

Registered charity number: 1084419  
Company number (registered in England & Wales): 04053417

**The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd**  
(a company limited by guarantee)

**Consolidated financial statements**  
**for the year ended**  
**31 March 2020**

**Consolidated financial statements  
for the year ended  
31 March 2020**

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**Report of the Trustees  
for the year ended  
31 March 2020**

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The trustees present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2020 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

## **Objectives and activities**

### **Objects**

The objects of the charity are: "To promote any charitable purpose in particular the relief of poverty, sickness and distress, the advancement of education, the preservation and protection of health, the provision of public works and services and public amenities and facilities for recreation or other leisure time occupation in the interests of social welfare, particularly through the promotion of efficiency and good practice in local government."

The charity's governing documents permit it to do anything lawful that is deemed necessary to promote its objects, including (inter alia): employing staff; promoting, encouraging or undertaking study or research or disseminating the results of such; producing, printing and publishing anything in written, oral or visual media in furtherance of the objects; providing or procuring the provision of services, training, consultancy, advice, support, counselling and guidance in furtherance of the objects or any of them; promoting and supporting such legislative, social and administrative reform as may assist the charity's objects; and, entering into any arrangements with any governments, authorities or any person, company or association necessary to promote any of the charity's objects.

### **Aims and purpose**

Strategic aims of the charity are focused on:

- providing opportunities for local public service leaders to **learn, develop** and to **network** with each other and with contemporaries from other areas of public life;
- **influencing** debates about the future of public services, to ensure that **policy** is informed by the experience and expertise of our members;
- building the **integrity** and **reputation** of public service management; and
- supporting local public services to **recruit and place** the brightest and best to their leadership roles.

The Solace group's purpose is:

- to enable places to thrive by releasing the power and voice of people working in local public services

## **Achievements and performance**

### **Significant activities**

During the year to March 2020 the charity continued to focus on its core activities: policy and research; thematic and geographically based networking; individual and team professional development; and, organisation development. These activities focus on improving the leadership and management of local government through working with all elements of the sector workforce - from apprentices and graduates through to experienced Chief Executives - as well as working with other sector partners and politicians.

Throughout the year the charity worked closely with Government and other sector bodies, to ensure that the development of local government related policy in Whitehall reflects the skills and experience of local government professionals. Our policy and research activity has focused in this period on:

- Securing sustainable funding for local government, including a multi-year Spending Review settlement.
- Advocating for councils to be empowered to lead the local response to the climate emergency.
- Push for a place-driven approach to tackling regional variation in productivity and life chances through devolution, along with a systemic shift towards prevention and early intervention.

Membership of the Society continues to grow, with 1,689 members from across the UK at the end of March 2020.

Regular networking events across the UK saw 1,234 members attend during the course of the year despite our annual dinner being postponed in Spring 2020. Our events programme is designed to extend the knowledge of participants and share best practice, enabling individuals to perform more effectively in their roles.

**Report of the Trustees (continued)  
for the year ended  
31 March 2020**

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***Significant activities (cont'd)***

Our largest event, the Annual Summit, was held at the Hilton Birmingham Metropole in October 2019 and attended by 480 people. During the year to March 2020 the charity also supported the learning of 506 individuals through our programme of courses or through individual professional development, including coaching and mentoring. A further 589 individuals were worked with as part of our organisational development activity across 29 organisations or clusters of organisations. Overall, our most significant leadership development programmes this year have been:

- Continuation of the national graduate development programme, which introduces high quality graduates to a career in local government
- The seventh year of our Springboard programme for talented aspiring leaders from across the UK
- The fifth year of Total Leadership, an innovative partnership between Solace and the University of Birmingham, bringing the best of academic rigor together with practical hands-on experience to create a career defining learning experience for Executive Leaders
- Another two cohorts of our Ignite programme for experienced Council Chief Executives
- Commencement of our first regional apprenticeship programme and a successful first Ofsted monitoring visit

The interim and permanent recruitment activity of the trading subsidiary, Solace In Business, has provided over £500,000 in the year to March 2020 to help support Solace's charitable aims. In the 2019 Institute of Interim Management list of leading interim service providers Solace In Business was ranked 6th – our highest to date and a position maintained in the 2020 list. Solace In Business complements the aims and objectives of the charity by being grounded in public service values and through its placement of quality resources into the local government sector. The social enterprise model enables it to shape the market – for example in areas such a gender equality and wider diversity challenges – in a manner not replicated by competitors.

As the Covid-19 crisis emerged at the beginning of 2020 the Solace executive team put a business continuity plan into operation. The plan had four elements: transition to working remotely; stabilise the organisation in the new context; underpin our long-term future; support the sector. The first stage enabled all members of staff to be working from home, with all significant internal business processes performed remotely, by 23rd March. This prompt response enabled the focus to move to consider the longer-term implications, securing our long term future and ensuring we are able to continue to deliver our charitable purpose.

***Key performance indicators***

In addition to detailed management accounts, a range of indicators are used by the trustees and executive management to monitor and direct activities as appropriate. These include: income and margins; sickness absence; membership renewals and additions; conversion rates for tendered activity; associates utilisation; and, customer satisfaction across all areas of activity.

***Public Benefit***

The aims and activity of the charity provide benefits to the public through a variety of means, including:

- the promotion of efficiency and good practice in local government to facilitate better provision of public works, services and amenities in the interests of social welfare;
- the promotion of knowledge, skills and competence amongst its members - being individuals wholly or mainly employed as local authority chief executives and senior managers; and
- promoting the cause of local government, including parliamentary lobbying and influence on policy discussions and decision-making.

These benefits have this year been primarily achieved through the significant activities highlighted above.

In the furtherance of these aims the directors have complied with the duty in s.4 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the public benefit requirements under that Act.

**Financial Review**

***Investment policy***

Investment powers are governed by the Articles of Association. Currently there are no investment restrictions in place and the investment objectives are: a balance of capital growth and income from investments; and, an overall medium tolerance of risk. The investment is therefore held in a mixture of medium to high risk investment portfolios. Financial gains from the current investments are automatically reinvested.

