

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 2016

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

**Consolidated financial statements
for the year ended
31 March 2016**

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

Report of the Trustees for the year ended 31 March 2016

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 2016 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 2015).

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.

Purpose and aims

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.

Achievements and performance

Significant activities

On 31 March 2016 the business, trade, assets and liabilities of Society of Local Authority Chief Executives and Senior Managers (company number 02771210) were transferred, as a going concern, to the charity - including ownership of the issued share capital in Solace In Business Ltd (company number 03150254).

The charity's receipt of that transfer concluded the final element to a group-level change programme and restructure commenced during 2014. Pending that transfer the charity has maintained its commitment to promoting public sector excellence through strategic support and assistance for the membership organisation rather than direct delivery in the year ended 31 March 2016.

As such, the aims and objects of the charity during the year have effectively been delivered through the activities of the transferring membership organisation including: policy analysis and debate; thematic and geographically-based networking; organisational development support; and, professional development for individuals and teams – including training the 'next generation' of local government leaders through contextualised programmes.

Alongside a range of forums and consultation paper responses, policy activity has included the publication of:

- *Towards Outside-in* - the first report in a series from the Solace Innovation and Commissioning network; encouraging 'outside-in' strategic planning and change leadership which engages a wide range of contributors to "reimagine and deliver the outcomes our society requires".

**Report of the Trustees (continued)
for the year ended
31 March 2016**

Significant activities (continued)

- *Addressing the National Housing Challenge* - a policy paper inviting government and others to work with us to help transform the landscape of housing nationally through local solutions.
- *Transforming Services, Transforming Leadership* - annual insight report on current and future local government priorities, including key drivers, best practice, innovation and devolution and outlining important messages for the sector.

Membership activity continues to be strengthened, with a net gain of 130 members during the year and a year-end membership of over 1,400 demonstrating continuing reach and influence for the organisation. Geographically-based and national events such as the annual Summit provide underpinning knowledge and the promotion of efficiency and good practice. These are supplemented by a selection of learning and organisational development activities available to individuals and local authorities alike. Examples of learning and organisational development highlights during the year include:

- continued successful delivery of the LGA's national Graduate Development Programme;
- successful launch of our Total Leadership programme in collaboration with INLOGOV;
- 19 council leadership programmes delivered, along with 32 open and bespoke courses; and
- significantly expanded coaching and mentoring activity, including a pilot peer-coaching network.

A review of the organisations long-established business partner programme facilitating engagement between the private and voluntary sectors and areas of local government has ensured its continued applicability to all parties. A refreshed offer is now being rolled-out, inviting potential partners to work with us on thought leadership and providing enhanced opportunities for our members to engage in creative ideas exchange and products and services innovation through the sharing of expertise and best practice.

The interim and permanent recruitment activity of the trading subsidiary, Solace In Business, has not only delivered income to further the activity of the charity, but also complemented its aims and objectives through being grounded in public service values and the placement of quality resources in to the local government sector. Additionally, its 'profit for purpose' status is part of a unique social enterprise operating model not replicated by competitors.

Key performance indicators

A range of indicators are used by the trustees and executive management to monitor and direct activities as appropriate. Key areas include: income and margins; regional activity; membership renewals and additions; conversion rates for tendered activity; associates utilisation; and, membership engagement.

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.

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

Report of the Trustees (continued) for the year ended 31 March 2016

Investment performance

Tilney Bestinvest continue to manage an investment portfolio on behalf of the charity. The portfolio was valued at £109,735 on 31 March 2016 including a £736 deficit on revaluation. In the year 1 April 2015 to 31 March 2016 there was an overall £14,403 net decrease in funds after withdrawals and investment management charges (note 11).

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	958,348
After deducting expenditure of	3,428
The net income was	<u>954,920</u>
The net assets of the charitable group at 31 March 2016 were	<u>1,080,315</u>

Available funds

At 31 March 2016 the charity had freely available reserves for its general purposes amounting to £939,578
This comprises the balance in unrestricted funds, excluding tangible fixed assets and investments.

