



Registered Charity Number 1060571  
Company Number 3305658  
Scottish Charity Number SC040944

# **Prospects for People with Learning Disabilities**

## **Financial Statements**

### **for the year ended 31 March 2017**

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## **PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES**

### **REFERENCE AND ADMINISTRATIVE DETAILS FOR PROSPECTS**

Prospects for People with Learning Disabilities is a Charity registered in England and Wales under number 1060571 and in Scotland under number SC040944. It was incorporated on 22 January 1997 and is governed by Memorandum and Articles of Association dated 22 January 1997 as amended 11 May 2009. It is a private company limited by guarantee. Its Company number is 3305658.

### **BOARD OF TRUSTEES**

Caroline D. Armitage (appointed May 2016) (Chair of Trustees)  
Dave Webber (appointed May 2016)  
D Bentley  
C Rowland (resigned May 2016)  
S Stephen (resigned May 2016)  
G Worsfold (resigned May 2016)  
D Polley (resigned May 2016)  
E Tilly (resigned May 2016)  
Lord Curry of Kirkcaldie (resigned May 2016)  
M Ledden (non-voting) (resigned May 2016)

The above Board members are treated as Directors under Company law and Trustees under Charity law.

### **COMPANY SECRETARY**

M Langworth (appointed May 2016)

### **EXECUTIVE TEAM**

M Ledden	Chief Executive Officer (resigned May 2016)
J Percy	Director of Care Quality (resigned May 2016)
N Barnett	Director of Corporate Affairs (resigned May 2016)
M Howard	Director of Services Infrastructure (resigned May 2016)
C Munjeri	Interim Director of Finance (resigned May 2016)

Management of the Prospects Group transferred to the Livability Executive Team at merger in May 2016.

### **REGISTERED OFFICE**

6, Mitre Passage, London, SE10 0ER

### **BANKERS**

Lloyds TSB Bank Plc, Market Square, Reading, RG1 2EQ

### **AUDITORS**

BDO LLP, 55 Baker Street, London, W1U 7EU

### **SOLICITORS**

Mills & Reeve LLP, 24 Monument Street, London, EC3R 8AJ

## **PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES**

### **TRUSTEES REPORT**

The trustees submit the annual report and the financial statements of Prospects for People with Learning Disabilities for the year ended 31 March 2017.

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 (FRS 102) (effective 1 January 2015).

The Prospects group started to experience cash flow difficulties during the 2015/16 financial year as set out in the Trustees report for the year to 31<sup>st</sup> March 2016.

A merger partner was found and a formal merger agreement was entered into with Livability on 11<sup>th</sup> May 2016, following which the management and oversight of the Prospects' services passed to the Livability Board of Trustees and Executive Team. The Prospects services continued to operate during the 2016/17 financial year with financial support from Livability.

The two charities carried out an integration programme which saw the Prospect's back office and support functions transferred to Livability's head office at 6, Mitre Passage, London and the Prospects' head office in Reading was closed at the end of November 2016.

In the period following merger the operational service delivery and back office support functions of the two organisations quickly became more closely integrated and the administrative and the accounting work involved in maintaining separate records could no longer be considered reasonable. Trustees therefore decided to transfer the assets and liabilities of Prospects to Livability with effect from 31<sup>st</sup> March 2017.

At the 31<sup>st</sup> March 2017 Livability was progressing refinancing negotiations with its bankers including repayment of the bank debt held by Prospects. It was not possible to transfer the loans and associated security to Livability as at 31<sup>st</sup> March 2017. Whilst the trade and assets were transferred the title to four properties held as security remained with Prospects until the loans were repaid on 30<sup>th</sup> June 2017.

The change of registration of Prospects services with the regulators in England, Wales and Northern Ireland could not be completed in time to have all the documentation in place for 31<sup>st</sup> March 2017. Whilst the trade and assets of the services transferred on 31<sup>st</sup> March 2017, the registered manager remained an employee of Prospects until the regulators completed the registration documentation.

### **RESULTS FOR THE PERIOD**

The Company's results are set out on pages 10 to 26.

On 31<sup>st</sup> March 2017 the charity transferred its trade and assets (also known as 'hived up') to Livability, the key financial results for the Charity pre hive up, for the year to 31 March 2017 are below:

Income totalled £8,264,435 for the year, compared with £8,624,690 for the year ended 31 March 2016. A deficit of £2,175,798 was recorded for the year compared with a deficit of £1,336,640 for the previous year.

## PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES

### TRUSTEES REPORT (continued)

#### PRINCIPAL ACTIVITY

The Company's principal activity throughout the financial year was the provision of care services to people with learning disabilities.

