made a real difference to 13,904 lives (FY2018/19 11,368). Many of these were people in the criminal justice system, people recovering from mental health illness, homelessness, substance and alcohol misuse, personality disorders, learning disabilities, the elderly and vulnerable and troubled families.

### Financial review for 2019/20

The charity recovers the costs of the services that it provides to its subsidiary undertakings making neither a surplus nor deficit. The group had net unrestricted outgoing resources for the year of £101k. Unrestricted reserves stand at £796k at 31st March 2020 with £4k in restricted reserves and a liability of £846k (2018/19 - £4,993k) in the pension reserve for past service deficits, in Penrose £326k and Equinox £520k.

Penrose made a surplus of £288k (2018/19 - £529k) at the operating profit level before a past service deficit pension payment of £110k (2018/19 - £121k). This results in an unrestricted fund balance of £1,741k (2018/19 - £1,563k) at 31st March 2020. In addition, it had a restricted fund balance of £3k (2018/19 - £3k).

Equinox made a deficit of £148k (2018/19 - £365k surplus) at the operating profit level before a past service deficit pension payment of £290k (2018/19 - £271k). This resulted in an unrestricted fund balance in deficit £1,265k (2018/19 - deficit £827k). In addition, it had a restricted fund balance of £1k (2018/19 - £1k) after receipts of £340k (2018/19 - £188k) and expenditure of £340k (2018/19 - £188k).

At the end of the financial period, the charity had unrestricted general reserves of £244k (2018/19 - £99k). This results from a small deficit of £145k (2018/19: £11k surplus) achieved during the period ended 31st March 2020.

Milner Gibson did not trade during the year.

SIG Investments made a surplus of £20k (2018/19 - £17k) at the operating profit level.

The pensions reserve relates to the past service deficit liability relating to the defined benefit Social Housing Pension Scheme. The triennial valuations in 2008, 2011, 2014 and 2017 resulted in member organisations being charged a levy to bring the scheme back into surplus. These triennial valuation deficit contributions are reflected in the liabilities of Penrose and Equinox. These charities closed their participation in this pension scheme but remain liable for an element of the deficit.

Given the wider economic environment and on-going changes and increased competition within the sector, the trustees consider the results to be acceptable. It is important that moving forward we continue our focus on developing new services, new funding models, effective and financially efficient models of service delivery.

The principal funding sources remain Local Authority block contracts largely for our resettlement projects alongside funding from Clinical Commissioning Groups and NHS Trusts towards our work with people recovering or living with mental ill health and or personality disorders, and the work we do with preventing homelessness and homeless people. The Ministry of Justice funds our Criminal Justice Service via the prime contractor MTC Novo. The trustees are appreciative of the funding received from its funders including those statutory commissioners for the work streams they support as well as the vital non-statutory funding received from individuals, trusts and foundations.

### Principal risks and uncertainties

The Group has a risk management strategy which is overseen by the trustees. The risk register is reviewed monthly by the Executive Management Team, in consultation with all managers, and subsequently by the trustees at each quarterly Board meeting. The principal risks are that a Service User commits a serious act and that there is class A and/or B drug use by a Service User on our premises. This is not surprising in view of the activities undertaken by the Group. To mitigate these risks, we have robust risk management policies, a pandemic strategy for the Group and each entity, contingency plans, well trained staff, incident and near miss reporting and learning, a safeguarding officer, a clinical lead and people safe systems, testing procedures and good relationships with experts by experience

and co-production with our Service Users, responsible officers, and the police. In addition, the Group is experiencing great difficulties in procuring properties either for rent or outright purchase, given that we cannot expand at the rate of demand or that we may lose contracts.

Another significant risk is the pension deficit contributions made to TPT to fund the shortfall in the pension liability of the scheme. The risk is regularly reviewed to ensure any contributions are affordable and do not place a significant financial burden on the Group.

## Reserves policy and going concern

Reserves are needed to innovate solutions for our stakeholders, (both Service Users and commissioners) and bridge the funding gaps between spending on services and recovering these from subsidiaries by providing working capital. In addition, reserves are required to facilitate investment in fixed assets in the form of properties for leasing to subsidiaries for the provision of their services.

The trustees evaluated the commitment to future expenditure against likely future income streams and believe that a regular review of reserve levels is appropriate. All SIG charities aim to make a small surplus for retention and reinvestment purposes, which increases the free reserves. The target for the Group is £1,500k – they currently stand at £598k, excluding funds held within tangible fixed assets.

Actions to strengthen the financial position going forward include diversification of funding, including the growth of the business development team to secure additional funds through fundraising and securing and opening a number of new projects, as well as the closure of projects that were not financially viable. In addition, there are concerted management efforts to increase occupancy and reduce void rates and minimise the use of expensive agency staff.

## Plans for the future

We are in the second year of our 3-year strategy and are delivering our 'Making Change, Changing Lives' programme which looks to empower our staff to be the best they can be, so we can deliver the highest quality services possible.

The areas where we work in health and social care continue to undergo transformation. We are working closely with the NHS Mental Health Trusts that we partner to support them in their 'Local transformation plans' seeking to create new ways of working by developing innovative local solutions.

We are participating in the MOJ review of the national probation service and the CRCs with the upcoming changes to the probation service.

We continue to work with local authorities and clinical teams to develop our commissioned services to adapt to the increasing complex needs of those who require our support.

We intend to invest monies in developing further our back-office services during 2020/21. This will be in our Finance, People and Culture (HR) and Development teams. In doing this we will be able to seek out and identifying another charity to join the Group which meets one of the objectives in our strategic plan for 2020/21. We aim to do this in a geographical area with high deprivation and social and health care need; so that we can increase our impact and support another charity who otherwise may close due to financial constraints. This charity will provide us with a new strategic geographical area and in return we will provide another charity within the sector the back-office support it needs to flourish. We will look to support other charities to join the Group over the next 3 years. Charities that have a good social and or health care offer that would be otherwise lost to local communities because they may be suffering from the recent funding shortfalls. These will be chosen carefully so they can bring additional resources, knowledge and services to the Group sharing expertise and best practice.

We have also invested this year into a model and quality innovation team whose role it is to strengthen the activities and programs we can offer to our Service Users and staff teams. This new way of working will allow us to increase our service experience for our service users and help us attract additional funding from areas we have not been able to do before such as corporate and private sector businesses and social impact funders.

We aim to be able to create a team of flexible workers that can act quickly as we win and develop new business. We are also considering the merits of creating our own staffing agency to reduce the cost of flexible staff within the sector.



We will continue to grow our service provision to provide support to those who have the highest and most complex needs and are the most vulnerable in our society.

The Covid 19 pandemic has had a tremendous impact on the Group but we are managing it well. It has made us have to work and provide services differently and learn new ways of working quickly. It has been an expensive time for the group with additional cost for providing PPE and covering staff during their times shielding or unwell.

The Group prepared well for the pandemic and lockdown ensuring business continuity plans (BCUs) were reviewed and thoroughly tested before the lockdown came into place. We brought all services and central services down to minimum operating numbers and all staff that were able, worked from home. As a charity using public funding meant we were unable to furlough any staff whose work could not be done at home or if they had to shield for medical reasons. These costs had to be met by the charity even though in many cases we had to back fill the staff who could not be on site. By testing the BCU's ahead of lockdown we were able to identify gaps in provision, technology and equipment and ensured it was in place when needed. During the first lockdown we procured sufficient PPE for staff and worked with our commissioners and local authorities to ensure they knew our ongoing needs. We also increased our infection control procedure and paid for deep cleaning of services when a resident or staff member tested positive. We speedily took steps to manage the risk of spreading the virus and took steps ensure safety. Financially, we incurred significant additional staff costs, some of which were offset as we accessed all available Covid grants that were opened through local authorities and worked internally through the fundraising team to apply for other relevant funds. We were proud to assist Guy's and St Thomas NHS Trust in their response to the pandemic through the use of Brook Drive for homeless people with COVID who needed nursing care on discharge from the hospital and had nowhere else to go. The structures we put in place at the beginning have held steady throughout the pandemic reducing impact on staff and service users. The staff have worked tirelessly as a team to protect each other and those we support. We have acts of incredible kindness and thoughtfulness across the group and sparks of creativity within teams on how to continue delivering high quality services in such strange times. It was remarked by one commissioner that they wished all providers had the same forethought that we did and showed the same resilience to weather and overcome challenges as us. We will continue in 2020/21 to seek additional funding to cover any potential losses and we will continue to adapt our services in line with Government changes, always keeping the people we support and the staff that diligently and professional go about their work, at the centre of everything we do.