**Report of the Trustees (continued)  
for the year ended  
31 March 2020**

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**Financial Review (cont'd)**

**Investment performance**

Tilney Bestinvest continue to manage an investment portfolio on behalf of the charity. The portfolio was valued at £114,463 on 31 March 2020 including a £12,619 deficit on revaluation. In the year ended 31 March 2020 there was an overall £12,134 net decrease in funds after investment management charges (note 13).

Whilst funds are invested in medium to high risk portfolios the investment manager has advised that "the indirect investment approach of the investment trust holdings within the portfolio are of a less risky nature than a single direct equity investment, although technically the same risks apply due to the legal structure of investment trusts".

**Results for the year**

Full details of the financial transactions are contained in the attached financial statements.

Total income for the year was	£ 7,545,636
After deducting expenditure of	7,395,821
The net income / (expenditure) before recognised gains / (losses) was	<u>149,815</u>
The net assets of the charitable group at 31 March 2020 were	<u>1,395,947</u>

**Available funds**

At 31 March 2020 the charity had freely available reserves for its general purposes amounting to	<u>£ 970,510</u>
This comprises the balance in unrestricted funds, excluding tangible fixed assets and investments.	

**Reserves Policy**

The charity's reserves policy is based on the value of unrestricted reserves excluding designated funds, with a target of covering 6 months operating costs (calculated to be £754,770 as at 31 March 2020) and a minimum of 3 months operating costs (£629,990 as at 31 March 2020). At £880,437 (note 19) the value of unrestricted reserves excluding designated funds as at 31 March 2020 compares favourably to the stated target reserves level. In the event that future circumstances require it, currently designated funds may be undesignated in order to address required needs.

**Risks and uncertainties**

Trustees have a duty to identify and review risks to which the charity is exposed and ensure appropriate controls are in place, including the provision of reasonable assurance against fraud and error. The trustees therefore closely monitor the operations of the charity and its trading subsidiary and review on a regular basis the nature of potential risks, their potential impact, likelihood of occurrence and means of mitigating them. As part of this process the trustees consider the adequacy of current internal controls and their ongoing suitability.

Government policy changes relating to and/or affecting the public sector are considered to be the principal risks and uncertainties. These are primarily dealt with by staying close to the sector and through active engagement in policy discussions.

The ongoing Covid-19 pandemic is also a key risk and uncertainty currently, through its impact (realised and potential) on the group's workforce, on market conditions and on future funding and requirements of local government as the group's principal customer base. Proactive, effective engagement with our members, partners and sector interest groups provides up-to-date intelligence which allows potential issues to be identified in a timely manner. This enables the Solace group to plan and respond accordingly based on sound management and control across all areas of the organisation, including specific operational and cost changes as necessary.

**Financial risk management**

The charity and its subsidiary use financial instruments comprising cash and debtors. Their main purpose is to finance the working capital cycle of the group. Policies for managing financial risks open to the group are:

Price risk	A range of suppliers are used to ensure market prices are not exceeded. Contracts are used for the supply of a range of goods and services and these are reviewed on a regular basis.
Credit risk	Customers are largely public sector organisations who by their nature are considered 'low risk'. Many are long-standing customers. Effective credit management procedures are also in place.
Interest risk	Returns on cash are maximised through utilising a range of interest bearing bank accounts.
Liquidity risk	A range of bank accounts are used which enable access to funds in line with cash flow projections. Group companies have a good relationship with their bankers.

**Report of the Trustees (continued)  
for the year ended  
31 March 2020**

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***Future Plans***

Prior to the Covid-19 crisis, both the executive team and the Board had discussed overall direction and key priorities and individual staff teams had been engaged through a series of awaydays. While the context in which Solace currently operates has since changed significantly, our overall purpose, strategy and medium-term priorities from these discussions remain pertinent. The resultant plan provides a basis for Solace group operations in the short term in support of longer term priorities and goals, while also remaining adaptable to respond to opportunities and challenges as they arise and as the impact of the crisis for us and the sector more widely clarifies.

***Future Plans: 2030 goals***

- Set the standard for the learning and development of professional leaders and managers in UK local government
- Be the influential voice in the UK for professional local government
- Be the go-to service for local government's talent management and leadership solutions

***Future Plans: 2020-23 key priorities***

Over the next three years the goals set out above will be pursued by focusing on the following areas:

- Nurture a stronger relationship between Solace and the individuals we support by investing in member and client engagement
- Increase our relevance to a broad and diverse group of individuals throughout their career by improving our offer beyond executive members
- Evidence and promote our dynamism and expertise throughout our network, across the sector and with our stakeholders by investing in research, quality assurance and communications
- Set the standard for the learning and development of professional leaders and managers in UK local government

In order to deliver these priorities, the executive team have identified a number of key projects for 2020/21. Many of these were important elements of our initial Covid-19 business response plan and will be ongoing ingredients in our response to the financial hit of the crisis. For example, our digital activity has been accelerated to enable all our leadership programmes to be delivered virtually. However, the diverting of focus and resource to achieve in short timescale this has resulted in slowed progress in other areas as immediate response to the crisis and related matters took precedence.

***Nurture a stronger relationship between Solace and the individuals we support by investing in member and client engagement***

The breadth and status of the Solace network is our most significant competitive advantage across all service areas and has been identified as core to our unique selling point in all our markets. We have also recently invested in technology to improve the management of information across this network and to build on the inter-connectivity of our services. We need to complete this work and fully embed those systems into the processes and culture of the organisation.

In order to optimise the use of these new tools available to us, we need to invest in closer and more consistent engagement with members and our wider client base, and ensure this drives improved responsiveness across all services.

