

Annual Report

Community Links (Northern) Limited
(A Company Limited by Guarantee)

For the year ended 31 March 2018

Company Number : 01657652

Charity Number: 0514779

COMMUNITY LINKS (NORTHERN) LIMITED

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Company Information

Management Committee (Directors)	K Milner (Chairperson) C Cartwright (Treasurer) D Pocknell - Appointed June 2017 S Howarth - Resigned March 2018 J Worrell - Resigned December 2017 D Strachan F Mir T Akintokun - Appointed June 2017 A Worrall-Davies - Appointed June 2017 S Gray- Resigned March 2018
Senior Management Team	R Kettle – Chief Executive M Horbury – Director of Finance and Business Support D Gooby – Director of Diversity and Human Resources F Oldroyd – Director of Operations - Appointed August 2017 E Richardson – Director of Development and Planning
Company Secretary	R Kettle
Registered Office	3 Limewood Way Seacroft Leeds LS14 1AB
Registered Company No	01657652
Registered Charity Commission Number	0514779
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor 2 Broadfield Court Sheffield S8 0XF
Bankers	Lloyds TSB 6 - 7 Park Row Leeds LS1 1NX
Solicitors	Schofield Sweeney Springfield House 76 Wellington Street Leeds LS1 2AY

Chair's Report

Mental health services in the UK are under-funded. The NHS, as the dominant supplier of services, is struggling to meet demand. There is a danger that with the ever-changing landscape, the implementation of accountable care systems involving all the large NHS organisations and the many local care partnerships that the third sector will struggle to influence system change and the wider statutory system will struggle to engage with the myriad of third sector providers.

This does create an opportunity to do things differently. We must work in partnership both with our statutory and third sector colleagues to solve the demand/supply problem for the benefit of clients and commissioners alike. Our services at Community Links already display the characteristics that, clients, commissioners and tax payers want to see. Where we run services that are regulated with the CQC, our rating is good as are our outcomes. Our employees like our culture and leadership, according to the Sunday Times we are the 34th Best Not-For-Profit Company to work for in the UK and crucially our services are value for money, often costing less than the statutory equivalent.

We are efficient because we have to live within our means, making every post count keeps overheads down. Our service costs are transparent to commissioners and we make the best use of every penny we get. Although we are by no means the worst payers in the sector we regrettably do not have the money to match statutory pensions, though fortunately this rarely effects our ability to recruit, and our sickness rates would be the envy of any business in the country. We are an organisation that delivers quality and our employees like being in this environment, feeling valued and supported at work.

Community Links concentrate on pioneering life-changing mental health and well-being services. Our approach improves lives and our work with clients save the wider health and care system a fortune, as is seen in our social return on investment. Yet this benefit is often overlooked. As the new arrangements embed themselves and some new investment in Mental Health is available I believe our clients and the system as a whole would benefit from a greater share being made available to high-quality third sector provision.

Our services are experiencing growing demand and an increasing acuity in the condition of the people we help. This is something as a Mental Health system we need to address, as keeping people as safe as possible is our number one priority. That is why the whole organisation has concentrated on reducing suicides. We managed to go a year and a half without a suicide being completed, down significantly from the year before and we want to continue to improve in this regard despite the fact that our client's needs are becoming ever more complex and acute.

Against this background Community Links has won new contracts in the field of Dementia care. We are now delivering at the newly refurbished 'Young Dementia Leeds Hub' and the 'Kirklees Dementia Hub'. These services are provided in partnership with Carers Leeds and AGE UK in Calderdale & Kirklees respectively. Both now have new service models, employee structures and locations.

We have developed a new supported living service 'Walker House' in partnership with Leeds City Council. Our tenants live in self-contained flats receiving Community Links support to develop independent living skills.

Community Links are delivering a range of group workshops and one to one sessions to develop skills which will assist people to lead healthy lives and look after their mental well-being for the recently launched Leeds Stronger Families service.

Chair's Report continued

We were pleased to be successful in a partnership bid with Touchstone who are the lead provider to deliver mental health and suicide awareness training as part of Leeds City Council's 'Mentally Healthy Leeds' contract. Delivery of this service began in April.