## Penrose Options

In 2019/20 we supported 12,970 people across 16 different services.

### Residential Services

- Across Penrose residential services, we supported 1,778 Service Users during the year. Over 80% of move-ons in the financial year were positive, including transferring into independent living and step-down accommodation. Less than 1% of our service users experienced returns to prison or unplanned returns to hospital during their time in our care.

| KPI                            | Target | Actual |
|--------------------------------|--------|--------|
| % positive move-ons            | >85%   | 81.2%  |
| % Unplanned return to hospital | <3%    | 0.3%   |
| % Convicted of new offence     | <3%    | 0.1%   |
| % Unplanned return to prison   | <3%    | 0.6%   |

- Positive Move on means people that secure independent accommodation or move into a safe location for continued support.

|                              |      |
|------------------------------|------|
| Total departures             | 1327 |
| Positive move-ons            | 1078 |
| Total clients seen           | 1778 |
| Unplanned return to hospital | 6    |
| Convicted of a new offence   | 1    |
| Unplanned return to prison   | 10   |

- Total Departures means every Service user that has left the service across the year



- 868 completed support packages were delivered by our Synergy service in Luton, with 95% of Service Users stating the service had given them more choice and control.
- 31 clients were supported across Luton residential services, including, the delivery of 3,028 keywork sessions, 604 individual life skill sessions and 52 group activities.
- 140 Service Users were supported by Penrose Roots, including the training and development of 39 volunteers.
- 20,916 hours of care support were delivered to 75 clients by Penrose Community Links, our CQC registered intensive floating support service. Only 8 (11%) were hospitalised during our period of support.
- Our Criminal Justice Services supported 8,313 people in 4 London prisons and supervised 2,550 men on their licence and post sentence supervision (PSS) periods after release from custody.
- 82% of our PSS Service Users completed their order without being breached and returned to custody and 86% rated their experience with us as positive or very positive.
- Our CJS employability services continued to grow and flourish. 242 service users attended our job fairs in custodial and community settings, alongside 84 organisations providing training and employment opportunities. 92% of attendees rated the event as worthwhile or very worthwhile.

## **Significant events**

### **Participation in Luton's Pilot Year of Culture**

Staff and volunteers from the Penrose Community Based Recovery Service, which incorporates many of our Luton based services, were involved in one of Luton's Pilot Year of Culture People Power and Passion, projects designed to assess the impact of arts and culture on the town. This was in commemoration of one of the town's most famous moments in history, the 1919 Peace Days Riots.

The service was awarded a runner-up award for its part in community involvement. As a result, the PPP organisers provided additional funding for those involved in the arts by offering drama and rap workshops and one-to-one sessions in 2020.

It also won the prestigious, Community Project of The Year award at the Luton & Bedfordshire annual Community Awards ceremony. The awards celebrate the unsung heroes in the community and applaud those that seek to make the lives of others, easier, happier and more fulfilled.

Penrose Roots to Recovery garden is a therapeutic growing space for people aged 16+. The project offers, skills, learning and employability, reduces social isolation, and promotes mental and physical wellbeing. The aim is to bring people together as a group, giving them a renewed sense of purpose and reawakening old skills and interests. It promotes recovery from drug and alcohol addiction, mental ill health, offending behaviour, homelessness and unemployment.

### **Miller House**

Our Friends Road Service held a BBQ and official naming of the houses as, Miller House(s). This is in honour of the late Antony Miller, Director of Operations for Mental Health & Social Care who was instrumental in our successfully winning the tender for the project. It was a fitting tribute to Antony and as his niece Cherelle stated, "...he did not have any children, but this is his legacy and as a family, we are so honoured that he will forever be remembered through the service." There are also two memorial benches in the garden, standing as a reminder of Antony's life for years to come.

### **World Mental Health Day**

For World Mental Health Day, the Social Interest Group, observed the day in various way. In Luton, Penrose took part in a Recovery walk, which was a long walk visiting many of the organisations in the town that help those who need support with mental health problems, homelessness, addiction and many other issues. The group then visited Victoria House where a presentation about the organisation was given, followed by a Q & A and distribution of leaflets. Following the walk, the Volunteer & Community Programme Coordinator, was interviewed by Three Counties Radio

during which she spoke at length about the work that Penrose does in the community which includes: help with housing related issues, assistance in completing benefit claims, the recovery community garden, the Bicycle workshops, street art and the Connects social group.

## Equinox Care

In 2019/20 we supported 934 people across 11 different services.

### Residential Services

Across our residential services, we supported 865 Service Users over the course of the year. 80% of Service Users experienced a positive move on, with less than 1% returning to hospital or convicted of a new offence. No Service User experienced an unplanned return to prison.

| KPI                            | Target | Equinox Care |
|--------------------------------|--------|--------------|
| % positive move-ons            | >85%   | 80.3%        |
| % Unplanned return to hospital | <3%    | 0.5%         |
| % Convicted of new offence     | <3%    | 0.2%         |
| % Unplanned return to prison   | <3%    | 0.0%         |

- Positive Move on means people that secure independent accommodation or move into a safe location for continued support.

|                              |  |     |
|------------------------------|--|-----|
| Total departures             |  | 664 |
| Positive move-ons            |  | 533 |
| Total clients seen           |  | 865 |
| Unplanned return to hospital |  | 4   |
| Convicted of a new offence   |  | 2   |
| Unplanned return to prison   |  | 0   |

- Total Departures means every Service user that has left the service across the year

- 16 Service Users were supported by our Fulfilling lives project in Brighton. All 16 clients possessed multiple and complex needs. Two clients (13%) have three support needs, ten clients (63%) have four support needs and four clients (25%) have all five support needs.
- 41 Service Users were supported by our Brighton Women's project, of whom 17/19 (89%) move-ons were categorised as positive, including moving on into independent living or step-down supported accommodation.
- 574 Service Users were admitted for residential detoxification at our Brook Drive service. 483 (84%) completed their detox successfully.

## Significant events

### Fulfilling Lives

Equinox was once again involved in the Fulfilling Lives South East partnership. They work with organisations throughout the UK to increase access to mental health support for the most vulnerable. They are part of a campaign movement called #seethefullpicture, which aims to raise awareness of the challenges people experiencing homelessness, addiction, poor mental health and other complex needs face in their lives.

The Fulfilling Lives South East project works with people in Brighton, Eastbourne and Hastings, providing intensive and tailored support to those who 'fall through the cracks' of existing systems and services, as well as advocating for those systems to change.

### Aspinden Wood Centre

There are plans to change Aspinden Wood Centre's status and its name as it will change its operating model. The service remains dedicated to the care and nursing care of people who are reluctant or feel unable to change their

alcohol misuse and may have had several detoxes and have failed to maintain any recovery programmes in the past. Aspinden Wood will be known as Aspinden Care Home, providing nursing care and rehabilitation for people who are avoiding alcohol treatment and are in crisis.

To expand on the types of activities offered to its Service Users, the centre held a unique activity during September 2019, which was thoroughly enjoyed by Service Users.