At a national level this includes developing smooth, clear customer journeys so members and clients are able to access the full range of support they need in the most appropriate way. For example, our approach to pastoral support for members is currently ad hoc and inconsistent and requires a standardised and reliable approach which connects members with the breadth of personal and organisational support available.

Our regional footprint is also variable, both across the UK and across different service lines. We will explore new models of regional working to improve both member engagement and business development through personalised contact, events and regional approaches to leadership development.

Our associate base is another pool of untapped business development resource which we aim to gain greater leverage from. We need to ensure that the capability within our associate base remain strong, relevant and of high quality, while improving the two-way sharing of insight on Solace services and the sector itself.

***Increase our relevance to a broad and diverse group of individuals throughout their career by improving our offer beyond executive members***

The review of membership was a key priority during our last business plan period and led to a significant change of focus for the organisation. The impact of this change is being felt across all service areas and has led to a broadening of our offer, particularly in membership, events, and learning and development.

**Report of the Trustees (continued)  
for the year ended  
31 March 2020**

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***Future Plans: 2020-23 key priorities (cont'd)***

Our membership has consistently grown but the impact of this on our membership numbers has been limited relative to our ambition. We have failed to attract significant numbers of early career or established leader categories, except where they are originally engaged through a learning and development programme. We therefore need to revisit our approach to those earlier in their careers to ensure it represents a valued product, in a form more accessible to those specific individuals and by utilising the growing digital opportunities to enhance our offer.

***Evidence and promote our dynamism and expertise throughout our network, across the sector and with our stakeholders by investing in research, quality assurance and communications***

Solace seeks to be an evidence-led organisation focused on the quality of our service. This is embedded in our values and across each area of work. This is currently integrated into other workloads and not an area of real focus or investment. For example, we do not currently hold any specific research or analytical capacity within our policy team and services cannot easily demonstrate that our approach is market leading or aligned to the latest appropriate research.

Given our values and unique position in the market, this is an opportunity to distinguish ourselves more from our various competitors and cement our position in our members and clients' perceptions of value. Our brands lend themselves to supporting this and it forms a valuable part of the content of our future marketing and communication activity, from policy related research to individual bid writing.

***Strengthen Solace's long-term future by creating a more robust, digitally mature, learning organisation***

The Solace group has started to invest in its digital infrastructure in order to enable a greater, more innovative level of digital working. The bedrock of this investment is our new CRM system and website which will both continue to rollout into the next business planning period. Our approach has been accelerated during the recent crisis with our approach the learning and events transformed.

The significant upgrade in our infrastructure means that we are now better placed to offer access to services online and accessibly. We will deliver projects to improve our digital capabilities across all our established markets.

Internal capacity and capability has been identified as a core corporate risk throughout the period of the current business plan. As a small business operating across a range of diverse markets our individual teams lack resilience when compared to many of our competitors. While this does give the organisation a degree of agility, it makes specialisation in some areas difficult and leaves us vulnerable to resourcing challenges including our own recruitment, staff career development and absences.

To mitigate these challenges, we will continue to target growth in revenue and make proportionate increases in the Solace staff team to safely support this. This will be targeted at the service areas where there is realistic potential and where increased scale will deliver wider benefits to the strategic and operational management of the organisation.

**Structure, Governance and Management**

***Governing document***

The charity is controlled by its governing document (a deed of trust dated 9 January 1986), and constitutes a company limited by guarantee (incorporated in England & Wales). It is governed by Memorandum and Articles of Association which were last amended and ratified by the company in general meeting on 17 October 2018.

***Organisational structure***

The charity is governed by directors who are also the trustees of the charity, as listed on page 7. The directors are responsible for administering the funds in accordance with the Trust Deed.

The directors meet a minimum of four times a year, to set organisational strategy and business plans and to review operational and financial performance. When carrying out their governance duties for the charity, the directors have regard for the guidance on public benefit published by the Charity Commission.

Day to day responsibility for running the charity is delegated to the Managing Director and senior executive staff, based on appropriate schemes of delegation determined by the directors.

**Report of the Trustees (continued)  
for the year ended  
31 March 2020**

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***Recruitment and appointment of new directors***

Directors of the charity are identified from within the membership and appointed at the Annual General Meeting.

***Third party indemnity provision for directors***

The charity has third party indemnity insurance in place covering all directors of the charity .

***Induction and training of new directors***

New directors receive an induction programme which includes information and guidance on the liabilities and responsibilities of company directors and charity trustees, a copy of the Memorandum and Articles of Association and background information relating to budgets, forward plans and details of previous key decisions.

***Disability and equality policy***

All applicants for positions with the charity are given full and fair consideration. Employment, training and general policies are applied equally to all affected individuals.

***Pay policy for senior staff***

The directors consider that the board of directors (who are the charity's trustees) and the executive heads of service comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

All non-executive directors give of their time freely in that capacity and no director received remuneration during the year (2019: £nil) in connection with their appointment or duties as a director of the charity. Details of directors' expenses are provided in note 11 to the financial statements.

Staff pay is reviewed annually. Recommendations relating to senior staff and executive directors are considered by the non-executive directors on the Board or by a sub-committee of non-executive directors and relevant advisors. Any agreed pay increase would generally be based on consideration of a range of potential influencing factors, such as inflation measures and public sector pay awards. Market rates for comparable roles are also periodically considered, particularly as part of recruitment activities.