Reserves Policy

At £776,076 (note 17) the value of unrestricted reserves excluding designated funds exceeds the charity's target of £460,000 to cover a minimum of 3 months operating costs. In the event that circumstances require it, currently designated funds may be undesignated in order to address other needs. However, there is also a target to grow unrestricted reserves excluding designated funds to cover 6 months operating costs (calculated to be £828,430 as at 31 March 2016), in order that the charity is better prepared to meet unforeseen future circumstances as well as continue to meet its needs on the basis of planned activity.

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.

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 2016

Future Plans

The charity's focus in the next period is to sustain the current momentum of work across its range of activities. To that end, the charity aims to pursue four key priorities over the next twelve months:

- develop a **high support, high challenge** professional body;
- promote progressive **local government reform** of local public services and the **leadership** attributes required to drive successful change;
- make a positive contribution to the **improvement of local public services** utilising to experience and skills of the sectors managerial leaders; and
- maximise the **organisational efficiency** of the charity and its subsidiary company to deliver high quality services to our clients, partners and the wider beneficiaries of our work.

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 directors on 15 October 2014.

Organisational structure

The charity is governed by directors who are also the trustees of the charity, as listed above. 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 executive Group Directors, supported by senior staff, based on appropriate schemes of delegation determined by the directors.

Recruitment and appointment of new trustees

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 the board of directors, who are the charity's trustees, and the 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 (2015: £nil) in connection with their appointment or duties as a director of the charity. Details of directors' expenses are provided in note 9 to the financial statements.

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

**Report of the Trustees (continued)
for the year ended
31 March 2016**

Pay policy for senior staff (continued)

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.

Reference and administrative details

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

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**

Elected non-executive directors:	S W Baker L Carpenter M J Hynes J E Killian A M Price J Robinson S M Rogers K Ryley	(resigned 7 October 2015) (appointed 7 October 2015)
Employed executive directors:	G V McDonald T J McDougall D J Wood	

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

Group Director	G V McDonald
Group Director	D J Wood
Head of Leadership & Organisational Development	T I Birtwell
Head of Membership	C J Green
Head of Learning & Professional Development	J A Haworth

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

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

**Report of the Trustees (continued)
for the year ended
31 March 2016**

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 The Royal Bank of Scotland plc, 35-37 Northgate, Wakefield WF1 3XA

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 23 September 2016

G V McDonald
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 2016**

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 2016 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 (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters 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.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 6, 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.

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 responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 2016, 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 and Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

**for the year ended
31 March 2016**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 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 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 Report of the Trustees and Strategic Report.

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

23 September 2016

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

Consolidated Statement of Financial Affairs (including consolidated income and expenditure account)
for the year ended
31 March 2016

	Notes	Unrestricted Funds £	Total Funds 2016 £	Total Funds 2015 £
INCOME				
Donations	4	739,917	739,917	-
Income from investments	5	3,260	3,260	2,808
<i>Income from charitable activities</i>				
Solace Springboard		-	-	4,000
Other income	6	215,171	215,171	-
Total income		<u>958,348</u>	<u>958,348</u>	<u>6,808</u>
EXPENDITURE				
<i>Cost of raising funds</i>				
Investment management costs	7	1,921	1,921	1,962
<i>Expenditure on charitable activities</i>				
Foundation Imprint		-	-	591
Solace Springboard		-	-	1,000
Governance and support costs	8	1,507	1,507	6,073
Total expenditure		<u>3,428</u>	<u>3,428</u>	<u>9,626</u>
Net income / (expenditure)		954,920	954,920	(2,818)
Other recognised gains / (losses)				
Unrealised (losses) / gains on investments		(736)	(736)	8,022
Net movement in funds for the year		<u>954,184</u>	<u>954,184</u>	<u>5,204</u>
Reconciliation of funds				
Total funds brought forward	17	126,131	126,131	120,927
Total funds carried forward	17	<u><u>1,080,315</u></u>	<u><u>1,080,315</u></u>	<u><u>126,131</u></u>

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 12 to 18 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 2016