Our Leeds based Early Intervention in Psychosis (EIP) service, "Aspire" has expanded following additional funding to ensure compliance with access and waiting time targets.

At the end of March 2018 two contracts came to an end. These were South Yorkshire Community Interventions Team (CIT) which was delivered as part of Leeds Community Healthcare's custody contract and our housing support service which was delivered in partnership with Berneslai Homes in Barnsley.

This year we refreshed our 5-year Strategic Plan (2018-2023) 'World of Wellbeing'. We developed in partnership with our employees, service users, volunteers, trustees and partners.

We have continued to develop our presence on social media. Our main Twitter account @commlinksnorth has just over 3,000 followers. All our Senior Management Team have Twitter profiles and are active on Twitter as are several of our managers. We regularly post blogs on our website, many of which are timed to coincide with regional or national campaigns.

We continue with our plan of making the most of technology to support our business and have updated our Network telegraphy.

Community Links has also been delighted to be recognised for its high quality practices through a number of new awards and accreditations. This includes being ranked 9th among the UK's 'Most Inclusive Employers' and being finalists for innovative work in 3 categories of the Third Sector Care Awards.

Our wholly owned subsidiary Bridging the Gap continued to deliver individually tailored and psychologically informed interventions to high risk male offenders in North Yorkshire and Humberside, receiving excellent feedback from commissioners NHS England and NOMs. An open day event was held in March and was extremely well received by an audience of employees from partner organizations and one of our service users spoke about his experience of using the service.

With my first full year in post as Chair, Community Links has focused on quality, along with zero suicide we are looking to improve "diversity" this year at every level and in every way.

We have continued to strengthen our board and our governance arrangements. I have introduced individual performance reviews for all trustees and reviewed our sub-committee structure. We have self-assessed against the charity commission's new Governance standards and set a work plan for 2018-19. Trustees who joined us during this time are Tobi Akintokun, Anne Worrall-Davies and Damian Pocknell whilst we have said good bye to Jane Worrell, Steve Howarth and Sarah Gray. I would like to express our gratitude to all of our trustees for their commitment and time freely given to help make our organisation a success.

Chair's Report continued

During the year, we generated an income of £8.3m and utilised this very effectively in aid of our charitable objectives, resulting in a surplus of £442k. Throughout 2017-18, a total of 4,205 people accessed our services. We are supporting people in their own homes, in residential settings, in clinics and in the community to assist in both prevention and recovery from mental health issues.

I would like to express my thanks to all our employees, Committee members and volunteers for all their efforts throughout the year and to our partner organisations and commissioners who continue to offer their support to ensure we achieve our ambitions of pioneering life-changing mental health and well-being service.



K Milner

15 June 2018

Report of the Directors (incorporating the Strategic report)

The Directors presents their report and the audited financial statements for the year to 31 March 2018.

Governing document

Community Links exist to provide excellent client-focussed mental health services which value diversity, instil hope and improve quality of life through recovery.

Community Links offers support for a wide range of mental health issues, including anxiety and depression, psychosis and personality disorders. We provide services in both community and residential settings, working across the Yorkshire region.

Community Links (Northern) Limited (the 'Company') is limited by guarantee and is a registered charity under the Charities Act 2011. The Company was established under a Memorandum of Association which established the objects and powers of the Company and is governed under its Articles of Association. During 2015 – 16 the Memorandum and Articles were updated and have now been lodged with Companies House. In the event of the Company being wound up, members are required to contribute an amount not exceeding £1.

Recruitment and appointment of Management Committee

The Directors of the Company are also the charitable company's trustees for the purpose of the charity law, and under the Company's articles, are known as members of the Management Committee. Under the requirements of the Memorandum and Articles of Association, the members of the Management Committee are elected to serve for a period, normally of three years. One third of the longest serving members of the Committee must stand for re-election at each Annual General Meeting.

Cielo Cartwright & David Strachan retired by rotation and, being eligible, offered themselves for re-election. This year saw the resignation of trustees Jane Worrell, Stephen Howarth and Sarah Gray. One place on the management committee is reserved for an ex-service user of Community Links.