**Report of the Trustees (continued)**  
**for the year ended**  
**31 March 2020**

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**Directors and trustees**

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. The trustees and officers serving during the year and since the year end were as follows:

**Key management personnel: Trustees and Directors of**  
**The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd**

***Specified elected roles:***

*Chair:* G L Jones  
*Finance lead:* A W Muter  
*Solicitor/Company Sec:* M J Hynes  
*President:* M Swales  
*SIB Chair:* J P Comber

***Other elected non-executive directors:***

J Burns  
A M Donaghy  
P D Dunphy (*resigned 19 June 2020*)  
S H Fitzgerald  
P R Frainer  
C D Naylor  
D Terris  
M T Weastell

***Employed executive directors:*** G V McDonald  
T J McDougall (*resigned 31 March 2020*)

**Key management personnel: Senior managers of**  
**The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd**

Managing Director	G V McDonald
Head of Leadership & Organisational Development	T I Birtwell
Head of Professional Development & Events	J A Howarth
Head of Policy	A J B Thomson

**Key management personnel: Senior managers of Solace In Business Ltd**

Group Director	T J McDougall
Director of Finance & Performance	S R P Chambers
Head of Executive Resourcing & Assessment	S J Guest
Head of Interim Management & Operations	J K Mullinger

**Our advisers**

Auditors	Jolliffe Cork LLP, 33 George Street, Wakefield WF1 1LX
Bankers	Lloyds Bank plc, 27-31 White Hart Street, High Wycombe, HP11 2HL National Westminster Bank Plc, 23 Uplands Crescent, Swansea SA2 0NY

**Reference and administrative details**

Company number	4053417
Charity number	1084419
Registered office and principle address	Off Southgate Pontefract West Yorkshire WF8 1NT

**Report of the Trustees (continued)  
for the year ended  
31 March 2020**

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**Trustees' responsibilities in relation to the financial statements**

The charity trustees (who are also the directors of The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the 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 that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

**Statement as to disclosure of information to the auditor**

In so far as the trustees are aware at the time of approving the trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Signed on behalf of the trustees on 18th September 2020

G L Jones  
Trustee

**Independent Auditor's Report to the Members and Trustees of  
The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd**

**for the year ended  
31 March 2020**

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**Opinion on financial statements**

We have audited the financial statements of The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd for the year ended 31 March 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and the Parent Charity Balance Sheet, the Consolidated Cash Flow Statement and the related notes. 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 the parent charitable company's affairs as at 31 March 2020, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's 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, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**Opinion on other matter prescribed by the Companies Act 2006**

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

- the information given in the trustees' report (incorporating the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

**for the year ended  
31 March 2020**

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

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

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

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors report and from the requirement to prepare a strategic report.

### **Responsibilities of trustees**

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

In preparing the financial statements, the trustees are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or 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**

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 on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the charitable company's members and trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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, the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Claire Lawton FCA DChA (Senior Statutory Auditor)  
for and on behalf of  
Jolliffe Cork LLP  
Chartered Accountants and Statutory Auditor  
33 George Street  
Wakefield, WF1 1LX

Date:

**Consolidated Statement of Financial Affairs (including consolidated income and expenditure account)**  
**for the year ended**  
**31 March 2020**

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
<b>INCOME</b>					
Donations		2,000	-	2,000	75
Income from charitable activities	4	1,655,590	180,000	1,835,590	1,749,341
<i>Income from other activities</i>					
Commercial trading operations	5	5,703,711	-	5,703,711	4,607,819
Income from investments	6	4,335	-	4,335	4,168
<b>Total income</b>		<b>7,365,636</b>	<b>180,000</b>	<b>7,545,636</b>	<b>6,361,403</b>
<b>EXPENDITURE</b>					
<i>Cost of raising funds</i>					
Investment management costs	7	2,173	-	2,173	2,192
Commercial trading operations	5	5,136,072	-	5,136,072	4,139,677
<i>Expenditure on charitable activities</i>					
Education & Training	9	1,458,429	124,830	1,583,259	1,422,813
Membership services	9	674,317	-	674,317	649,556
<b>Total expenditure</b>		<b>7,270,991</b>	<b>124,830</b>	<b>7,395,821</b>	<b>6,214,238</b>
<b>Net income / (expenditure) before transfers</b>		<b>94,645</b>	<b>55,170</b>	<b>149,815</b>	<b>147,165</b>
Gross transfers between funds		104,920	(104,920)	-	-
<b>Net income / (expenditure) before recognised gains / (losses)</b>		<b>199,565</b>	<b>(49,750)</b>	<b>149,815</b>	<b>147,165</b>
<b>Other recognised gains / (losses)</b>					
Unrealised (losses) / gains on investments		(12,619)	-	(12,619)	1,763
<b>Net movement in funds for the year</b>		<b>186,946</b>	<b>(49,750)</b>	<b>137,196</b>	<b>148,928</b>
<b>Reconciliation of funds</b>					
Total funds brought forward	19	1,057,618	201,133	1,258,751	1,109,823
<b>Total funds carried forward</b>	<b>19</b>	<b>1,244,564</b>	<b>151,383</b>	<b>1,395,947</b>	<b>1,258,751</b>

The statement of financial activities includes all gains and losses recognised in the year.  
All income and expenditure derive from continuing activities.

The notes on pages 14 to 22 form an integral part of these financial statements.

The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd

**Consolidated Balance Sheet**  
as at  
**31 March 2020**

	Notes	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
<b>Fixed assets</b>					
Tangible assets	12	159,591	93,138	123,908	86,846
Investments	13	114,463	126,597	176,497	188,631
<b>Total Fixed Assets</b>		<u>274,054</u>	<u>219,735</u>	<u>300,405</u>	<u>275,477</u>
<b>Current assets</b>					
Debtors	14	1,374,507	1,079,827	316,361	373,040
Cash at bank and in hand		1,522,838	1,398,464	889,428	842,525
<b>Total Current Assets</b>		<u>2,897,345</u>	<u>2,478,291</u>	<u>1,205,789</u>	<u>1,215,565</u>
<b>Creditors: falling due within one year</b>	15	1,770,757	1,439,275	617,203	693,189
<b>Net current assets</b>		<u>1,126,588</u>	<u>1,039,016</u>	<u>588,586</u>	<u>522,376</u>
<b>Total assets less current liabilities</b>		1,400,642	1,258,751	888,991	797,853
Provisions for liabilities and charges	16	4,695	-	-	-
<b>Net Assets</b>		<u>1,395,947</u>	<u>1,258,751</u>	<u>888,991</u>	<u>797,853</u>
<b>The funds of the charity</b>					
Unrestricted income funds	19	1,244,564	1,057,618	737,608	596,720
Restricted income funds	19	151,383	201,133	151,383	201,133
<b>Total charity funds</b>		<u>1,395,947</u>	<u>1,258,751</u>	<u>888,991</u>	<u>797,853</u>

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The financial statements were approved by the Trustees on 18th September 2020 and signed on their behalf by:

G L Jones  
Trustee

The notes on pages 14 to 22 form an integral part of these financial statements.