#### Merger

In the March 2016 annual report we announced discussion towards merger had begun with Livability, a charity with similar Christian foundations, values, and ethos as Prospects. These discussions proceeded positively and a formal merger was approved by both Boards of Trustees with effect from 11<sup>th</sup> May 2016.

The momentous nature of this decision is recognised. Prospects was founded by David and Madeleine Potter over 40 years ago, starting with one home in Aberystwyth - and much faith and prayer. The work has now moved to be carried on within Livability as has the work of At Home in the Community founded by Lord Donald Curry, and his wife Lady Rhoda in 1990 and becoming part of the Prospects group in 2012.

The merger enabled the operational work of the Prospects group of companies to continue uninterrupted whilst enabling both Livability and Prospects to reduce their respective overheads through the integration of their back office functions.

This process resulted in the closure of the Prospects' head office in Reading and I would like to thank the hard work and dedication of the staff who left the company at that time.

Further efficiencies were realised when on 31<sup>st</sup> March 2017 the net assets of Prospects and At Home were formally transferred from into the Livability company (see note 4 for further details).

***...Our ethos and the values which flow from it are an expression of our shared commitment to put into practice the teaching of Jesus Christ and our understanding of how God calls us to work in the world. ...***

## **PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES**

### **TRUSTEES REPORT (continued)**

#### **Going concern**

Prior to merger Prospects arranged to enter into a formal secured loan agreement with Livability, to enable Livability to support Prospects during a period of cash flow difficulties.

In the preparations for merger Livability confirmed that it would make inter-company loans to Prospects based on Livability's firm intention to enter into the merger. In full knowledge and following appropriate due diligence, of Prospects' cash flow position, asset base and trading. In the run up to merger Prospects' cash flow was also supported by a bank loan repayable in February 2017.

The external loans made to Prospects prior to merger and the associated property assets charged as security remained on the Prospects balance sheet at 31<sup>st</sup> March 2017. The loans were repaid on 30<sup>th</sup> June 2017 as part of a refinancing of the Livability group and title to the properties transferred on that date. The trade of the services moved over to Livability and was continued as part of Livability with effect from 31<sup>st</sup> March 2017.

Due to the difficulty of arranging for all relevant service registrations to be changed to Livability 13 Prospects service managers remained employed by Prospects during the early part of 2017/18 financial year until their services were re-registered as part of Livability. The operations and the associated income and expenditure were however continued within Livability with effect from 31<sup>st</sup> March 2017.

Livability believes that with integration of the two organisations, the redesign of operating processes, cost reduction initiatives in particular the centralisation of the management of agencies, harmonisation of best practices, further staff training and improvements in service delivery, Prospects remains a going concern.

#### **Reserves Policy**

Following the merger accounting policies have been harmonised with the Livability policies.

#### **Restricted funds**

These are funds which have been provided for specific purposes. There is no set level of reserve for these funds. Restricted funds total £518K at the year end.

Approved by the Board on 26 October 2017



**Caroline Armitage**  
Chair of Trustees

## **PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES**

### **STATEMENT OF TRUSTEES RESPONSIBILITIES**

The trustees are responsible for preparing the trustees report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES**

We have audited the financial statements of Prospects for People with Learning Disabilities for the year ended 31 March 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows 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 charity's trustees and members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees and 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 charity and the charity's trustees and members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditors**

As explained more fully in the statement of trustees' responsibilities, 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 as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2017 and of the charity's net income and application of resources, including the 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements and the trustees' report has been prepared in accordance with applicable legal requirements.

Based on our knowledge and understanding of the charity and its environment obtained during the course of the audit we have identified no material misstatements in the trustees' report.



## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES LIMITED cont.**

### **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 Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 and the trustees' report in accordance with the small companies regime.



### **Julia Poulter, Senior Statutory Auditor**

For and on behalf of BDO LLP, Statutory Auditor  
London  
United Kingdom

Date: 27 October 2017

BDO LLP is a limited liability partnership registered in England and Wales (registered number OC305127).

**PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Unrestricted Funds £	Restricted Funds £	Total 2016 £
<b><u>INCOME &amp; ENDOWMENTS FROM:</u></b>							
<b>Donations &amp; legacies</b>							
Donations and gifts		344,837	-	344,837	234,294	168,572	402,866
<b>Income from investments</b>		72	-	72	5,710	44	5,754
<b>Income from charitable activities</b>							
Income to deliver professional care		7,875,547	-	7,875,547	8,149,671	25,254	8,174,925
<b>Other income</b>							
Other income		43,979	-	43,979	18,483	18,082	36,565
Profit on sale of fixed assets		-	-	-	4,580	-	4,580
<b>Total income &amp; endowments</b>		<b>8,264,435</b>	<b>-</b>	<b>8,264,435</b>	<b>8,412,738</b>	<b>211,952</b>	<b>8,624,690</b>
<b><u>EXPENDITURE ON:</u></b>							
<b>Raising Funds</b>							
Costs of raising funds	2	61,162	-	61,162	64,648	-	64,648
<b>Expenditure on Charitable Activities</b>							
Delivering professional Care	2	10,379,071	-	10,379,071	9,851,589	41,186	9,892,775
<b>Other Expenditure</b>							
Loss on sale of fixed assets	2	-	-	-	3,907	-	3,907
<b>Total Expenditure</b>		<b>10,440,233</b>	<b>-</b>	<b>10,440,233</b>	<b>9,920,144</b>	<b>41,186</b>	<b>9,961,330</b>
<b>Net income/(expenditure)</b>		<b>(2,175,798)</b>	<b>-</b>	<b>(2,175,798)</b>	<b>(1,507,406)</b>	<b>170,766</b>	<b>(1,336,640)</b>
Transfer between funds		-	-	-	21,653	(21,653)	-
<b>Net movement in funds in the year</b>		<b>(2,175,798)</b>	<b>-</b>	<b>(2,175,798)</b>	<b>(1,485,753)</b>	<b>149,113</b>	<b>(1,336,640)</b>
<b>Opening fund balance</b>		<b>3,193,698</b>	<b>518,436</b>	<b>3,712,134</b>	<b>4,679,451</b>	<b>369,323</b>	<b>5,048,774</b>
<b>Closing Funds balance</b>		<b>1,017,900</b>	<b>518,436</b>	<b>1,536,336</b>	<b>3,193,698</b>	<b>518,436</b>	<b>3,712,134</b>

All income and expenditure arises from activities continuing in Livability from 31<sup>st</sup> March 2017. There were no other recognised gains and losses other than those reported in the statement of financial activities.

The trade, assets and liabilities of Prospects transferred to Livability on 31<sup>st</sup> March 2017 with the exception of the title to 4 property assets held as security for bank loans and the employment contracts of service managers where completion of the transfer of registration for the services to Livability was in progress at 31<sup>st</sup> March 2017.

The notes on pages 14 to 26 form part of these financial statements

**PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES**  
**BALANCE SHEET AS AT 31 MARCH 2017**  
 Company Registration No. 3305658

	Notes	2017 £	2016 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	6	2,175,030	4,603,160
Investments	7	-	8,000
<b>CURRENT ASSETS</b>			
Stock	8	-	5,660
Debtors	9	268,112	1,379,102
Cash at bank and in hand		-	1,703,915
<b>CREDITORS</b> , due within one year	10	(906,806)	(3,589,371)
<b>NET CURRENT ASSETS</b>		(638,694)	(500,694)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,536,336</b>	<b>4,110,466</b>
<b>CREDITORS:</b> Creditors falling due after one year	11	-	(398,332)
<b>TOTAL NET ASSETS</b>		<u><b>1,536,336</b></u>	<u><b>3,712,134</b></u>
<b>Represented By:</b>			
Unrestricted Funds	12	1,017,900	3,193,698
Restricted Funds	13	518,436	518,436
<b>TOTAL FUNDS</b>	14	<u><b>1,536,336</b></u>	<u><b>3,712,134</b></u>

These financial statements were approved and authorised for issue by the Board on 26 October 2017 and signed on their behalf by:



Caroline Armitage  
 Trustee

The notes on pages 14 to 26 form part of these financial statements

**PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017**

**Statement of cash flows**

For the year ended 31 March 2017

	<b>Note</b>	<b>Charity</b> <b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) by operating activities	C1	(1,666,571)	(1,734,440)
<b>Cash flows from investing activities</b>			
Dividends, interest and rent from investments		72	5,754
Proceeds from the sale of property, plant and equipment		—	256,080
Purchase of property, plant and equipment		(112,070)	(374,410)
Proceeds from sale of investments		—	—
Purchase of investments		—	—
Cash inflow from parent company		2,349,208	—
Cash outflows to subsidiary		—	—
Purchase of a business net of cash acquired		—	—
<b>Net cash provided by/(used in) investing activities</b>		<b>2,237,210</b>	<b>(112,576)</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowings		(576,667)	(72,500)
Cash inflows from new borrowing		—	1,250,000
Loans arising from the gift of a charity		—	—
Receipt of endowment		—	—
<b>Net cash provided by/(used in) financing activities</b>		<b>(576,667)</b>	<b>1,177,500</b>
Change in cash and cash equivalents in the period		(6,028)	(669,516)
Cash and cash equivalents at the start of the period		6,028	675,554
Change in cash and cash equivalents due to exchange rate movements		—	—
<b>Cash and cash equivalents at the end of the period</b>	<b>C2</b>	<b>—</b>	<b>6,028</b>