	Notes	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Fixed assets					
Tangible assets	10	31,002	-	12,127	-
Investments	11	109,735	124,138	171,769	124,138
Total Fixed Assets		<u>140,737</u>	<u>124,138</u>	<u>183,896</u>	<u>124,138</u>
Current assets					
Debtors	12	1,322,629	1,240	555,849	1,240
Cash at bank and in hand		1,195,785	84,609	729,898	84,609
Total Current Assets		<u>2,518,414</u>	<u>85,849</u>	<u>1,285,747</u>	<u>85,849</u>
Creditors: falling due within one year	13	1,578,836	83,856	604,499	83,856
Net current assets		<u>939,578</u>	<u>1,993</u>	<u>681,248</u>	<u>1,993</u>
Total assets less current liabilities		1,080,315	126,131	865,144	126,131
Creditors: falling due after more than one year		-	-	-	-
Net Assets		<u>1,080,315</u>	<u>126,131</u>	<u>865,144</u>	<u>126,131</u>
The funds of the charity					
Unrestricted income funds	17	1,080,315	126,131	865,144	126,131
Total charity funds		<u>1,080,315</u>	<u>126,131</u>	<u>865,144</u>	<u>126,131</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 23 September 2016 and signed on their behalf by:

S W Baker
Trustee

The notes on pages 12 to 18 form an integral part of these financial statements.

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

Statement of Cash Flows and Consolidated Statement of Cash Flows

as at

31 March 2016

	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Cash flows from operating activities				
Net movement in funds for the year	954,184	5,204	739,013	5,204
Adjustments for:				
Unrealised investment (gains) / losses	736	(8,022)	736	(8,022)
Re-invested dividend income	(3,254)	(2,805)	(3,254)	(2,805)
Fees netted off investment portfolio	1,921	1,962	1,921	1,962
Interest received	(6)	(3)	(6)	(3)
Transfer of donated assets	(626,197)	-	(626,197)	-
Consolidation gains	(215,171)	-	-	-
Decrease / (increase) in debtors	(112,480)	11,830	(112,480)	11,830
Increase / (decrease) in creditors	(82,349)	64,145	(82,349)	64,145
Cash generated from / (used in) operating activities	(82,616)	72,311	(82,616)	72,311
Cash flows from investing activities				
Interest received	6	3	6	3
Released from managed portfolio	15,000	10,000	15,000	10,000
Gained through acquisition	1,178,786	-	712,899	-
Cash provided by / (used in) investing activities	1,193,792	10,003	727,905	10,003
Cash flows from financing activities	-	-	-	-
Increase / (decrease) in cash and cash equivalents in the year	1,111,176	82,314	645,289	82,314
Cash and cash equivalents at the beginning of the year	84,609	2,295	84,609	2,295
Cash and cash equivalents at the end of the year	1,195,785	84,609	729,898	84,609

**Notes to the Consolidated Financial Statements
for the year ended
31 March 2016**

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 2015) - (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).

1.2 Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. At the date of transition no restatements (and accordingly no related reconciliation of opening balances) were required.

1.3 Transition to FRS 102

There is no restatement of the opening funds balance required at the date of transition to FRS 102, as indicated at note 1.2. The transition date was 1 April 2014.

1.4 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 Limited.

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.

1.5 Going concern

The financial statements have been prepared on a going concern basis.

1.6 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:

Short leasehold Land & Buildings	Over the term of the lease
Improvement to property	Over the term of the lease
Fixtures & Fittings	25% on reducing balance
Computer equipment	20% or 33% on cost

1.7 Fixed Asset investments

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

1.8 Income recognition

- a) All grants, 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.
- b) 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.
- c) Investment income is recognised on an accruals basis.

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2016

1 Accounting policies (cont'd)

1.9 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.

1.10 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 8.

1.11 Operating leases

Rentals payable under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

1.12 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.

1.13 Fund accounting

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

- | | |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Unrestricted funds | - Funds are expendable at the discretion of the trustees in furtherance of the objects of the charity |
| Restricted funds | - 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. |
| Designated funds | - 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.

3 Results from activities of the subsidiary and charity

Following transfer of the business, trade, assets and liabilities of Society of Local Authority Chief Executives and Senior Managers to the charity as a going concern on 31 March 2016, the charity has one wholly owned trading subsidiary - Solace In Business Ltd (note 11).

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

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2016

3 Results from activities of the subsidiary and charity (cont'd)

Under the acquisition method of accounting the results of subsidiaries are included only from the date of acquisition and therefore these consolidated financial statements do not include any incoming resources or expenditure for Solace In Business Ltd other than profits donated by that company to the charity under Gift Aid.