The 'touchy-feely' activity was conducted by ZooLab, which has a national network of rangers, each with their own 'animal team'. They work closely with early years, schools, businesses and the care sector to achieve learning outcomes and engage with people in an informative way whilst entertaining through their unique animal handling workshops. This activity really engaged the Services Users as they were very hands on with the variety of animals, which included: a corn snake, millipede, 2 very friendly rats, a giant cockroach, a stick insect and a scorpion – which couldn't be handled but was great to look at. This allowed them a focus other than their drinking and enabled open conversation about how they felt. It was an extremely therapeutic event that we hope to repeat after the pandemic is over.

### **Solace Centre**

The Solace Centre hosted its first Service User led event, a silent disco, in December 2019, which was a resounding success.

Organisation of the Silent Disco was led by a core team of 6 Service Users who met weekly, learning how to chair meetings, write minutes, and organise all aspects of the event. To raise funds, the team prepared and sold cupcakes around the centre and via Café on the Hill at Ealing Hospital, held bingo sessions and organised a big raffle, with sponsorship and donations procured from the community.

The evening included: speeches and a fully laid out buffet, raffle, fancy dress competition, cakes and super silent disco music, lights and dancing. Guests included Social Interest Group (SIG) Service Users from Luton, Croydon, Catford and Camberwell as well as regular members from Solace and Marron House and representatives from SIG.

The Service Users said, "We showed everyone that we are more capable than people might think. We thoroughly enjoyed the process of organising and planning the event. There was a lot of support from outside of the community which we really appreciated. The evening went better than planned and we would welcome the opportunity of doing it all again."

### **Alcohol Awareness Week Blog**

As part of [Alcohol Awareness Week](#) (11-17 November 2019), Alcohol Change UK requested guest blogs called Alcohol and Me, which was the theme for the week. One such blog was submitted by an Aspinden Wood Service User. That blog was published - Michael's story. <https://alcoholchange.org.uk/story/michaels-story-after-the-fire-i-became-a-totally-different-person-and-came-to-appreciate-being-alive>

We appreciated and applauded Michael for his bravery and honesty in the telling of his story

### **Churchfield**

For the International Women's Day on Friday 13<sup>th</sup> March, our Churchfield service culminated a week of women-centres activities with an event involving a guest speaker. Nadesta had started her recovery at Churchfield Road many years ago and has since achieved a first-class degree and now works in drug and alcohol recovery and homelessness. She spoke about her recovery journey with staff and Service Users and wrote this up for everyone to keep. She enjoyed coming back to where everything began for her, and Service Users enjoyed being able to talk openly about their experiences with someone on the other side.

## New work

This year we retained existing work as well as successfully bringing onboard new services. This included a brand new service in Enfield which the council is piloting with us due to our expertise in managing mental health step down services. The contracts we won/retained were:

- Brent
  - Retained – Essex Road – Accommodation based mental health rehabilitation and recovery services
  - New Business – St Gabriel's – Mental Health Supported Living with CQC regulated activity of personal care
- Ealing
  - New Business – Short-term Floating Support Service for Housing Demand
- Enfield
  - New Business – Mental health community rehabilitation step-down service
- Brighton
  - Retained – Fulfilling Lives- Creating Change for people with Multiple and Complex Needs
- Pan London
  - New Business – Offenders Personality Disorder (OPD) London Community Pathway. Pan London accommodation and support services for adults.

We were also successful in getting on to the following frameworks to support our residential Detox, Brook Drive:

- Camden – Provision of drug and alcohol residential rehabilitation services framework
- Southwark – Provision of tier 4 drug and alcohol placements

## Mergers and acquisitions

Initial meetings with a charity called Pathways to Independence began this year with the aim of them joining the charity. The negotiations carried on after the year end and they joined the Group on 19<sup>th</sup> January 2021.

The Charity's board and current subsidiary boards have agreed that we will encourage others to join the Group. We are particularly interested in young persons' charities, registered housing providers and/or addiction charities.

## Structure, governance and management

The Charity is a company limited by guarantee not having a share capital (Number 9122052) and is registered as a charity with the Charity Commission (Number 1158402). The Charity's governing instruments are its Articles of Association dated 8<sup>th</sup> July 2014.

All non-executive trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 5 to the accounts.

## **Appointment of trustees**

The trustees are listed on page 4. They hold office for an initial period of three years with the possibility of a second term of three years plus in exceptional circumstance where the trustee has specific skills, this can be extended by the board.

The board consists of no fewer than three and no more than nine persons appointed by the members and the executive trustees. No person under the age of 18 may be appointed as a trustee.

Trustees are recruited by the Nominations Committee using specialist recruitment agents and by advertisement. A rigorous interview process takes place, which includes Service Users. Candidates attend a board meeting and visit projects before being confirmed in post by the Chairperson.

## **Trustee induction and training**

New trustees must familiarise themselves with the content of the Articles of Association, their legal obligations under charity and company law, the organisational structure and its recent financial performance.

Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role. All trustees have participated in Safeguarding training.

## **Related parties and relationships with other organisations**

The Charity is the parent undertaking of the Social Interest Group. It provides all support functions, senior management and strategic guidance. The Charity is supported in its charitable objectives by all Social Interest Group companies: Equinox Care, Penrose Options, SIG Investments and Milner Gibson Limited.

## **Remuneration policy for key management personnel**

The Group Chief Executive's remuneration is set by the Social Interest Group non-executive trustees. Their remuneration and all other staff are remunerated in accordance with a job evaluation process and market rates, which is reviewed by external consultants.

## **Policy for employment of disabled persons**

In April 2019 we became a Disability Confident Employer.

It is the Charity's policy not to discriminate against persons falling under the Disability Discrimination Act 1995 for reasons of their disability whether in, or applying for, employment or in the delivery of services. The key areas of our policy cover recruitment and employment (disabled applicants not being considered any less favourably on the ground of their disability) service delivery (disabled applicants and service users not being treated less favourably on account of their disability) and information (ensuring information is accessible to all).

## **Employee information**

The Charity requires line managers to conduct one-to-one meetings with their staff on a regular basis together with an annual appraisal.

The Executive Management Team meet on a weekly basis and updates from this meeting and the monthly Senior Managers Team meeting are disseminated to the Managers' meeting and then to the individual projects' monthly staff meeting.

The Charity takes its investment in its staff's professional development seriously and aims to provide different learning opportunities. It is the Charity's aim to see staff develop and share learning so that value can be added, and staff contribute to our growth and success. We introduced a new core training programme based around the Care Certificate made up of face-to-face and e-learning to ensure all modules are covered.

The trustees would like to thank all staff and volunteers for their hard work and dedication during the year, in a climate that continues to be extremely challenging. We confirm that the Charity pays at least the London Living Wage to our employees working in London.

Equality, Diversity and Inclusion was a high priority this year. As we fully believe, beyond diversity statistics, fully understanding Equality, Diversity and Inclusion is vital if we want to deliver person-centered, safe and effective care. The Organisation has set up an EDI Ambassador Group. During the coming year, the full strategy and measurement of EDI will be in full force. We will appoint an EDI program manager in 2021 to ensure the EDI manager can take, a neutral and open communication path on any area within the business whilst supporting the charity to tackle the injustice and inequality many protected groups and characteristics still face in the UK today.

### **Statement of responsibilities of the trustees**

The trustees (who are also directors of the Charity for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and UK Accounting Standards (UK GAAP).

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 Charity and the Group and of the incoming resources and application of resources, including the income and expenditure, of the 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
- Make judgements and estimates which are reasonable and prudent
- State whether the applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on an ongoing concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the Charity 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
- 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 company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Members of the Charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at the year-end was four (2016: five). The non-executive trustees are members of the Charity, the executive trustees are not members of the Charity and neither have any beneficial interest in it.