There is no difference between cash and cash equivalents reported in the cash flow statements and the cash at bank and in hand reported on the balance sheet

**PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017**

**Notes to the statement of cash flows**

	<b>Charity</b>	
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>C1. Reconciliation of net income/(expenditure) to net cash flow from operations</b>		
Net income/(expenditure) for the year as stated in the Statement of Financial Activities	(2,175,798)	(1,336,640)
<i>Adjustments for:</i>		
Depreciation charges	198,993	178,717
Dividends, interest and rent from investments	(72)	(5,754)
(Gains)/losses on the disposal of fixed assets	—	673
(Increase)/decrease in stocks	5,660	—
(Increase)/decrease in debtors	1,110,990	(305,369)
Increase/(decrease) in creditors	(806,344)	(266,067)
<b>Net cash flow provided by/(used in) operations</b>	<b>(1,666,571)</b>	<b>(1,734,440)</b>

**C2. Reconciliation of net cash flow to movement in net funds**

	<b>At 1 April 2016</b>	<b>Cash flow</b>	<b>At 31 March 2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	6,028	(6,028)	—
Short-term deposits	—	—	—
Cash as defined by	6,028	(6,028)	—
Cash investments	—	—	—
Cash disclosed in the balance sheet	6,028	(6,028)	—
Bank loans	(1,470,834)	576,667	(894,167)
<b>Net funds</b>	<b>(1,464,806)</b>	<b>570,639</b>	<b>(894,167)</b>

The notes on pages 14 to 26 form part of these financial statements

**PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

**1. ACCOUNTING POLICIES**

The policies below set out the bases of recognition and measurement used by Prospects and companies for material items in the financial statements.

**A. Basis of preparation**

The financial statements have been prepared on a going concern basis, in accordance with applicable accounting standards, under the historical cost convention, as modified by the inclusion of investments at market value. They have also been prepared in accordance with Reporting for Charities: Statement of Recommended Practice (SORP 2015) and in accordance with the Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland (FRS102), effective 1 January 2015 and the Companies Act 2006 as applied to charitable companies.

The financial statements include the income, expenditure, assets, liabilities and funds of Prospects.

As a wholly owned subsidiary of Livability, Prospects is exempt from the obligation to prepare group accounts.

**B. Going concern**

The financial statements have been prepared on a going concern basis. The charity is supported by the parent charity, Livability and on 31<sup>st</sup> March 2017 the trade and the main elements of net assets were transferred to Livability. This was following the fulfilment of the terms and conditions of the merger agreement and has no impact on the valuation of the charity as a going concern. The activities of Prospects will continue as Livability and this entity will be made dormant following completion of the transfer of four property assets and the registration of its services.

**C. Funds**

*Unrestricted funds*

Unrestricted funds arise from income donated to or earned by the charity in pursuit of its charitable objects and may be applied in any way that meets those charitable objects.

*Designated funds*

Designated funds are those unrestricted funds that the Trustees have identified and set aside to meet particular purposes or to segregate them from the General Fund.

*General Fund*

The charity's General Fund is the balance of unrestricted funds after setting aside the designated funds identified above.

*Restricted funds*

Restricted funds are those funds that are available for specific, restricted purposes within the overarching charitable objects of Prospect. Restricted funds arise from conditions attached to them by the donor or the activity generating the funds, by deliberate requests for such funds by the charity.

*Permanent endowment funds*

Restricted endowment funds represent assets that are intended by their donor to be retained and used by the charity to pursue its objects either by its use or by generating income.

**PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)**

**1 Accounting Policies (cont'd)**

**D. Income**

**Donations, legacies and grants**

Income from donations, legacies and grants is recorded in the financial statements when entitlement to the income is established, it is more likely than not that the income will be received and the amount to be received can be reliably estimated and any conditions required to receive the funds have been met or are within the control of the charity. In practice, most donations income is recognised when received.

Legacies are recognised following the principles of income recognition used for other donated income. Entitlement is taken to be confirmed by grant of probate over the estate of the donor; probability of receipt is judged on a combination of the granting of probate and knowledge of the valuation of the net estate; the amount to be received is assessed based on probate and the valuation of the estate. Where a life interest in an estate exists, no income is recognised other than from distributions from that estate to Prospects.

**Income from charitable activities**

Where Prospects provides services or goods in return for payment, the income from these items is recognised when Prospects completes its part of the agreement by delivering the services or goods.