**Statement of Cash Flows and Consolidated Statement of Cash Flows**  
as at  
**31 March 2020**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Charity 2020 £</b>	<b>Charity 2019 £</b>
<b>Cash flows from operating activities</b>				
Net movement in funds for the year	137,196	148,928	91,138	232,121
Adjustments for:				
Depreciation	28,848	7,397	22,755	3,146
Unrealised investment (gains) / losses	12,619	(1,763)	12,619	(1,763)
Re-invested dividend income	(2,658)	(2,992)	(2,658)	(2,992)
Fees netted off investment portfolio	2,173	2,192	2,173	2,192
Interest received	(1,677)	(1,176)	(552)	(367)
Decrease / (increase) in debtors	(294,680)	(236,816)	56,679	(82,716)
Increase / (decrease) in creditors	331,482	132,388	(75,986)	62,489
Increase / (decrease) in provisions	4,695	-	-	-
<b>Cash generated from / (used in) operating activities</b>	<b>217,998</b>	<b>48,158</b>	<b>106,168</b>	<b>212,110</b>
<b>Cash flows from investing activities</b>				
Interest received	1,677	1,176	552	367
Fixed asset purchases	(95,301)	(89,556)	(59,817)	(85,677)
Released from managed portfolio	-	-	-	-
<b>Cash provided by / (used in) investing activities</b>	<b>(93,624)</b>	<b>(88,380)</b>	<b>(59,265)</b>	<b>(85,310)</b>
<b>Cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase / (decrease) in cash and cash equivalents in the year</b>	<b>124,374</b>	<b>(40,222)</b>	<b>46,903</b>	<b>126,800</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,398,464</b>	<b>1,438,686</b>	<b>842,525</b>	<b>715,725</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,522,838</b>	<b>1,398,464</b>	<b>889,428</b>	<b>842,525</b>

**Notes to the Consolidated Financial Statements  
for the year ended  
31 March 2020**

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**1 Accounting policies**

**1.1 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) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The charity's functional and presentation currency is the pound sterling £. All financial information presented has been rounded to the nearest £, unless otherwise stated.

**1.2 Basis of consolidation**

The group financial statements consolidate the results of The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd and its subsidiary Solace In Business Ltd.

Subsidiary undertakings are included using the acquisition method of accounting. Under this method the group net incoming resources include the results of subsidiaries from the date of acquisition and to the date of sale outside the group in case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

The trustees have taken advantage of the exemption afforded by section 408 of the Companies Act 2006 and a separate Statement of Financial Activities and income and expenditure account for the charity has therefore not been presented.

**1.3 Going concern**

The financial statements have been prepared on a going concern basis. In preparing the accounts the trustees have considered possible risks, events or conditions that might cast significant doubt on the ability of the charitable company to continue as a going concern and therefore on the appropriate use of the going concern basis.

Regularly monitoring the operational and financial performance of the charity and its subsidiary is part of the routine activities of executive management (monthly) and of the separate company boards (quarterly). This includes detailed management accounts and the analysis of pipeline activity (income and margins), together with performance indicators ranging from opportunity conversion rates to customer satisfaction across all areas of activity. Financial forecasts for the period through to 31 August 2021 have, together with current reserves and cash balances, been reviewed as part of that regular monitoring activity, taking into consideration the risks and uncertainties arising from the Covid-19 pandemic in particular. After making such enquiries, the trustees have concluded that there is a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future and therefore they have continued to adopt the going concern basis in preparing its financial statements.

**1.4 Fixed assets**

- a) Fixed assets are initially recorded at historic cost.
- b) Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets except freehold land, over their expected useful lives. It is calculated at the following rates:

Improvements to short leasehold property	Over the term of the lease
Fixtures & Fittings	25% on reducing balance
Computer equipment	20% or 33% on cost

**1.5 Fixed Asset investments**

Investments in subsidiaries are stated at historical cost less provision for diminution in value. Other investments are stated at fair value.

**1.6 Income recognition**

- a) Income from charitable activities (including trading) in the form of services is recognised in the relevant period(s) in which the activity takes place or is earned. Activity income received in advance is deferred until entitlement to the income has arisen at which time it is credited to the Statement of Financial Activities.



**Notes to the Consolidated Financial Statements (continued)**  
**for the year ended**  
**31 March 2020**

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**1.6 Income recognition (cont'd)**

- b) Donations and voluntary income are accounted for when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.
- c) Grant funding received for a specified area of the charity's work or for specific activity being undertaken by the charity is accounted for as restricted funds. Grants received without restriction are recognised when the charity 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.
- d) Investment income is recognised on an accruals basis.

**1.7 Gift aid distribution from subsidiary company to parent charity**

Profits over and above those needed to meet the working capital requirements of subsidiary companies are transferred to the parent charity by way of a gift aid distribution. As no legal obligation exists, the distributions in respect of the current and comparative year represent amounts paid as at the balance sheet date.

**1.8 Expenditure**

- a) All expenditure is accounted for on an accruals basis. VAT is recovered on relevant expenditure. Irrecoverable VAT is included within the relevant expense of the charity in the year in which it is incurred.
- b) Activities in furtherance of the charity's objectives include the direct costs of staff and property together with the costs of projects and activities.
- c) The trustees consider that management and administration costs of the charity are not material when taken in the context of amounts spent on charitable activities. All members of staff have been active in fulfilling the objectives of the charity.