The trustees' annual report, which includes the strategic report, has been approved by the board of trustees on 20<sup>th</sup> January 2021 and signed on their behalf

Dr Karl Marlowe  
Chair



## Independent auditor's report to the members of Social Interest Group

### Opinion

We have audited the financial statements of Social Interest Group (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2020 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the group financial statements section of our report. We are independent of the group and parent 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 were:

- The trustees' use of the going concern basis of accounting in the preparation of the group financial statements is not appropriate; or
- The trustees have not disclosed in the group financial statements any identified material uncertainties that may cast significant doubt about the group's or the 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 trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, including the strategic report, other than the group financial statements and our auditor's report thereon. Our opinion on the group 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 group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group 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 group 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 during the audit:

- The information given in the trustees' annual report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report, including the strategic report, has 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 the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report, including the strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 require us to report to you if, in our opinion:

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

### **Responsibilities of trustees**

As explained more fully in the statement of responsibilities of the trustees set out in the trustees' annual report, the trustees (who are also the directors of the parent 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's and the 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 the 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**

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment 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 purpose of expressing an opinion on the effectiveness of the group's or the 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's or the 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 the 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 opinion.

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 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Helen Elliott (Senior statutory auditor)

25 January 2021

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, London, EC1Y 0TL

## Social Interest Group

### Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2020

|  | Note | Unrestricted<br>£000 | Restricted<br>£000 | Pension<br>reserves<br>£000 | 2020<br>Total<br>£000 | Unrestricted<br>£000 | Restricted<br>£000 | Pension<br>reserves<br>£000 | 2019<br>Total<br>£000 |
|--|------|----------------------|--------------------|-----------------------------|-----------------------|----------------------|--------------------|-----------------------------|-----------------------|
| <b>Income from:</b>  |      |                      |                    |                             |                       |                      |                    |                             |                       |
| Donations and legacies   |      | 11                   | –                  | –                           | 11                    | 21                   | –                  | –                           | 21                    |
| Charitable activities  |      | 17,742               | 340                | –                           | 18,082                | 16,331               | 240                | –                           | 16,571                |
| Other income   |      | 1                    | –                  | –                           | 1                     | 1                    | –                  | –                           | 1                     |
| <b>Total income</b>  |      | <b>17,754</b>        | <b>340</b>         | <b>–</b>                    | <b>18,094</b>         | <b>16,353</b>        | <b>240</b>         | <b>–</b>                    | <b>16,593</b>         |
| <b>Expenditure on:</b>   |      |                      |                    |                             |                       |                      |                    |                             |                       |
| Charitable activities  |      | (17,455)             | (340)              | –                           | (17,795)              | (16,182)             | (240)              | –                           | (16,422)              |
| <b>Total expenditure</b>   | 3a   | <b>(17,455)</b>      | <b>(340)</b>       | <b>–</b>                    | <b>(17,795)</b>       | <b>(16,182)</b>      | <b>(240)</b>       | <b>–</b>                    | <b>(16,422)</b>       |
| <b>Net income before net gains on investments</b>                          |      | <b>299</b>           | <b>–</b>           | <b>–</b>                    | <b>299</b>            | <b>171</b>           | <b>–</b>           | <b>–</b>                    | <b>171</b>            |
| Net gains on investments   | 10b  | –                    | –                  | –                           | –                     | 41                   | –                  | –                           | 41                    |
| <b>Net income for the year</b>   | 4    | <b>299</b>           | <b>–</b>           | <b>–</b>                    | <b>299</b>            | <b>212</b>           | <b>–</b>           | <b>–</b>                    | <b>212</b>            |
| Transfers between funds  |      | (400)                | –                  | 400                         | –                     | (392)                | –                  | 392                         | –                     |
| <b>Net income / (expenditure) before other recognised gains and losses</b> |      | <b>(101)</b>         | <b>–</b>           | <b>400</b>                  | <b>299</b>            | <b>(180)</b>         | <b>–</b>           | <b>392</b>                  | <b>212</b>            |
| Actuarial gains/(losses) on defined benefit pension schemes                | 14   | –                    | –                  | 3,747                       | 3,747                 | –                    | –                  | (2,350)                     | (2,350)               |
| <b>Net movement in funds</b>   |      | <b>(101)</b>         | <b>–</b>           | <b>4,147</b>                | <b>4,046</b>          | <b>(180)</b>         | <b>–</b>           | <b>(1,958)</b>              | <b>(2,138)</b>        |
| <b>Reconciliation of funds:</b>  |      |                      |                    |                             |                       |                      |                    |                             |                       |
| Total funds brought forward  |      | 897                  | 4                  | (4,993)                     | (4,092)               | 1,077                | 4                  | (3,035)                     | (1,954)               |
| <b>Total funds carried forward</b>   | 16   | <b>796</b>           | <b>4</b>           | <b>(846)</b>                | <b>(46)</b>           | <b>897</b>           | <b>4</b>           | <b>(4,993)</b>              | <b>(4,092)</b>        |

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 16 to the financial statements.

Social Interest Group

Balance sheets

Company no. 9122052

As at 31 March 2020

|  |      | The group    |                | The charity  |              |
|--|------|--------------|----------------|--------------|--------------|
|  | Note | 2020         | 2019           | 2020         | 2019         |
|  |      | £000         | £000           | £000         | £000         |
| <b>Fixed assets:</b>                           |      |              |                |              |              |
| Tangible assets                                | 9    | 198          | 175            | 63           | 24           |
| Investments                                    | 10a  | –            | –              | 20           | 20           |
| Investment property                            | 10b  | 450          | 450            | –            | –            |
|  |      | <u>648</u>   | <u>625</u>     | <u>83</u>    | <u>44</u>    |
| <b>Current assets:</b>                         |      |              |                |              |              |
| Debtors  | 12   | 2,107        | 2,080          | 1,789        | 1,823        |
| Cash at bank and in hand                       |      | 1,254        | 754            | 462          | 37           |
|  |      | <u>3,361</u> | <u>2,834</u>   | <u>2,251</u> | <u>1,860</u> |
| <b>Liabilities:</b>                            |      |              |                |              |              |
| Creditors: amounts falling due within one year | 13   | (3,209)      | (2,558)        | (2,090)      | (1,805)      |
|  |      | <u>152</u>   | <u>276</u>     | <u>161</u>   | <u>55</u>    |
| <b>Net current assets</b>                      |      | <u>800</u>   | <u>901</u>     | <u>244</u>   | <u>99</u>    |
| <b>Net assets excluding pension liability</b>  |      |              |                |              |              |
| Defined benefit pension scheme provision       | 14   | (846)        | (4,993)        | –            | –            |
|  |      | <u>(46)</u>  | <u>(4,092)</u> | <u>244</u>   | <u>99</u>    |
| <b>Total net assets / (liabilities)</b>        | 15   | <u>(46)</u>  | <u>(4,092)</u> | <u>244</u>   | <u>99</u>    |
|  |      |              |                |              |              |
| <b>The funds of the charity:</b>               |      |              |                |              |              |
| Restricted income funds                        |      | 4            | 4              | –            | –            |
| Unrestricted income funds:                     |      |              |                |              |              |
| Pension reserve                                |      | (846)        | (4,993)        | –            | –            |
| General funds                                  |      | 796          | 897            | 244          | 99           |
|  |      | <u>(50)</u>  | <u>(4,096)</u> | <u>244</u>   | <u>99</u>    |
| <b>Total unrestricted funds</b>                |      | <u>(50)</u>  | <u>(4,096)</u> | <u>244</u>   | <u>99</u>    |
| <b>Total charity funds</b>                     | 16   | <u>(46)</u>  | <u>(4,092)</u> | <u>244</u>   | <u>99</u>    |