Grants related to performance of contractual obligations are recognised when Prospects has entitlement to the income, it is probable that income will be received and the amount of income can be measured reliably.

**E. Expenditure**

All expenditure is accounted for on an accruals basis and has been listed in such a way as to accumulate all the charity's costs of employees, goods and services relating to a particular activity of the charity under that activity heading. Direct costs, including attributable salaries and associated costs, are allocated on an actual basis to the key areas of activities. Indirect costs (support costs), primarily comprising staff costs of employees based at the charity's National Office in London, are allocated to each activity heading using a number of identified cost drivers, including expenditure and staff numbers.

**F. Fundraising Costs**

Fundraising costs comprise salary costs and other associated expenditure relating to the generation of voluntary income.

**G. Tangible fixed assets**

Tangible fixed assets are significant physical items of property, plant and equipment held for continuing use by the charity in delivering its charitable objectives.

*Recognition*

A tangible fixed asset is recorded in the accounts at cost including irrecoverable VAT when the cost of the asset can be measured reliably and it will be of benefit in delivering charitable objectives. Freehold land buildings were revalued at March 31, 2015 as part of a 5 yearly revaluation cycle. No further revaluation was carried out in 2016 and 2017.

Assets are capitalised when the cost exceeds £5,000.

**PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)**

**1 Accounting Policies (cont'd)**

*Separate components*

The charity holds freehold buildings with significant components that have materially different useful lives from the rest of the building. These components are depreciated separately over their individual lives at the following rates:

Main Fabric	- 100 years
Pitched Roof	- 70
Flat Roof	- 40
Windows and Doors	- 40
Boilers and Heaters	- 15
Mechanical systems	- 30
Bathrooms	- 30
Kitchens	- 20
Lifts	- 25
Electrics	- 40
Alarm and Security	- 15

Freehold land and assets in the course of construction are not depreciated.

*Other Fixed Assets*

Assets are depreciated evenly to their estimated residual values over their estimated useful lives as follows:-

Equipment, fittings and furniture	over 5 years
Plant and machinery	over 20 years

The residual value of all assets is assumed to be zero.

**H. Financial Investments**

Investments are items of property and other assets held to generate income and capital growth for the charity.

*Listed and other financial investments*

Investments that have a ready market where the value can be determined by reference to published data are valued at the bid price. Where no market is available in the investments, they are valued at cost less impairment.

*Property investments*

Property investments are recorded at their fair value at the date of the accounts.

*Investments in group entities*

Investments in group entities are held at their cost less any identified impairment.



**PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)**

**1 Accounting Policies (cont'd)**

*Gains and losses*

All gains and losses are taken to the Statement of Financial Activities as arise. Realised gains and losses on investments is calculated as the difference between sales proceeds and their opening carrying value. Unrealised gains and losses are calculated as the difference between fair value at year end and their carrying value. Realised and unrealised gains and losses are combined in the Statement of Financial Activities.

**I. Financial Instruments**

Financial instruments are contracts that give rise to a financial asset for one party to the contract and a financial liability or equity instrument for the other party.

*Basic Financial Instruments*

Prospects and its group entities have basic financial instruments that are recognised when the provisions of the contract are met and for which the accounting policies are as follows:

*Trade debtors and other amounts receivable*

Trade debtors and other amounts receivable are recognised at the value defined by the contract, agreement or legislation giving rise to the amount receivable. Impairment of receivable amounts is recognised as expenditure in the SOFA.

*Trade creditors and other amounts payable*

Trade creditors and other amounts payable are recognised at the value defined by the contract, agreement or legislation giving rise to the liability.

*Bank loans*

Bank loans are recognised at the present value of the cash flows under the loan agreement, discounted at the effective interest rate for each bank loan.

**J. Impairment of assets**

At each accounts date, the recoverable amounts of assets are assessed to determine whether they have fallen below their carrying values. When the recoverable amount of an asset falls below its carrying amount, the value of the asset is said to be impaired. The carrying amount is reduced to the recoverable amount with the loss in value reported in income and expenditure.

The recoverable amount of an asset is the higher of the amount that can be generated by using the asset or by selling it. When assessing the recoverable amount of purchased goodwill, the cash flows arising from the group of assets that make up the cash-generating unit in an entity combination are used to assess the amount generated by using the assets. The amount attributable to goodwill is taken to be the excess of the recoverable amount of the cash-generating unit over the fair values of the individual assets in the cash-generating unit.

**PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)**

**1 Accounting Policies (cont'd)**

**K. Leases**

*Operating leases*

Where Prospects acts as the lessee, the cost of operating leases is recognised by spreading the total payments under the lease, including lease premiums paid, evenly over the lease term. Lease incentives that reduce the rent payable under the lease are taken as part of the total payments.