**1.9 Support costs**

Support costs relate to functions that assist the work of the charity but do not directly undertake charitable activities. They include back office, finance, personnel, payroll and governance costs (e.g. the preparation and examination of the statutory accounts, the costs of directors meetings and the cost of legal advice on constitutional matters). The bases on which support costs have been allocated are set out in note 10.

**1.10 Operating leases**

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

**1.11 Pensions**

The charity operates a defined contribution pension scheme. Contributions are recognised in the Statement of Financial Activities in the period in which they become payable in accordance with the rules of the scheme.

**1.12 Fund accounting**

The charity has various types of funds for which it is responsible, and which require separate disclosure. These are as follows:

- |                           |  |
|---------------------------|--|
| <b>Unrestricted funds</b> | - Funds are expendable at the discretion of the trustees in furtherance of the objects of the charity.   |
| <b>Restricted funds</b>   | - Restricted funds can only be used for particular restricted purposes within the objectives of the charity. These arise when funds are subject to specific restrictive conditions imposed by funders/donors or by the purpose of the grant. |
| <b>Designated funds</b>   | - The trustees may at their discretion set aside unrestricted funds for specific purposes.   |

**2 Legal status and control**

The charity is a company limited by guarantee. All members have agreed to contribute an amount not exceeding £1 each to the assets of the company in the event of it being wound up.

The charity is controlled by its members. Membership of the charitable company is open to individuals designated as senior officers of local authorities in England, Scotland, Wales, Northern Ireland, the Channel Islands and the Isle of Man. Membership is also open to senior officers of any joint or other board, authority or committee exercising local government or police functions in any of the indicated geographic areas.

Elected members of local authorities are not eligible to for membership of the charitable company, notwithstanding that they may be otherwise qualified.

**Notes to the Consolidated Financial Statements (continued)**  
**for the year ended**  
**31 March 2020**

### 3 Financial performance of the charity

The Consolidated Statement of Financial Activities includes the results of the charity's wholly owned subsidiary company (note 5), which provides Interim placement and executive recruitment services. The summary financial performance of the charity alone is as follows:

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2020 £</b>	<b>Total 2019 £</b>
Donations	2,000	-	2,000	75
Gift aid distribution from trading subsidiary (note 5)	522,710	-	522,710	552,140
Income from investments	3,210	-	3,210	(809)
Income from charitable activities	1,655,590	180,000	1,835,590	1,753,509
	<u>2,183,510</u>	<u>180,000</u>	<u>2,363,510</u>	<u>2,304,915</u>
Investment management fees	(2,173)	-	(2,173)	(2,192)
Expenditure on charitable activities	(2,132,750)	(124,830)	(2,257,580)	(2,072,365)
	<u>48,587</u>	<u>55,170</u>	<u>103,757</u>	<u>230,358</u>
Net income				
Transfers between funds	104,920	(104,920)	-	-
Unrealised gains / (losses) on investments	(12,619)	-	(12,619)	1,763
Total funds brought forward	596,720	201,133	797,853	565,732
Total funds carried forward	<u>737,608</u>	<u>151,383</u>	<u>888,991</u>	<u>797,853</u>
Represented by:				
Restricted income funds			151,383	201,133
Unrestricted income funds			737,608	596,720
			<u>888,991</u>	<u>797,853</u>

	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>Total Funds 2020 £</b>	<b>Total Funds 2019 £</b>
<b>4 Income from charitable activities</b>				
Education and training	1,226,951	180,000	1,406,951	1,309,871
Membership activities	428,639	-	428,639	439,470
	<u>1,655,590</u>	<u>180,000</u>	<u>1,835,590</u>	<u>1,749,341</u>

Restricted income relating to education and training represents grant funding received in relation to specified activities.

### 5 Income from commercial trading operations

The charity has one wholly owned trading subsidiary, Solace In Business Ltd (note 13), which is incorporated in England and Wales and provides recruitment services to the public sector. Profits over and above those needed to meet the working capital requirements of the subsidiary are transferred to the charity by way of a gift aid distribution. The distribution amounts stated below are the total sums paid across within the relevant financial year.

	<b>2020 £</b>	<b>2019 £</b>
The summary financial performance of the subsidiary alone is as follows:		
Turnover	5,703,711	4,607,819
Cost of sales and administration costs	(5,128,261)	(4,139,677)
Interest receivable	1,125	809
Net profit	<u>576,575</u>	<u>468,951</u>
Taxation	(7,811)	-
Profit for the financial year	<u>568,764</u>	<u>468,951</u>
Gift aid distribution to parent charity	(522,710)	(552,140)
Retained in subsidiary	<u>46,054</u>	<u>(83,189)</u>

**Notes to the Consolidated Financial Statements (continued)**  
**for the year ended**  
**31 March 2020**

<b>5 Income from commercial trading operations (cont'd)</b>	<b>2020</b>	<b>2019</b>
The assets and liabilities of the subsidiary were:		
Fixed assets	35,703	6,311
Current assets	1,701,590	1,272,686
Current liabilities	(1,163,610)	(756,063)
Provisions for liabilities and charges	(4,695)	-
Total net assets	<u>568,988</u>	<u>522,934</u>

<b>6 Investment income</b>	<b>Total 2020 £</b>	<b>Total 2019 £</b>
Dividends	2,658	2,992
Bank and other interest	1,677	1,176
	<u>4,335</u>	<u>4,168</u>

<b>7 Investment management costs</b>	<b>2020 £</b>	<b>2019 £</b>
Portfolio management	2,173	2,192

<b>8 Staff costs and numbers</b>	<b>2020 £</b>	<b>2019 £</b>
Salaries	1,348,493	1,193,986
Social security costs	126,847	110,045
Pension costs	95,004	75,026
	<u>1,570,344</u>	<u>1,379,057</u>

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

	<b>Number 2020</b>	<b>Number 2019</b>
Executive directors	2	2
Other staff	34	30
	<u>36</u>	<u>32</u>