Approved by the trustees on 20 January 2021 and signed on their behalf by

Karl Marlowe  
Chairman

# Social Interest Group

## Statement of cash flows

For the year ended 31 March 2020

|   | Note | 2020<br>£000 | £000         | 2019<br>£000 | £000         |
|---|------|--------------|--------------|--------------|--------------|
| <b>Cash flows from operating activities:</b>  |      |              |              |              |              |
| Net income for the reporting period (as per the statement of financial activities): |      | 4,046        |              | (2,138)      |              |
| Depreciation charges  |      | 84           |              | 98           |              |
| Movement in long-term pension deficit liability                                     |      | (4,147)      |              | 2,994        |              |
| (Increase) in debtors   |      | (27)         |              | (635)        |              |
| Increase/(decrease) in creditors  |      | 651          |              | (264)        |              |
| <b>Net cash provided by operating activities</b>                                    |      |              | <b>607</b>   |              | <b>55</b>    |
| <b>Cash flows from investing activities:</b>  |      |              |              |              |              |
| Purchase of fixed assets  |      | (107)        |              | (128)        |              |
| <b>Net cash used in investing activities</b>  |      |              | <b>(107)</b> |              | <b>(128)</b> |
| <b>Changes in cash and cash equivalents in the year</b>                             |      |              | <b>500</b>   |              | <b>(73)</b>  |
| Cash and cash equivalents at the beginning of the year                              |      |              | 754          |              | 827          |
| <b>Cash and cash equivalents at the end of the year</b>                             |      |              | <b>1,254</b> |              | <b>754</b>   |



**1 Accounting policies**

**a) Statutory information**

Social Interest Group is a charitable company limited by guarantee and is incorporated in England & Wales.

The registered office is 1 Waterloo Gardens, Milner Square, London, N1 1TY.

**b) Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the Charity and its wholly-owned subsidiaries Milner Gibson, Equinox Care, Penrose Options and SIG Investments on a line by line basis. Transactions and balances between the Charity and its subsidiaries have been eliminated from the consolidated financial statements. Balances between the Charity and subsidiary companies are disclosed in the notes of the Charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the Charity itself is not presented because the Charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

**c) Public benefit entity**

The charitable company meets the definition of a public benefit entity under FRS 102.

**d) Going concern**

The trustees consider that there are no material uncertainties about the Group's and charitable company's ability to continue as a going concern.

The financial statements are drawn up on a going concern basis despite having net liabilities due to the inclusion of the pension scheme deficit. The deficit of the scheme does not result in an immediate cash flow impact on the Group. This deficit will be cleared by an increase in pension contributions over the next ten years. For this reason, the trustees are satisfied this does not affect the going concern status of the Group.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**e) Income**

Income is recognised when the Group has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether "capital" grants or "revenue" grants, is recognised when the Group has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

**1 Accounting policies continued**

**f) Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

**g) Fund accounting**

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. Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

**h) Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure on charitable activities includes the costs of delivering services undertaken to further the purposes of the Group and their associated support costs. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

**i) Expenditure on charitable activities**

The expenditure on charitable activities relates to the support services provided to the Charity's charitable subsidiaries in supporting our beneficiaries. A breakdown of the governance and support costs is provided. The Group resources expended in directly providing the main services of Group companies are analysed as activities in the furtherance of the entities' objects. A liability is recognised when a legal or constructive obligation is entered into by a Group company.

**j) Operating leases**

Rental charges are charged on a straight line basis over the term of the lease.

**k) Tangible fixed assets**

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

|   |  |
|---|--|
| ▪ Fixtures, fittings and office equipment | 25% straight line                        |
| ▪ Motor vehicles                          | 25% straight line                        |
| ▪ Computer equipment and software         | 25% straight line                        |
| ▪ Leasehold improvements                  | Straight line over the term of the lease |

**l) Investment properties**

Investment properties are measured initially at cost and subsequently included on the balance sheet at fair value. Investment properties are not depreciated. Any change in fair value is recognised in the statement of financial activities.

**m) Debtors**

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

**n) Cash at bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held on behalf of service users.

**1 Accounting policies continued**

**o) Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount, apart from long term liabilities. These are recognised at their present value of the contributions payable.

**p) Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**q) Pensions**

Group companies make contributions into a defined benefit pension scheme, which is now closed to new SIG entrants, and a number of defined contribution schemes. For financial years ending on or before 28 February 2019, it had not been possible for the Group to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Group accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Group to account for the Scheme as a defined benefit scheme. For accounting purposes, an actuarial valuation for the scheme was carried out with effective date of 31 March 2018. The liability figure from the valuation is rolled forward to the relevant accounting date and are used in conjunction with the Group's fair share of the Scheme's total assets to calculate the Group's net deficit or surplus at the accounting period start and end dates.

**2 Income**

***Charitable activities – supporting vulnerable people***

The Group's charitable activities are to relieve people in need, including but not limited to those with mental health illness, those currently suffering from substance misuse or other addictive behaviour patterns, ex-offenders, the homeless, poor people, aged, disabled (whether physically or mentally) or chronically sick. This is achieved by providing support in the form of housing, or accommodation, or services including but not limited to medical, social, welfare, rehabilitative, resettlement, care services, education, training, employment, mentoring and other similar services.

The Group's income is predominantly contractual income from local authorities and NHS Trusts, and rental income and service charges from service users.

## Social Interest Group

### Notes to the financial statements

For the year ended 31 March 2020

#### 3a Analysis of expenditure (current year)

|                               | Charitable<br>Activities<br>£000 | Governance<br>costs<br>£000 | Support<br>costs<br>£000 | 2020<br>Total<br>£000 | 2019<br>Total<br>£000 |
|-------------------------------|----------------------------------|-----------------------------|--------------------------|-----------------------|-----------------------|
| Staff costs (Note 5)          | 11,379                           | –                           | 1,920                    | 13,299                | 11,327                |
| Recruitment & training        | –                                | –                           | 281                      | 281                   | 329                   |
| Subsistence & travel          | –                                | –                           | 64                       | 64                    | 92                    |
| Premises Costs                | 1,873                            | –                           | 370                      | 2,243                 | 2,463                 |
| Office running costs          | –                                | –                           | 61                       | 61                    | 43                    |
| Insurance                     | –                                | –                           | 40                       | 40                    | 76                    |
| Information technology        | –                                | –                           | 359                      | 359                   | 236                   |
| Legal & Professional          | –                                | –                           | 116                      | 116                   | 115                   |
| Depreciation                  | 70                               | –                           | 14                       | 84                    | 98                    |
| Audit fees                    | –                                | 24                          | –                        | 24                    | 38                    |
| Other Costs                   | 1,167                            | 8                           | 49                       | 1,224                 | 1,605                 |
|                               | 14,489                           | 32                          | 3,274                    | 17,795                |                       |
| Support costs                 | 3,274                            | –                           | (3,274)                  | –                     | –                     |
| Governance costs              | 32                               | (32)                        | –                        | –                     | –                     |
| <b>Total expenditure 2020</b> | <b>17,795</b>                    | <b>–</b>                    | <b>–</b>                 | <b>17,795</b>         |                       |
| Total expenditure 2019        | 16,422                           | –                           | –                        |                       | 16,422                |

## Social Interest Group

### Notes to the financial statements

For the year ended 31 March 2020

#### 3b Analysis of expenditure (prior year)

|                               | Charitable<br>Activities<br>£000 | Governance<br>costs<br>£000 | Support costs<br>£000 | 2019<br>Total<br>£000 |
|-------------------------------|----------------------------------|-----------------------------|-----------------------|-----------------------|
| Staff costs (Note 5)          | 10,058                           | –                           | 1,269                 | 11,327                |
| Recruitment & training        | –                                | –                           | 329                   | 329                   |
| Subsistence & travel          | –                                | –                           | 92                    | 92                    |
| Premises Costs                | 2,184                            | –                           | 279                   | 2,463                 |
| Office running costs          | –                                | –                           | 43                    | 43                    |
| Insurance                     | –                                | –                           | 76                    | 76                    |
| Information technology        | –                                | –                           | 236                   | 236                   |
| Legal & Professional          | –                                | –                           | 115                   | 115                   |
| Depreciation                  | 62                               | –                           | 36                    | 98                    |
| Audit fees                    | –                                | 38                          | –                     | 38                    |
| Other Costs                   | 1,530                            | 1                           | 74                    | 1,605                 |
|                               | <b>13,834</b>                    | <b>39</b>                   | <b>2,549</b>          | <b>16,422</b>         |
| Support costs                 | 2,549                            | –                           | (2,549)               | –                     |
| Governance costs              | 39                               | (39)                        | –                     | –                     |
| <b>Total expenditure 2019</b> | <b>16,422</b>                    | <b>–</b>                    | <b>–</b>              | <b>16,422</b>         |