As part of their inductions, trustees visit at least 2 services and are supported to attend any relevant training or events.

The Management Committee hold annual away days to review current and future challenges of the organisation and progress against the strategic plan.

The Management Committee meetings also include attendance from both employees and service user representatives.

Report of the Directors (incorporating the Strategic report) (continued)

Organisational structure

The Company has a Management Committee of nine members (maximum of 12) who meet quarterly and are responsible for the strategic directions and policy of the company. The Secretary also sits on the Committee but has no voting rights.

Three sub committees, People & Safety , Quality and Performance and Finance and New Business, are Chaired by a trustee and report on a quarterly basis at full Management Committee meetings. This enables trustees to have a full view of all the key governance areas of the charity. Good practice meetings continue to be held in relation to diversity and health and safety.

A scheme of delegation is in place and day to day responsibility for the provision of the services rests with the Chief Executive along with the Senior Management Team. The Chief Executive is responsible for ensuring that the charity delivers the service specified and that key performance indicators are met. The Director of Operations has responsibility for the day to day operational management of the services delivered by the charity. The other Directors oversee the key central functions of the organisation including; human resources, finance, information technology, business development and planning.

All managers within the organisation are supported to provide regular individual supervision of employees and the Senior Management Team ensures that teams continue to develop their skills and working methods in line with good practice.

Executive Remuneration

The Senior Management Team's salaries were re-evaluated in April 2015 by a third party consultancy, and were equated to the equivalent National Joint Committee for Local Government (NJC) pay scale. SMT members have been paid increments in line with their contracted pay bands and pay rises in line with NJC pay agreements in the period since the pay review.

Business review and future developments

Community Links derives the majority of its funding from contracts with Local Authorities and the NHS in the Yorkshire region. It also delivers on the WY-FI project which is a West Yorkshire wide consortium of 8 organisations funded by the Big Lottery. Many of our services involve partnership arrangements with other voluntary organisations, private providers and NHS Trusts.

We aim to retain our existing business through our on-going focus on continuous improvement and excellence. We have a rigorous process in place for monitoring quality and performance and strategic oversight of this sits with the Operational Director.

Over the past year, the Company has met all the main requirements of its contracts and there are no disputes relating to performance with any of our commissioners.

Report of the Directors (incorporating the Strategic report) (continued)

In the coming year we will continue to explore partnerships and opportunities for further growth, in line with our mission and strategic plan. Particular focus will be given to the retention of our existing services.

Strategic report

We have now completed the final year of our 5 year Strategic Plan 2013-2018.

The 6 key strands of our strategic plan underpinned by quality are:

- **Diversity** – we value diversity
- **Information** – we communicate
- **Human Resources** – we are the best
- **Performance and Governance** – our services are excellent
- **Finance and Growth** – we are growing

Our annual Development Plans set out key annual objectives, which help us to progress towards our strategic aims.

This year, the Senior Management Team reported against the 2017-18 Development Plan and the Management Committee was satisfied with the progress. Key highlights included; improving our Best Companies rating to '2 Star', Board Development through recruitment, induction and training of trustees, developing a 'Zero Suicide' approach across the organisation including completion of an internal suicide audit, development of the 'Bright Ideas' fund to support innovative and co-produced projects led by employees and service users, improving our links with Universities and improving our efficiency through the use of technology and financial management.

Awards

For the 11th year running, the organisation was awarded the Best Companies accreditation and listed in the Sunday Times 100 Best Non-Profit Organisations to work for.

We have also gained new awards, including being ranked 9th in the Top 50 list of Inclusive Employers in the UK. These are organisations that are recognised to promote inclusion across all protected characteristics, throughout each level of employment within an organisation.

Community Links was also pleased to be shortlisted for 3 'Third Sector Care Awards' for innovative work in the areas of Dramtherapy, Asset Based Community Development (ABCD) and co-production in our CLEAR service.

These achievements have helped cement our reputation within voluntary sector within the region, and indeed, we are seen as a beacon that others within the sector look towards for good practice.