The charity's net incoming resources for the year amount to £739,749 (2015: £5,204). This includes net assets of £626,197 transferred from Society of Local Authority Chief Executives and Senior Managers and a gift aid donation of £113,720 from the subsidiary company (note 4).

4 Donations	Unrestricted £	Restricted £	Total 2016 £	Total 2015 £
Transfer of net assets	626,197	-	626,197	2,805
Gift aided donation from subsidiary	113,720	-	113,720	3
	<u>739,917</u>	<u>-</u>	<u>739,917</u>	<u>2,808</u>

5 Investment income	Unrestricted £	Restricted £	Total 2016 £	Total 2015 £
Dividends	3,254	-	3,254	2,805
Bank interest	6	-	6	3
	<u>3,260</u>	<u>-</u>	<u>3,260</u>	<u>2,808</u>

6 Other income	Total 2016 £	Total 2015 £
Gain on consolidation of transferred subsidiary	<u>215,171</u>	<u>-</u>

The gain arising on consolidation results from the charity being gifted ownership of Solace In Business Ltd for £nil consideration as part of the transfer of business and assets from Society of Local Authority Chief Executives and Senior Managers on 31 March 2016.

7 Investment management costs	2016 £	2015 £
Portfolio management	<u>1,921</u>	<u>1,962</u>

8 Governance and support costs	2016 £	2015 £
Administration charges	-	5,000
Independent examination	-	1,050
Audit fee	1,500	-
Sundry expenses	7	23
	<u>1,507</u>	<u>6,073</u>

	Basis of allocation	Support costs £	Governance £	2016 £	2015 £
Administration charges	Time spent by involved staff	-	-	-	5,000
Independent examination	Number of transactions	-	-	-	1,050
Audit fee	Invoice description	-	1,500	1,500	-
Sundry expenses	Invoice description	-	7	7	23
		<u>-</u>	<u>1,507</u>	<u>1,507</u>	<u>6,073</u>

Notes to the Consolidated Financial Statements (continued)
for the year ended
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9 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

The charity had no employees during the year ended 31 March 2016 (2015: nil).

Trustees received no remuneration or benefits from the charity for the year ended 31 March 2016 (2015: £nil). There were no trustee expenses paid in the year ended 31 March 2016 (2015: £nil). One charity trustee received payment from the subsidiary company, Solace In Business, for professional services supplied to that company during the year.

As indicated in note 3, under the acquisition method of accounting these consolidated financial statements do not include any expenditure - including the costs of key management personnel - for the subsidiary company for the year ended 31 March 2016 due to the date of acquisition.

10 Tangible fixed assets

Group	Short leasehold land and buildings £	Improvement to property £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 April 2015	-	-	-	-	-
Transfer on acquisition	3,344	56,761	11,734	86,557	158,396
At 31 March 2016	<u>3,344</u>	<u>56,761</u>	<u>11,734</u>	<u>86,557</u>	<u>158,396</u>
Depreciation					
At 1 April 2015	-	-	-	-	-
Charge for the year	-	-	-	-	-
Transfer on acquisition	3,344	56,761	6,924	60,365	127,394
At 31 March 2016	<u>3,344</u>	<u>56,761</u>	<u>6,924</u>	<u>60,365</u>	<u>127,394</u>
Net book value					
At 31 March 2016	<u>-</u>	<u>-</u>	<u>4,810</u>	<u>26,192</u>	<u>31,002</u>
At 31 March 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Charity			Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 April 2015			-	-	-
Transfer on acquisition			4,510	7,617	12,127
At 31 March 2016			<u>4,510</u>	<u>7,617</u>	<u>12,127</u>
Depreciation					
At 1 April 2015			-	-	-
Charge for the year			-	-	-
At 31 March 2016			<u>-</u>	<u>-</u>	<u>-</u>
Net book value					
At 31 March 2016			<u>4,510</u>	<u>7,617</u>	<u>12,127</u>
At 31 March 2015			<u>-</u>	<u>-</u>	<u>-</u>

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

Notes to the Consolidated Financial Statements (continued)
for the year ended
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11 Investments	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Listed investments (managed portfolio)	109,735	124,138	109,735	124,138
Investment in subsidiaries	-	-	62,034	-
	<u>109,735</u>	<u>124,138</u>	<u>171,769</u>	<u>124,138</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 2016	£277,205