**4 Net income / (expenditure) for the year**

This is stated after charging:

|   | 2020<br>£000 | 2019<br>£000 |
|---|--------------|--------------|
| Depreciation                            | 84           | 98           |
| Operating lease rentals:                |              |              |
| Property                                | 2,226        | 2,243        |
| Auditor's remuneration (excluding VAT): |              |              |
| Audit                                   |              |              |
| – current year                          | 40           | 40           |
| – prior year under accruals             | 7            | 10           |
| Other services                          | –            | 6            |

**5 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel**

Staff costs were as follows:

|  | 2020<br>£000  | 2019<br>£000  |
|--|---------------|---------------|
| Salaries and wages                         | 9,753         | 8,300         |
| Redundancy and termination costs           | 42            | 56            |
| Social security costs                      | 891           | 783           |
| Pension costs                              | 191           | 166           |
| Past service pension deficit contributions | 26            | 152           |
| Self employed and agency staff             | 2,396         | 1,870         |
|  | <b>13,299</b> | <b>11,327</b> |

The redundancy and termination costs were settled and paid by the balance sheet date.

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

|                     | 2020<br>No. | 2019<br>No. |
|---------------------|-------------|-------------|
| £70,000 – £79,999   | –           | 1           |
| £80,000 – £89,999   | 1           | –           |
| £100,000 – £109,999 | –           | 1           |
| £110,000 – £119,999 | 1           | –           |

The Non-Executive Trustees (directors for company law purposes) received no remuneration during the year. No non-executive trustees were reimbursed travel expenses incurred in the performance of their duties. The Executive Trustee (a director for company law purposes), as permitted by the Articles of Association, was remunerated during the year as follows:

|                                    | 2020        |  |            | 2019        |  |            |
|------------------------------------|-------------|--|------------|-------------|--|------------|
|                                    | Salary<br>£ | Employer's<br>Pension<br>Contribution<br>£ | Total<br>£ | Salary<br>£ | Employer's<br>Pension<br>Contribution<br>£ | Total<br>£ |
| Gill Arukpe, Group Chief Executive | 115,000     | –  | 115,000    | 100,000     | 167  | 100,167    |

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £484,773 (2019: £427,703).



**6 Staff numbers**

The average number of employees (head count based on number of staff employed) during the year was 398.9 (2019: 379.3)

|                              | 2020<br>No.  | 2019<br>No.  |
|------------------------------|--------------|--------------|
| Operational staff            | 359.7        | 352.8        |
| Management and support staff | 39.2         | 26.5         |
|                              | <u>398.9</u> | <u>379.3</u> |

**7 Related party transactions**

The Charity made charges to its subsidiaries to recover the cost of providing support services: Penrose £1,345,000; (2018: £1,349,000), Equinox £1,358,000 (2019: £1,031,000) and SIG Investments £20,000 (2019: £19,000).

At year end the Charity owed £1,796,000 to Penrose Options (2019: £1,428,000), £Nil to Milner Gibson (2019: £Nil), was owed £1,202,000 from Equinox Care (2019: £1,027,000 owed to Equinox Care) and owed £434,000 to SIG Investments (2019 owed £414,000)

Gill Arukpe is a director of Milner Gibson Limited (previously Penrose Works Limited) and SIG Investments; and Paul Lynas (to 27 May 2020 and Michael Rutherford (from 27 May 2020) was the Company Secretary of all group companies.

**8 Taxation**

The Charity is exempt from Corporation Tax as all its income is charitable and is applied for charitable purposes. The Charity and its subsidiaries are registered for VAT although the vast majority of their outputs are exempt and therefore the majority of VAT on purchases is irrecoverable.

**9a Tangible fixed assets – Group**

|                          | Computer<br>equipment<br>£000 | Fixtures and<br>fittings<br>£000 | Lease<br>improvements<br>£000 | Motor<br>vehicles<br>£000 | Freehold<br>property<br>£000 | Total<br>£000 |
|--------------------------|-------------------------------|----------------------------------|-------------------------------|---------------------------|------------------------------|---------------|
| <b>Cost</b>              |                               |                                  |                               |                           |                              |               |
| At the start of the year | 164                           | 325                              | 106                           | 15                        | –                            | 610           |
| Additions in year        | 20                            | 16                               | 69                            | 2                         | –                            | 107           |
| At the end of the year   | <u>184</u>                    | <u>341</u>                       | <u>175</u>                    | <u>17</u>                 | <u>–</u>                     | <u>717</u>    |
| <b>Depreciation</b>      |                               |                                  |                               |                           |                              |               |
| At the start of the year | 147                           | 183                              | 99                            | 6                         | –                            | 435           |
| Charge for the year      | 9                             | 51                               | 20                            | 4                         | –                            | 84            |
| At the end of the year   | <u>156</u>                    | <u>234</u>                       | <u>119</u>                    | <u>10</u>                 | <u>–</u>                     | <u>519</u>    |
| <b>Net book value</b>    |                               |                                  |                               |                           |                              |               |
| At the end of the year   | <u>28</u>                     | <u>107</u>                       | <u>56</u>                     | <u>7</u>                  | <u>–</u>                     | <u>198</u>    |
| At the start of the year | <u>17</u>                     | <u>142</u>                       | <u>7</u>                      | <u>9</u>                  | <u>–</u>                     | <u>175</u>    |

All of the above assets are used for charitable purposes.

## 9b Tangible fixed assets – Charity

|                          | Computer<br>equipment<br>£000 | Fixtures and<br>fittings<br>£000 | Lease<br>improvements<br>£000 | Motor<br>vehicles<br>£000 | Total<br>£000 |
|--------------------------|-------------------------------|----------------------------------|-------------------------------|---------------------------|---------------|
| <b>Cost</b>              |                               |                                  |                               |                           |               |
| At the start of the year | 164                           | 7                                | 39                            | 10                        | 220           |
| Additions in year        | 20                            | –                                | 31                            | 2                         | 53            |
| At the end of the year   | 184                           | 7                                | 70                            | 12                        | 273           |
| <b>Depreciation</b>      |                               |                                  |                               |                           |               |
| At the start of the year | 147                           | 7                                | 38                            | 4                         | 196           |
| Charge for the year      | 8                             | –                                | 3                             | 3                         | 14            |
| At the end of the year   | 155                           | 7                                | 41                            | 7                         | 210           |
| <b>Net book value</b>    |                               |                                  |                               |                           |               |
| At the end of the year   | 29                            | –                                | 29                            | 5                         | 63            |
| At the start of the year | 17                            | –                                | 1                             | 6                         | 24            |

## 10a Fixed assets investments and subsidiary undertakings

|                          | 2020<br>£'000 | 2019<br>£'000 |
|--------------------------|---------------|---------------|
| <b>Cost</b>              |               |               |
| At the start of the year | 20            | 20            |
| At the end of the year   | 20            | 20            |

The charity owns the entire issued share capital of Milner Gibson Limited, a company registered in England (registered number 8741792), which is held as a fixed asset investment. It is also the sole member of Equinox Care, a company registered in England (registered number 2114430), which is a registered charity (number 296694), Penrose Options, a company registered in England (registered number 8466743), which is a registered charity (number 1151455) and SIG Investments, a company registered in England (registration number 9918302), which is a registered charity (number 1166811). All subsidiaries' activities have been consolidated on a line by line basis in the statement of financial activities. Milner Gibson Limited did not trade in the year.