We are currently about to be reassessed for our Investors in People Accreditation Gold and our Customer Service Excellence award.

Report of the Directors (incorporating the Strategic report) (continued)

Statement of Public Benefit

The Directors have complied with the duty (set out in Section 4 of the Charities Act 2011) to have due regard to public benefit guidance published by the Charity Commission. The Directors have considered the public benefit delivered by the company and have made the following response:

“Our aim is to provide support and accommodation to people with mental health problems. We have a range of services that cover these aims that do not exclude any specific groups from accessing these services.”

In line with our charitable purposes, Community Links has fulfilled the public benefit requirement by supporting people with mental health problems across Yorkshire.

We provide a range of services which focus on recovery and work collaboratively with individuals to achieve their goals. We do this by providing support which is appropriate to their needs, instilling hope and optimism in a setting that is accessible to their situation. Our services value diversity and are non-judgemental.

Going concern

The Directors have prepared these financial statements on the going concern basis. The Directors have prepared and reviewed forecasts to June 2019, being 12 months after the date these financial statements are signed, and believe that the Charity will be able to meet its liabilities as they fall due. The Directors have further prepared a 5 Year Financial Plan to March 2023. Based on the information currently available in respect of the future, the Directors consider that the Charity has the plans and resources to manage its business risks successfully.

Fixed assets

There have been fixed asset investments amounting to £6,312 during the year.

Financial risk management

The Company's operations may expose it to a variety of financial risks, including the effects of changes in interest rates on debt, credit risk and liquidity risk.

The Company does not have material exposures in any of the areas identified above and, consequently, does not use derivative instruments to manage these exposures.

The Company's principal financial instruments comprise sterling cash and bank deposits and obligations under property leases together with trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the Company's financial instruments can be analysed as follows:

Price risk

The Company has no exposure to securities price risk, as it holds no listed equity investments.

Report of the Directors (incorporating the Strategic report) (continued)

Credit risk

The Company's principal financial assets are bank balances, cash and trade debtors, which represent the Company's maximum exposure to credit risk in relation to financial assets.

The Company's credit risk is primarily attributable to its tenant debtors. Credit risk is managed by monitoring the aggregate amounts and duration of exposure to any other tenant depending upon their credit history. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the Company's management based on prior experience.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a large number of tenants.

Liquidity risk

The company holds most of its reserves in the form of bank and sterling money market deposits. It is, therefore, not exposed to significant liquidity risk.

Interest bearing assets comprise cash and bank deposits, all of which earn interest at variable rates. There are no liabilities for loans or overdrafts.

Business risk plan

The Company has a Business Risk plan identifying major risks and steps taken to mitigate the impact or likelihood of the risk occurring looking at operational, financial, governance and external risks. Risks are reviewed quarterly at board meetings. In relation to the key strands of our strategic plan – the key risks are: -

- Loss of income through loss of contracts or funding cuts
- Unfavourable CQC inspection report
- Inability to recruit suitably qualified or high calibre employees
- GDPR
- Impact of legal challenges to Pay etc- Holiday pay and sleep-in payments

Report of the Directors (incorporating the Strategic report) (continued)

Directors

Details of the Management Committee, who are all directors of the Company, are shown on page 1.

Existing members of the Management Committee elect new directors. Applications to become a member of the Management Committee are submitted from various sources and include recommendations by parties with which the Company works and open recruitment processes.

Financial review

The Company made a surplus of £442,001 (2017: surplus £128,349) for the year to March 2018. This surplus has been credited to reserves, which has resulted in an increase in reserves to £2,210,433 (2017: £1,768,432).

Investment policy

Investments have been acquired in accordance with the powers of the Directors.

Reserves policy

The Company maintains reserves such that there are sufficient finances available to continue the running of the Company's activities if there was a sudden cessation or decline in its funding. The level of reserves held is such that it would allow sufficient time for the Management Committee to find alternative sources of funding for the activities affected, or to wind up those activities making all necessary redundancy and termination payments.