<b>9 Expenditure on charitable activities</b>	<b>Education &amp; Training £</b>	<b>Membership Services £</b>	<b>Total 2020 £</b>
Governance costs (note 10)	28,454	11,133	39,586
Support costs (note 10)	521,523	328,654	850,177
Direct delivery	912,335	165,689	1,078,024
Central premises	10,836	27,687	38,523
IT support and consumables	44,566	18,606	63,172
Communications	6,917	2,169	9,086
Depreciation	15,068	7,687	22,755
Travel & subsistence	12,713	4,979	17,692
Irrecoverable VAT	-	60,466	60,466
Marketing	13,284	4,428	17,712
Bank interest and transaction charges	3,455	1,762	5,217
International relationships and support	-	3,921	3,921
Other costs	14,108	37,137	51,245
	<u>1,583,259</u>	<u>674,317</u>	<u>2,257,576</u>

Expenditure on charitable activities was £2,257,576 (2019: £2,072,369) of which £2,027,826 was unrestricted (2019: £1,898,445) and £229,750 was restricted (2019: £173,924).

**Notes to the Consolidated Financial Statements (continued)**  
**for the year ended**  
**31 March 2020**

**10 Governance and support costs**

	<b>Basis of apportionment</b>	<b>Support costs £</b>	<b>Governance £</b>	<b>Total 2020 £</b>	<b>Total 2019 £</b>
Salaries and related costs	Staff roles and time allocation	844,612	26,499	871,111	779,473
Audit fee	Invoice description	-	4,540	4,540	7,841
Other professional and legal fees	Invoice description	61	-	61	-
Board running costs	Invoice description	-	4,343	4,343	4,611
Sundry expenses	Invoice description	5,504	4,204	9,708	17,623
		<b>850,177</b>	<b>39,586</b>	<b>889,763</b>	<b>809,548</b>

**11 Staff costs, trustee remuneration and expenses, and the cost of key management personnel**

The key management personnel of the group and the parent charity comprise the trustees and senior managers whose names are listed on page 7. Total remuneration and employee benefits for key management personnel amounted to £735,551 (2019: £721,898) including pension contributions of £56,650 (2019: £52,720). This includes two trustees, G McDonald, T McDougall (2019: two trustees - G McDonald, T McDougall) who received remuneration relating to their contracts of employment with the charity or its subsidiary.

The number of employees earning more than £60,000 per annum (including related pension contributions) is:

	<b>Group 2020</b>	<b>Group 2019</b>	<b>Charity 2020</b>	<b>Charity 2019</b>
Between £60,001 and £70,000	1	2	-	-
Between £70,001 and £80,000	2	2	1	2
Between £80,001 and £90,000	1	1	1	1
Between £90,001 and £100,000	2	1	1	-
Between £100,001 and £110,000	-	-	-	-
Between £110,001 and £120,000	1	1	1	1
Between £130,001 and £140,000	1	1	-	-

During the year ended 31 March 2020 no trustee (2019: no trustee) received remuneration or benefits from the charity for acting as, or in connection with, their appointment as a trustee of the charity. During the year 5 non-executive trustees (2019: 6 trustees) were reimbursed expenses totalling £2,285 (2019: £8,177).

**Notes to the Consolidated Financial Statements (continued)**  
**for the year ended**  
**31 March 2020**

## 12 Tangible fixed assets

Group	Improvements to short leasehold to property £	Fixtures and fittings £	IT infrastructure £	Computer equipment £	Total £
<b>Cost</b>					
At 1 April 2019	60,105	4,118	82,039	93,113	239,375
Additions	-	-	80,268	15,033	95,301
Disposals	-	-	-	(34,832)	(34,832)
At 31 March 2020	<u>60,105</u>	<u>4,118</u>	<u>162,307</u>	<u>73,314</u>	<u>299,844</u>
<b>Depreciation</b>					
At 1 April 2019	60,105	4,118	-	82,014	146,237
Charge for the year	-	-	20,655	8,193	28,848
Disposals	-	-	-	(34,832)	(34,832)
At 31 March 2020	<u>60,105</u>	<u>4,118</u>	<u>20,655</u>	<u>55,375</u>	<u>140,253</u>
<b>Net book value</b>					
At 31 March 2020	<u>-</u>	<u>-</u>	<u>141,652</u>	<u>17,939</u>	<u>159,591</u>
At 31 March 2019	<u>-</u>	<u>-</u>	<u>82,039</u>	<u>11,099</u>	<u>93,138</u>
<b>Charity</b>					
			IT infrastructure £	Computer equipment £	Total £
<b>Cost</b>					
At 1 April 2019			82,039	12,564	94,603
Additions			57,000	2,817	59,817
Disposals			-	(4,394)	(4,394)
At 31 March 2020			<u>139,039</u>	<u>10,987</u>	<u>150,026</u>
<b>Depreciation</b>					
At 1 April 2019			-	7,757	7,757
Charge for the year			19,561	3,194	22,755
Disposals			-	(4,394)	(4,394)
At 31 March 2020			<u>19,561</u>	<u>6,557</u>	<u>26,118</u>
<b>Net book value</b>					
At 31 March 2020			<u>119,478</u>	<u>4,430</u>	<u>123,908</u>
At 31 March 2019			<u>82,039</u>	<u>4,807</u>	<u>86,846</u>

**Notes to the Consolidated Financial Statements (continued)**  
**for the year ended**  
**31 March 2020**

13 Investments	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Listed investments (managed portfolio)	114,463	126,597	114,463	126,597
Investment in subsidiaries	-	-	62,034	62,034
	<u>114,463</u>	<u>126,597</u>	<u>176,497</u>	<u>188,631</u>

**Investment in subsidiaries**

**Subsidiary company** Solace In Business Ltd, registered in England & Wales (Company No. 3150254)

**Nature of business** Interim placement and executive recruitment

**Number, class and percentage of shares held** 19 ordinary (100%)

**Net assets at 31 March 2020** £568,988

The activities and results of this subsidiary company are summarised in note 5.