The charity provides strategic guidance, development, management and back office support services to its subsidiary undertakings. It aims to promote and improve the efficiency and effectiveness of its charitable subsidiaries in fulfilling their charitable objectives. Equinox and Penrose provide similar support services to a variety of service users and their families.

A summary of the results of the subsidiaries is shown below.

|                          | Equinox      |              | Penrose      |              | Milner Gibson |              | SIG Investments |              |
|--------------------------|--------------|--------------|--------------|--------------|---------------|--------------|-----------------|--------------|
| Year ended 31 March      | 2020<br>£000 | 2019<br>£000 | 2020<br>£000 | 2019<br>£000 | 2020<br>£000  | 2019<br>£000 | 2020<br>£000    | 2019<br>£000 |
| Total income             | 8,584        | 7,500        | 9,469        | 8,638        | -             | -            | 368             | 365          |
| Total expenditure        | (8,732)      | (7,865)      | (9,181)      | (8,109)      | -             | -            | (348)           | (348)        |
| Net income/(expenditure) | (148)        | (365)        | 288          | 529          | -             | -            | 20              | 17           |
| Pension adjustment       | 2,727        | (1,720)      | 1,020        | (630)        | -             | -            | -               | -            |
| Net movement in funds    | 2,579        | (2,085)      | 1,308        | (101)        | -             | -            | 20              | 17           |

The aggregate of the assets, liabilities and funds was:

|                   |         |         |         |         |    |    |       |       |
|-------------------|---------|---------|---------|---------|----|----|-------|-------|
| Assets            | 1,755   | 1,719   | 3,356   | 2,591   | 20 | 20 | 514   | 476   |
| Liabilities       | (3,019) | (2,545) | (1,612) | (1,025) | -  | -  | (434) | (416) |
| Pension provision | (520)   | (3,537) | (326)   | (1,456) | -  | -  | -     | -     |
| Funds             | (1,784) | (4,363) | 1,418   | 110     | 20 | 20 | 80    | 60    |

**10b Investment properties**

|                                      | 2020<br>£ | 2019<br>£ |
|--------------------------------------|-----------|-----------|
| Fair value at the start of the year  | 450       | –         |
| Transfers from tangible fixed assets | –         | 409       |
| Revaluation during the year          | –         | 41        |
| Fair value at the end of the year    | 450       | 450       |

The properties were last valued at 31 March 2018 with reference to local market price information. The trustees have reviewed this valuation against currently available market information and are satisfied it remains a reasonable reflection of the property's fair value.

**11 Parent charity**

The parent charity's gross income and the results for the period are disclosed as follows:

|                        | 2020<br>£000 | 2019<br>£000 |
|------------------------|--------------|--------------|
| Gross income           | 3,289        | 2,490        |
| Results for the period | (145)        | 11           |

**12 Debtors**

|                                     | Group        |              | Charity      |              |
|-------------------------------------|--------------|--------------|--------------|--------------|
|                                     | 2020<br>£000 | 2019<br>£000 | 2020<br>£000 | 2019<br>£000 |
| Trade debtors                       | 1,345        | 1,153        | 24           | 4            |
| Staff loans                         | 3            | 5            | –            | –            |
| Amounts due from group undertakings | –            | –            | 1,636        | 1,650        |
| Other debtors                       | 26           | 26           | –            | –            |
| Prepayments                         | 383          | 554          | 129          | 169          |
| Accrued income                      | 350          | 342          | –            | –            |
|                                     | 2,107        | 2,080        | 1,789        | 1,823        |

£434,000 (2019: £414,000) of amounts due from group undertakings are receivable in more than 12 months.

**13 Creditors: amounts falling due within one year**

|                                      | Group        |              | Charity      |              |
|--------------------------------------|--------------|--------------|--------------|--------------|
|                                      | 2020<br>£000 | 2019<br>£000 | 2020<br>£000 | 2019<br>£000 |
| Amounts due under Group undertakings | –            | –            | 1,797        | 1,637        |
| Trade creditors                      | 1,375        | 569          | 205          | 96           |
| Taxation and social security         | 608          | 249          | –            | –            |
| Pension contributions                | 83           | 102          | –            | –            |
| Other creditors                      | 611          | 773          | 14           | 8            |
| Accruals                             | 532          | 865          | 74           | 64           |
|                                      | 3,209        | 2,558        | 2,090        | 1,805        |

## Notes to the financial statements

For the year ended 31 March 2020

**14 The Pensions Trust – Social Housing Pension Scheme (“Scheme”)**

Penrose and Equinox participate in the Scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

For financial years ending on or before 28 February 2019, it had not been possible for the Group to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Group accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Group to account for the Scheme as a defined benefit scheme. For accounting purposes, an actuarial valuation for the scheme was carried out with effective date of 31 March 2018. The liability figure from the valuation is rolled forward to the relevant accounting date and is used in conjunction with the Group's fair share of the Scheme's total assets to calculate the Group's net deficit or surplus at the accounting period start and end dates.

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 issues by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the Scheme overall for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026. The Scheme is classified as a 'last-man standing arrangement'. Therefore the charities are 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. Following consultation between the Pension Trustees and Employers, a new recovery plan to recover the overall scheme deficit has been agreed. This is based on a full share of liabilities approach. This is effective from 1 April 2019.

**Number of active members in the scheme**

|  | <b>No.</b>   |              |
|--|--------------|--------------|
| Active   | <b>7</b>     |              |
| Deferred   | <b>151</b>   |              |
| Pensioners                                       | <b>58</b>    |              |
| <b>Financial assumptions</b>                     | <b>2020</b>  | <b>2019</b>  |
|  | <b>% pa</b>  | <b>% pa</b>  |
| Rate of discount                                 | <b>2.66</b>  | 2.34         |
| Price inflation (RPI)                            | <b>2.60</b>  | 3.26         |
| Price inflation (CPI)                            | <b>1.60</b>  | 2.26         |
| Earnings increases                               | <b>2.60</b>  | 3.26         |
| Allowance for commutation of pension for cash at | <b>75%</b>   | 75%          |
| <b>Other material assumptions</b>                |              |              |
| Life expectancies in retirement:                 | <b>years</b> | <b>years</b> |
| Male currently aged 65                           | <b>21.50</b> | 21.80        |
| Female currently aged 65                         | <b>23.30</b> | 23.50        |
| Male currently aged 45                           | <b>22.90</b> | 23.20        |
| Female currently aged 45                         | <b>24.50</b> | 24.70        |

**Present values of defined benefit obligation, fair value of assets and defined benefit liability**

|   | <b>2020</b>     | <b>2019</b>  |
|---|-----------------|--------------|
|   | <b>£'000</b>    | <b>£'000</b> |
| Fair value of plan assets                   | <b>14,820</b>   | 14,480       |
| Present value of defined benefit obligation | <b>(15,666)</b> | (19,473)     |
| Net defined liability to be recognised      | <b>(846)</b>    | (4,993)      |

## 14 Pension schemes (continued)

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

|                                       | 2020<br>£'000 | 2019<br>£'000 |
|---------------------------------------|---------------|---------------|
| Opening fair value of employer assets | 14,480        | 13,725        |
| Interest income                       | 335           | 358           |
| Experience on plan assets             | 139           | 90            |
| Contributions by the employer         | 531           | 531           |
| Withdrawals by Employees              | –             | –             |
| Benefits paid and expenses            | (665)         | (224)         |
| Closing fair value of employer assets | 14,820        | 14,480        |