Pensions

The company participates in the Social Housing Pension Scheme. During the accounting period 2017/2018, the Company paid contributions at the rate of 2% or 3% for those employees in the Defined Contribution section. Member contributions varied between 2% and 11.5%. Since April 2013, the Defined Benefit section has been closed to future accrual and all employees within the pension scheme contribute to the Defined Contribution section.

As at the balance sheet date, there were 230 active members of the Scheme employed by Community Links. Provision has been made for future deficit payments to the Social Housing Pension Scheme using assumptions set out by The Pensions Trust.

Report of the Directors (incorporating the Strategic report) (continued)

Key Performance Indicators

The company publishes a monthly KPI report detailing statistics to monitor performance for all services. These KPIs cover a range of operational measures including staff sickness and training, service utilisation, contract compliance, customer satisfaction and diversity statistics. The Chair's Report highlights a key operating statistic, the number of service users that used our service in 2017-18.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors 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) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under Company Law the Directors must not approve financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the charitable Company for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Observe the methods and principles in the Charities SORP (FRS 102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable Company will continue business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable Company's transaction 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 also responsible for safeguarding the assets of the charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that so far as each of the Directors is aware,

- There is no relevant audit information of which the Company's auditor is unaware; and
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Charitable Company's auditor is aware of that information.

Report of the Directors (incorporating the Strategic report) (continued)

The Directors 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 legislations in other jurisdictions.

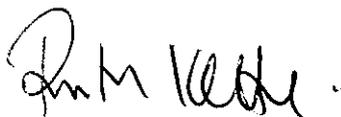
Auditors

Grant Thornton UK LLP have expressed their willingness to continue in office and will be considered for reappointment for the next financial year in accordance with section 487(2) of the Companies Act 2006.

Approval

The financial statements have been prepared in accordance with Companies Act 2006.

The report of the Directors (incorporating the Strategic report) was approved by the board on 15 June 2018 and signed on its behalf by:



R Kettle
Company Secretary



Independent Auditor's Report to the Members of Community Links (Northern) Limited

Opinion

We have audited the financial statements of Community Links (Northern) Limited for the year ended 31 March 2018 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure account), the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources including, its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.



Independent Auditor's Report to the Members of Community Links (Northern) Limited (continued)

Conclusions relating to going concern

- We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

the directors' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors (who are also the trustees of the charitable company for the purposes of company law) are responsible for the other information. The other information comprises the information included in the Chair's Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Chair's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and Chair's Report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Chair's Annual Report.



Independent Auditor's Report to the Members of Community Links (Northern) Limited (continued)

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 requires us to report to you if, in our opinion:

- adequate accounting records have not been, or
- returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of Directors' for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the directors' (who are also the trustees of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors' determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors' are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors' either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Peter Edwards
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield
15 June 2018

Statement of Financial Activities (incorporating the Income and Expenditure account)

for the year ended 31 March 2018

	Note	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £	Total Funds 2017 £
Income					
Income from charitable activities		7,589,096	-	7,589,096	8,194,705
Rents receivable		516,772	-	516,772	525,979
Office rent, Misc and Oakwood Training Unit		190,884	-	190,884	483,274
Gift Aid income from subsidiary		35,160	-	35,160	-
Bank Interest Receivable		10,238	-	10,238	12,907
Total income		8,342,150	-	8,342,150	9,216,865
Expenditure					
Provision of support and accommodation	2	7,891,398	6,751	7,898,149	9,014,516
Finance Costs - SHPS	16	19,000	-	19,000	33,000
Pension Liability Remeasurement	16	(17,000)	-	(17,000)	41,000
Total expenditure		7,893,398	6,751	7,900,149	9,088,516
Net income / (expenditure)		448,752	(6,751)	442,001	128,349
Total funds as at 1 April 2017		1,758,834	9,598	1,768,432	1,640,083
Total funds as at 1 April 2018		2,207,586	2,847	2,210,433	1,768,432

All amounts relate to continuing activities.

The notes on pages 19 to 30 form part of these financial statements.