Where Prospects acts as the lessor, income is recognised by spreading the total receipts under the lease evenly over the lease term. Lease incentives paid and premiums received are treated as part of the total receipts. Costs of arranging the lease of an asset are added to the cost of the leased asset and recognised over the lease term in the same way as the lease income.

**L. Short-term employee benefits**

The liability to pay short-term employee benefits, which are mainly salary, the entitlement to paid leave and related employment taxes, is recognised as the employees earn entitlement to pay and paid leave under the terms of their employment contract, with a corresponding expense recognised in expenditure. Amounts paid are deducted from the liability when paid.

**M. Redundancy and termination payments**

Redundancy and termination payments are recognised in the Statement of Financial Activities when they become due for payment as a result of notice given to staff or agreement between the charity and the employee.

**N. Pensions**

*Defined contribution pension schemes*

Contributions to defined contribution pension schemes are recognised in the Statement of Financial Activities when entitlement to the contributions has been earned by the member of staff. The cost is allocated to the activity within which the staff member has worked and the fund that is resourcing the activity.

**O. Stock**

Stock is valued at the lower of cost or net realisable value. The cost of stock is determined on a 'first in first out' basis. Net realisable value is the price at which stocks can be sold allowing for costs of realisation. Provision is made where necessary for slow moving and defective stocks. At the end of the year 2015/16 financial year the trading company was closed and stock was transferred to the Charity. No stock was recognised as an expense in the year (2016: £nil).

**P. Taxation Status**

The primary purpose activities of the charity are exempt from Corporation Tax under the provisions of the Corporation Tax Act 2010. Trading subsidiaries donate any profits generated to Prospects under the Gift Aid rules. Therefore no liability to Corporation Tax arises in these accounts.

**Q. Critical Estimates and areas of Significant Judgement**

Refer to section G of the accounting policies for details of the estimates of useful life made regarding tangible fixed assets.

**PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)**

**2 Total Expenditure**

	<b>Staff Costs</b>	<b>Depreciation</b>	<b>Other Costs</b>	<b>Total 2017</b>	<b>Total 2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Costs of generating funds</b>					
Fundraising & Publicity Costs	61,162	-	-	61,162	64,648
<b>Charitable expenditure</b>					
Delivering Professional Care	6,307,265	198,992	3,872,814	10,379,071	9,562,032
Loss on sale of Fixed Assets	-	-	-	-	3,907
	<b>6,368,427</b>	<b>198,992</b>	<b>3,872,814</b>	<b>10,440,233</b>	<b>9,961,330</b>

**PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)**

<b>3 Included in Total Resources</b>	<b>2017</b>	<b>2016</b>
are the following expenses: -	£	£
Audit Fee	22,000	20,115
Depreciation - Tangible Assets	198,992	178,717
Profit/(loss) on disposal of fixed assets	-	(3,907)
Amounts paid to auditors other than for the audit	-	9,546

<b>4 Interest Payable</b>	<b>2017</b>	<b>2016</b>
	£	£
Bethany House loan	12,524	10,090
ERP loan	3,743	3,577
Bridging loan	30,301	3,068
Overdraft	477	17,236
	<u>47,064</u>	<u>33,971</u>

<b>5 Staff and Staff Costs</b>	<b>2017</b>	<b>2016</b>
	£	£
The average number of staff employed during the year was:	444	438
Wages & Salaries	5,799,643	6,185,725
Employer's National Insurance	412,679	554,479
Pensions	39,841	49,632
Redundancies	116,264	-
	<u>6,368,427</u>	<u>6,789,825</u>

Number of Employees receiving remuneration above £60,000

	<b>2017</b>	<b>2016</b>
£60,001 - £70,000	-	3
£70,001 - £80,000	-	1
£130,001 - £140,000	-	1

The total pension contribution paid for these employees was £nil (2016: five employees - £3,247). Redundancies, restructuring and termination costs relating to a number of employees were £116,264 (2016: £nil).

**Remuneration of key management personnel**

Key members of staff of which there were six were paid £248,797 (2016: £425,598) and pensions of £ 27,273 (2016: £49,649).

**PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)**

**6 Tangible Fixed Assets**

	<b>Freehold land and Building £</b>	<b>Short Leasehold Property £</b>	<b>Motor Vehicles £</b>	<b>Fixtures and Fittings £</b>	<b>Total £</b>
Cost brought forward	4,145,000	82,274	271,398	1,262,402	5,761,074
Additions	-	-	-	112,070	112,070
Transfer to Livability	<u>(1,945,000)</u>	<u>(82,274)</u>	<u>(271,398)</u>	<u>(1,374,472)</u>	<u>(3,673,144)</u>
<b>Cost carried forward</b>	<b><u>2,200,000</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,200,000</u></b>
Depreciation brought forward	-	79,673	271,398	806,843	1,157,914
Charge for the year	47,046	2,601	-	149,346	198,993
Transfer to Livability	<u>(22,076)</u>	<u>(82,274)</u>	<u>(271,398)</u>	<u>(956,189)</u>	<u>(1,331,937)</u>
<b>Depreciation carried forward</b>	<b><u>24,970</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>24,970</u></b>
<b>Net Book value</b>					
<b>At 31 March 2017</b>	<b><u>2,175,030</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,175,030</u></b>
At 31 March 2016	<u>4,145,000</u>	<u>2,601</u>	<u>-</u>	<u>455,559</u>	<u>4,603,160</u>

All assets are held for charitable purposes and Prospects hold freehold property at Market value.

Properties assets were revalued to market value in 2014/15 as part of a 5 yearly revaluation cycle, no subsequent valuation have been carried out. There has been no material change in the market value during the year.

**7 Fixed Assets investment**

	<b>2017 £</b>	<b>2016 £</b>
Shares in subsidiary undertaking	<u>-</u>	<u>8,000</u>

The investment in the subsidiary undertaking comprised a holding of 100% of the issued share capital of Prospects Trading Limited, a company registered in England and Wales. The company is now dormant. The shares were transferred to the parent company Livability as part of the merger.

**8 Stock**

	<b>2017 £</b>	<b>2016 £</b>
Stock held for sale	<u>-</u>	<u>5,660</u>

Stock held for resale has been expensed during the year.

**PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)**

<b>9 Debtors</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade Debtors	-	801,594
Other Debtors	-	66,253
Prepayments	-	167,385
Accrued income	-	176,665
Owed by group companies	268,112	167,215
	<u><b>268,112</b></u>	<u><b>1,379,102</b></u>

Debtors balances were transferred to Livability on 31<sup>st</sup> March 2017 as part of a wider transfer of the company's trade, assets and liabilities.

<b>10 Creditors – due within one year</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Bank Loans	894,167	1,072,501
Bank Overdraft	-	1,697,887
Trade creditors	-	199,960
Accruals and deferred income	-	350,950
Taxation and social security	12,639	263,307
Other Creditors	-	4,766
Amount owed to group companies	-	-
	<u><b>906,806</b></u>	<u><b>3,589,371</b></u>

Creditor balances, except bank loans and a PAYE creditor for 13 staff, were transferred to Livability on 31<sup>st</sup> March 2017 as part of a wider transfer of the company's trade, assets and liabilities.

The Prospects bank loans were repaid on 30<sup>th</sup> June 2017 by Livability as part of a refinancing of Livability's external debt.

**11 Creditors - amounts falling due in more than one year**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Bank Loan (Bethany House Loan)	-	239,999
ERP loan – (secured)	-	158,333
	<u>-</u>	<u>398,332</u>

All loans were paid off in June 2017 and are therefore shown as due within one year.

**PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)**

<b>12 Unrestricted Funds</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Income	8,264,435	8,412,738
Expenditure	<u>(10,440,233)</u>	<u>(9,920,144)</u>
	(2,175,798)	(1,507,406)
Transfers with restricted	-	21,653
	<u>(2,175,798)</u>	<u>(1,485,753)</u>
Balance brought forward	3,193,698	4,679,451
Balance carried forward	<u>1,017,900</u>	<u>3,193,698</u>

<b>13 Restricted Funds</b>	<b>Balance at 1 April 2016</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfer between funds</b>	<b>Balance at 31 March 2017</b>
LPSS	26,473	-	-	-	26,473
Ministry	155,875	-	-	-	155,875
Overseas Partnership	10,874	-	-	-	10,875
Awareness Raising	5,120	-	-	-	5,120
Regional Director NI	14,090	-	-	-	14,090
Loans	1,500	-	-	-	1,500
Letter of Intent	5,001	-	-	-	5,001
Services	299,503	-	-	-	299,503
Total 2017	<u>518,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>518,436</u>

	<b>Balance at 1 April 2015</b>	<b>Income/ expenditure</b>	<b>Transfers between funds</b>	<b>Transfers with designated funds</b>	<b>Transfers with general funds</b>	<b>Balance at 31 March 2016</b>
LPSS	3,873	22,600	-	-	-	26,473
Ministry	133,376	42,362	-	-	(19,863)	155,875
Overseas Partnership	10,377	497	-	-	-	10,874
Awareness Raising	5,050	70	-	-	-	5,120
Regional Director NI	12,849	1,992	(751)	-	-	14,090
Loans	1,500	-	-	-	-	1,500
Letter of Intent	5,001	-	-	-	-	5,001
Services	197,297	103,993	-	-	(1,790)	299,503
Total 2016	<u>369,323</u>	<u>171,514</u>	<u>(751)</u>	<u>-</u>	<u>(21,653)</u>	<u>518,436</u>

**PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)**

**13 Restricted Funds (continued)**

Restricted funds are normally used during the period in which they are received. Any unused balance is carried forward to set against the relevant expenditure as it is incurred. Funds are held for staff costs, training, resident personal needs and fixed assets and will be used for those purposes.