## Reconciliation of Opening and Closing Balances of Defined Benefit Obligation

|                                    | 2020<br>£'000 | 2019<br>£'000 |
|------------------------------------|---------------|---------------|
| Opening defined benefit obligation | 19,473        | 17,815        |
| Current service cost               | –             | –             |
| Expenses                           | 21            | 18            |
| Interest cost                      | 445           | 457           |
| Contributions by members           | –             | –             |
| Withdrawals by Employees           | –             | –             |
| Actuarial losses / (gains)         | (3,608)       | 1,407         |
| Benefits paid and expenses         | (665)         | (224)         |
| Closing defined benefit obligation | 15,666        | 19,473        |

## Defined benefit costs recognised in the statement of financial activities (SOFA)

|  | 2019<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| Current service cost                         | –             | –             |
| Expenses                                     | 21            | 18            |
| Net interest expense                         | 110           | 99            |
| Defined benefit costs recognised in the SOFA | 131           | 117           |
| Actual return on plan assets                 | 474           | 448           |

## Net actuarial (loss) on defined benefit pension scheme

|   | 2020<br>£ | 2,019<br>£ |
|---|-----------|------------|
| Actuarial (loss) on recognising full scheme liability | –         | (1,033)    |
| Actuarial (loss) on plan obligations                  | 3,608     | (1,407)    |
| Actuarial gain on plan assets                         | 139       | 90         |
|   | 3,747     | (2,350)    |



## 15a Analysis of net assets between funds (current year)

|                                    | General<br>unrestricted<br>£000 | Pension<br>reserve<br>£000 | Restricted<br>£000 | Total funds<br>£000 | Charity<br>unrestricted<br>funds<br>£000 |
|------------------------------------|---------------------------------|----------------------------|--------------------|---------------------|--|
| Tangible fixed assets              | 198                             | –                          | –                  | 198                 | 63                                       |
| Investments                        | 450                             | –                          | –                  | 450                 | 20                                       |
| Net current assets                 | 148                             | –                          | 4                  | 152                 | 161                                      |
| Defined benefit pension provision  | –                               | (846)                      | –                  | (846)               | –  |
| <b>Net assets at 31 March 2020</b> | <b>796</b>                      | <b>(846)</b>               | <b>4</b>           | <b>(46)</b>         | <b>244</b>                               |

## 15b Analysis of net assets between funds (prior year)

|                                    | General<br>unrestricted<br>£000 | Pension<br>reserve<br>£000 | Restricted<br>£000 | Total funds<br>£000 | Charity<br>unrestricted<br>funds<br>£000 |
|------------------------------------|---------------------------------|----------------------------|--------------------|---------------------|--|
| Tangible fixed assets              | 175                             | –                          | –                  | 175                 | 24                                       |
| Investments                        | 450                             | –                          | –                  | 450                 | 20                                       |
| Net current assets                 | 272                             | –                          | 4                  | 276                 | 55                                       |
| Defined benefit pension provision  | –                               | (4,993)                    | –                  | (4,993)             | –  |
| <b>Net assets at 31 March 2019</b> | <b>897</b>                      | <b>(4,993)</b>             | <b>4</b>           | <b>(4,092)</b>      | <b>99</b>                                |

## 16a Movements in funds (current year)

|   | At 1 April<br>2019<br>£000 | Income &<br>gains<br>£000 | Expenditure<br>& losses<br>£000 | Transfers<br>£000 | At 31 March<br>2020<br>£000 |
|---|----------------------------|---------------------------|---------------------------------|-------------------|-----------------------------|
| <b>Restricted funds:</b>                  |                            |                           |                                 |                   |                             |
| Roots for Life                            | 3                          | –                         | –                               | –                 | 3                           |
| Fulfilling Lives                          | –                          | 186                       | (186)                           | –                 | –                           |
| Skills for Care                           | 1                          | –                         | –                               | –                 | 1                           |
| Female Offender Community Investment Fund | –                          | 154                       | (154)                           | –                 | –                           |
| <b>Total restricted funds</b>             | <b>4</b>                   | <b>340</b>                | <b>(340)</b>                    | <b>–</b>          | <b>4</b>                    |
| <b>General funds</b>                      | <b>897</b>                 | <b>17,754</b>             | <b>(17,455)</b>                 | <b>(400)</b>      | <b>796</b>                  |
| <b>Pension fund</b>                       | <b>(4,993)</b>             | <b>3,747</b>              | <b>–</b>                        | <b>400</b>        | <b>(846)</b>                |
| <b>Total funds including pension fund</b> | <b>(4,092)</b>             | <b>21,841</b>             | <b>(17,795)</b>                 | <b>–</b>          | <b>(46)</b>                 |

The narrative to explain the purpose of each fund is given at the foot of the note below.

## 16b Movements in funds (prior year)

|   | At 31 March<br>2018<br>£000 | Income &<br>gains<br>£000 | Expenditure<br>& losses<br>£000 | Transfers<br>£000 | At 1 April<br>2019<br>£000 |
|---|-----------------------------|---------------------------|---------------------------------|-------------------|----------------------------|
| <b>Restricted funds:</b>                  |                             |                           |                                 |                   |                            |
| Roots for Life                            | 3                           | –                         | –                               | –                 | 3                          |
| Fulfilling Lives                          | –                           | 188                       | (188)                           | –                 | –                          |
| Skills for Care                           | 1                           | –                         | –                               | –                 | 1                          |
| The House                                 | –                           | 52                        | (52)                            | –                 | –                          |
| <b>Total restricted funds</b>             | <b>4</b>                    | <b>240</b>                | <b>(240)</b>                    | <b>–</b>          | <b>4</b>                   |
| <b>General funds</b>                      | <b>1,077</b>                | <b>16,394</b>             | <b>(16,182)</b>                 | <b>(392)</b>      | <b>897</b>                 |
| <b>Pension fund</b>                       | <b>(3,035)</b>              | <b>–</b>                  | <b>(2,350)</b>                  | <b>392</b>        | <b>(4,993)</b>             |
| <b>Total funds including pension fund</b> | <b>(1,954)</b>              | <b>16,634</b>             | <b>(18,772)</b>                 | <b>–</b>          | <b>(4,092)</b>             |

## Purposes of restricted funds

Tesco – Bags of Help awarded a grant specifically to be used on Roots for Life

Fulfilling Lives – The Equinox Brighton team is part of a nationwide Big Lottery initiative designed to affect positive change on several levels in the area of multiple and complex needs

Skills for Care – This programme of work related to the Assessed and Supported Year in Employment.

Female Offender Community Investment Fund – this grant was for the Women's Programmes run in Brighton and London and funding for the Domestic Violence Trauma Specialist at Brighton Womens Service.

The Bedfordshire and Luton Community Foundation gave an award to Penrose Synergy to be spent on LINKS weekly social group for those in need.

## 17 Guarantees

The Charity is a company limited by guarantee not having a share capital. Each of the four (2019: six) non-executive trustees is a member and has guaranteed to pay £1 in the event that the Charity was wound up.

## 18a Operating lease commitments – Group

The group's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

|                    | 2020<br>£000 | 2019<br>£000 |
|--------------------|--------------|--------------|
| Less than one year | 1,859        | 1,831        |
| One to five years  | 2,212        | 2,732        |
| Over five years    | 439          | 2,069        |
|                    | <b>4,510</b> | <b>6,632</b> |

**18b Operating lease commitments – Charity**

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

|                    | 2020<br>£000 | 2019<br>£000 |
|--------------------|--------------|--------------|
| Less than one year | 80           | 102          |
| One to five years  | 127          | 207          |
|                    | <u>207</u>   | <u>309</u>   |

**19 Legal status of the charity**

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

**20 Post balance sheet events**

On 19 January 2021, Social Interest Group took control of Pathways to Independence Ltd, a charitable company (company number 01859070, charity number 292579).