Investment in and ownership of the issued share capital of Solace In Business Ltd was transferred from Society of Local Authority Chief Executives and Senior Managers on 31 March 2016 for £nil consideration. At the date of acquisition the balance sheet of Solace In Business Ltd consisted of:

	£
Fixed Assets	18,894
Current Assets	1,034,848
Cash at bank and in hand	465,887
Creditors due within one year	(1,242,424)
Net Assets	<u>277,205</u>

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 2016	£20

Listed investments (managed portfolio)	Total £
Market value	
At 1 April 2015	124,138
Additions	3,254
Revaluations	(736)
Management fees	(1,921)
Reclassification / transfer	(15,000)
At 31 March 2016	<u>109,735</u>
Net book value	
At 31 March 2016	<u>109,735</u>
At 31 March 2015	<u>124,138</u>

There are no investment assets outside the UK

12 Debtors	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	1,044,948	-	247,888	-
Other debtors	-	240	-	240
VAT	-	1,000	-	1,000
Amounts owed by group undertakings	-	-	154,349	-
Prepayments and accrued income	277,681	-	153,612	-
	<u>1,322,629</u>	<u>1,240</u>	<u>555,849</u>	<u>1,240</u>

Notes to the Consolidated Financial Statements (continued)
for the year ended
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	Group		Charity	
13 Creditors	2016	2015	2016	2015
Amounts falling due within 1 year:	£	£	£	£
Trade creditors	596,534	-	199,613	-
Other creditors	10,020	83,856	4,668	83,856
Social security and other taxes	182,613	-	63,984	-
Accruals and deferred income	789,669	-	336,234	-
	1,578,836	83,856	604,499	83,856

14 Taxation

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.

15 Operating leases

As at 31 March 2016 commitments under non-cancellable operating leases were as follows:

Group	Land & Buildings	Other	Land & Buildings	Other
	2016	2016	2015	2015
	£	£	£	£
Due within one year	44,248	-	-	-
Due within two to five years	52,000	-	-	-
Due over 5 years	52,000	-	-	-
	148,248	-	-	-

Charity	Land & Buildings	Other	Land & Buildings	Other
	2016	2016	2015	2015
	£	£	£	£
Due within one year	31,248	-	-	-
Due within two to five years	-	-	-	-
Due over 5 years	-	-	-	-
	31,248	-	-	-

16 Pensions schemes

Defined contribution pension scheme

The charity operates a defined contribution pension scheme. The charity had no employees during the year and therefore the pension costs charge for the year (representing contributions payable by the charity to the scheme) amounted to £nil (2015: £nil).

Contributions totalling £10,020 (2015: £nil) were payable to the scheme at the end of the year following transfer of the business, assets and liabilities of Society of Local Authority Chief Executives and Senior Managers on 31 March 2016 and are included in other creditors (note 13).

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

Notes to the Consolidated Financial Statements (continued)
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17 Funds	Balance at 1 April 2015 £	Net incoming Resources £	Balance at 31 March 2016 £
Unrestricted			
General	126,131	639,945	766,076
Designated	-	314,239	314,239
	<u>126,131</u>	<u>954,184</u>	<u>1,080,315</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.

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

18 Analysis of Group net assets between funds

Funds balances at 31 March 2016 are represented by:	Unrestricted £	Designated £	Total £
Tangible fixed assets	31,002	-	31,002
Investments	109,735	-	109,735
Current assets	2,204,174	314,239	2,518,414
Creditors: amounts falling due within 1 year	(1,578,836)	-	(1,578,836)
	<u>766,075</u>	<u>314,239</u>	<u>1,080,315</u>

19 Related party transactions

On 31 March 2016 the business, trade, assets and liabilities of Society of Local Authority Chief Executives and Senior Managers (company number 02771210) were transferred to the charity as a going concern (note 4) - including ownership of the issued share capital in Solace In Business Ltd (company number 03150254). Society of Local Authority Chief Executives and Senior Managers is a related party by virtue of joint control and key management in common.

During the year ended 31 March 2016 the charity received a gift aid donation of £113,720 from Solace In Business Ltd (note 4).