Restricted fund balances were transferred to Livability on 31<sup>st</sup> March 2017 as part of a wider transfer of the company's trade, assets and liabilities and will continue to be held for the purposes of the restriction within the Prospects services.

**14 Analysis of net assets between funds**

	<b>Restricted 2017 £</b>	<b>Unrestricted 2017 £</b>	<b>Total 2017 £</b>	<b>Restricted 2016 £</b>	<b>Unrestricted 2016 £</b>	<b>Total 2016 £</b>
Tangible fixed assets	-	2,175,030	2,175,030	-	4,611,160	4,611,160
Net current assets	518,436	(1,157,130)	(638,694)	518,436	(1,177,463)	(659,027)
Long term liabilities	-	-	-	-	(239,999)	(239,999)
	<b>518,436</b>	<b>1,017,900</b>	<b>1,536,336</b>	<b>518,436</b>	<b>3,193,698</b>	<b>3,712,134</b>

**15 Contingent Liabilities**

At 31 March 2017, there were no contingent liabilities

**16 Operating Leases**

As at 31 March 2017 the charity had the following total commitments under leases expiring in the following years:

<b>Land &amp; Buildings</b>	<b>2017 Total £</b>	<b>2016 Total £</b>
Within one year	15,068	174,657
Within two to five years	-	141,654
Outside five years	-	47,290
	<b>15,068</b>	<b>363,601</b>



**PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)**

**17 Capital Commitments**

At 31st March 2017 the Charity had no capital commitments (2016: None)

**18 Post balance sheet events**

The loans held by Prospects at 31<sup>st</sup> March 2017 were repaid by Livability on 30<sup>th</sup> June 2017 and four properties charged as security were released as security by the bank and their titles transferred to Livability.

The Prospects services applied to change their registrations with the relevant regulators in England, Wales and Northern Ireland to Livability prior to the financial year end. The process of completing the documentation to update the registrations continued post 31<sup>st</sup> March 2017 and is anticipated to be fully complete during the 2017/18 financial year.

**19 Related party transactions**

**Trustees**

No Trustees or persons connected with them received any remuneration or other financial benefits for the year directly or indirectly from the Charity (2016: £nil).

No Trustees received expenses during the year (2016; 6 trustees received a total of £1,128 in travel and subsistence expenses).

**PROSPECTS FOR PEOPLE WITH LEARNING DISABILITIES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)**

**20. Loans**

During the year the Charity had bank loans from Lloyds Bank Plc, secured by first legal charges over the properties known as Bethany in Newport and York House in Shrewsbury. The loans total 39% of the value of the security held and are repayable over the length of the loan with interest rates and final repayments as shown. The three loans were repaid on 30<sup>th</sup> June 2017 by Livability as part of a wider refinancing of the Livability group's external debt.

	<b>Balance at 31 March 2017 £</b>	<b>Balance at 31 March 2016 £</b>	<b>Interest Rate Over LIBOR</b>	<b>Final Repayment</b>
Bethany, Newport	240,000	266,667	3%	4 January 2026
ERP	154,167	204,166		
Bridging Loan	500,000	1,000,000		28 February 2017
	<b>894,167</b>	<b>1,470,833</b>		

Loans due for repayment as follows:

	<b>Bethany House</b>		<b>ERP</b>		<b>Bridging Loan</b>	
	<b>Bank Loan 2017 £</b>	<b>Bank Loan 2016 £</b>	<b>Bank Loan 2017 £</b>	<b>Bank Loan 2016 £</b>	<b>Bank Loan 2017 £</b>	<b>Bank Loan 2016 £</b>
Due within 1 year	240,000	26,667	154,167	45,833	500,000	1,000,000
Due between 1 and 2 years	-	26,667	-	45,833	-	-
Due between 2 and 5 years	-	80,000	-	112,500	-	-
Due after 5 years	-	133,333	-	-	-	-
	<b>240,000</b>	<b>266,667</b>	<b>154,167</b>	<b>204,166</b>	<b>500,000</b>	<b>1,000,000</b>