**Subsidiary company** SEL Business Services Limited, registered in England & Wales (Co. No. 8704424)

**Nature of business** Dormant

**Number, class and percentage of shares held** 20 ordinary (100%)

**Net assets at 31 March 2020** £20

Listed investments (managed portfolio)	Total
	£
<b>Market value</b>	
At 1 April 2019	126,597
Additions	2,658
Revaluations	(12,619)
Management fees	(2,173)
Reclassification / transfer	-
At 31 March 2020	<u>114,463</u>
<b>Net book value</b>	
At 31 March 2020	<u>114,463</u>
At 31 March 2019	<u>126,597</u>

There are no investment assets outside the UK

14 Debtors	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	1,038,784	680,275	190,426	221,893
Amounts owed by group undertakings	-	-	-	-
Prepayments and accrued income	335,723	399,552	125,935	151,147
	<u>1,374,507</u>	<u>1,079,827</u>	<u>316,361</u>	<u>373,040</u>

15 Creditors	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Amounts falling due within 1 year:				
Trade creditors	851,895	465,953	172,126	152,841
Other creditors	142,719	140,081	133,587	132,929
Corporation tax	6,072	-	-	-
Social security and other taxes	185,411	179,463	30,350	54,212
Amounts owed to group undertakings	-	-	10,034	9,960
Accruals and deferred income	584,660	653,778	271,106	343,247
	<u>1,770,757</u>	<u>1,439,275</u>	<u>617,203</u>	<u>693,189</u>

**Notes to the Consolidated Financial Statements (continued)**  
**for the year ended**  
**31 March 2020**

**16 Provisions for liabilities and charges**

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

The trading subsidiary, Solace In Business Ltd, is not exempt from taxation (see note 5). Taxation for the year comprises current and deferred tax. Current tax is recognised at the amount of tax payable using the rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, as set out below:

	<b>Group</b>	<b>2019</b>
	<b>2020</b>	<b>£</b>
	<b>£</b>	<b>£</b>
Deferred tax	4,695	-
	<b>Deferred tax</b>	
	<b>£</b>	
At 1 April 2019	-	
Accelerated capital allowances	4,695	
At 31 March 2020	4,695	

**17 Operating leases**

As at 31 March 2020 commitments under non-cancellable operating leases were as follows:

	<b>Land &amp; Buildings</b>	<b>Other</b>	<b>Land &amp; Buildings</b>	<b>Other</b>
<b>Group</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Due within one year	31,000	-	49,000	-
Due within two to five years	18,417	-	49,417	-
Due over 5 years	-	-	-	-
	49,417	-	98,417	-
	<b>Land &amp; Buildings</b>	<b>Other</b>	<b>Land &amp; Buildings</b>	<b>Other</b>
<b>Charity</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Due within one year	18,000	-	36,000	-
Due within two to five years	-	-	18,000	-
Due over 5 years	-	-	-	-
	18,000	-	54,000	-

**18 Pensions schemes**

***Defined contribution pension scheme***

The charitable group operates a defined contribution pension scheme for the benefit of all employees. Contributions to the scheme for the year ended 31 March 2020 amounted to £95,004 (2019: £75,026). This includes accrued contributions of £17,406 (2019: £14,450) included in other creditors (note 15).

**Notes to the Consolidated Financial Statements (continued)**  
**for the year ended**  
**31 March 2020**

19 Funds	Balance at 1 April 2019 £	Net incoming Resources £	Transfers £	Balance at 31 March 2020 £
<b>Unrestricted</b>				
General	682,268	93,249	104,920	880,437
Designated	375,350	(11,223)	-	364,127
	<u>1,057,618</u>	<u>82,026</u>	<u>104,920</u>	<u>1,244,564</u>
<b>Restricted</b>				
Managerial leadership	151,133	70,606	(70,356)	151,383
Best practice guide	50,000	(15,436)	(34,564)	-
	<u>201,133</u>	<u>55,170</u>	<u>(104,920)</u>	<u>151,383</u>

**Designated funds:**

The directors have identified that certain unrestricted funds should be ring-fenced as follows:

- Branch reserves - representing the historic surplus or deficit accumulated through various geographically based activities covering Solace Group members in Scotland, Wales, Northern Ireland and certain English regions.

**Restricted funds:**

- Managerial leadership grant funding received to subsidise the formulation and delivery of tailored programmes which support public sector leaders and strategic managers in the development of their people and organisations to meet current and future sector challenges, demands and opportunities.
- Grant funding to produce and publish an easy to use 'best practice' reference guide for anyone involved in senior officer recruitment in local authorities.

Sufficient cash resources are held to enable each of the identified funds to be applied without any restrictions.

**20 Analysis of Group net assets between funds**

Funds balances at 31 March 2020 are represented by:	Unrestricted £	Designated £	Restricted £	Total £
Tangible fixed assets	159,591	-	-	159,591
Investments	114,463	-	-	114,463
Current assets	2,381,835	364,127	151,383	2,897,345
Creditors: amounts falling due within 1 year	(1,770,757)	-	-	(1,770,757)
Provisions for liabilities and charges	(4,695)	-	-	(4,695)
	<u>880,437</u>	<u>364,127</u>	<u>151,383</u>	<u>1,395,947</u>

**21 Capital commitments**

Capital amounts contracted at 31 March 2020 but not provided for in these financial statements amounted to £36,858 for the group and charitable company (2019: £28,026).

**22 Related Party Transactions**

During the year ended 31 March 2020 the charity received a gift aid distribution of £522,710 (2019: £552,140) from Solace In Business Ltd (note 5).

Other related party transactions made by the group during the year ended 31 March 2020 were:

- A company controlled by J. Comber, a trustee of the charity and director of the subsidiary company (Solace In Business Ltd), received payment of £12,000 (2019: £6,300) from the subsidiary company for professional services supplied to that company.