Balance Sheet

for the year ended 31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	5	1,292,285	1,345,393
Investment	6	2	2
		<u>1,292,287</u>	<u>1,345,395</u>
Current assets			
Debtors	8	338,953	357,479
Cash at bank and in hand		<u>3,896,164</u>	<u>3,668,815</u>
		<u>4,235,117</u>	<u>4,026,294</u>
Creditors: Amounts falling due within one year	9	<u>(2,226,154)</u>	<u>(2,278,257)</u>
Net current assets		2,008,963	1,748,037
Total assets less current liabilities		<u>3,301,250</u>	<u>3,093,432</u>
Creditors: Amounts falling due after more than one year			
SHPS pension provision	11	<u>(1,090,817)</u>	<u>(1,325,000)</u>
Total assets		<u>2,210,433</u>	<u>1,768,432</u>
The funds of the charity:			
Restricted Income Funds	14	2,847	9,598
Unrestricted Income funds	14	<u>2,207,586</u>	<u>1,758,834</u>
Total Charity Funds		<u>2,210,433</u>	<u>1,768,432</u>

The financial statements were approved and authorised by the Board of directors on 15 June 2018 and signed on its behalf by:



K Milner
 Director

Registered Company No 01657652

Registered Charity Commission Number 0514779

The notes on pages 19 to 30 form part of these financial statements.

Statement of cash flows

for the year ended 31 March 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net Cash provided by operating activities	17	<u>223,423</u>	<u>323,521</u>
Cash Flows from investing activities			
Interest received		10,238	12,907
Payments for tangible fixed assets		<u>(6,312)</u>	<u>(24,960)</u>
Net cash used in investing activities		<u>3,926</u>	<u>(12,053)</u>
Change in cash and cash equivalents in the year		<u>227,349</u>	<u>311,468</u>
Cash and cash equivalents at the beginning of the reporting period		<u>3,668,815</u>	<u>3,357,347</u>
Cash and cash equivalents at the end of the reporting period		<u>3,896,164</u>	<u>3,668,815</u>

The notes on pages 19 to 30 form part of these financial statements.

Notes to the Financial Statements

for the year ended 31 March 2018

1 Accounting Policies

Company information

Community Links (Northern) Limited is a charitable company limited by guarantee (company number 01657652) and also a Charity registered in England and Wales (charity number 0514779). The registered office is 3 Limewood Way, Seacroft, Leeds, LS14 1AB.

Community Links offers support for a wide range of mental health disorders, including anxiety and depression, psychosis and personality disorders. The charitable company provides services in both community and residential settings, working across the Yorkshire region.

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards including 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 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 financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

Community Links (Northern) Limited meets the definition of a public benefit entity under FRS 102, and applied the sections in FRS 102 as applicable.

The financial statements are presented in Pound sterling £.

Basis of consolidation

Consolidated financial statements have not been prepared on the basis that the directors believe that results of its subsidiary company are not material to the group.

The accounting policies of the Company have remained unchanged from the prior year.

Going concern

The Directors have prepared these financial statements on the going concern basis. The Directors have prepared and reviewed forecasts to June 2019, being 12 months after the date these financial statements are signed, and believe that the Charity will be able to meet its liabilities as they fall due. The Directors have further prepared a 5 Year Financial Plan to March 2023. Based on the information currently available in respect of the future, the Directors consider that the Charity has the plans and resources to manage its business risks successfully.

Notes to the Financial Statements (continued)

for the year ended 31 March 2018

1 Accounting Policies (continued)

PRINCIPAL ACCOUNTING POLICIES

Fund accounting

Unrestricted reserve funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted reserve funds are funds which are to be used in accordance with specific restrictions imposed by the donors. The costs associated with the utilisation or management of those funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Income

The Charity carries out work for government bodies and income under these contracts is recognised once performance conditions attached to income have been met. Incoming resources on government contracts are included in the statement of financial activities when the Charity is entitled to the income and the amount can be quantified with reasonable accuracy.

Rental income

Rental income is recognised on a receivable basis. Payment received from guests in advance of their stay is recorded as deferred income.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with use of the resources. Fund raising costs are those incurred in connection with raising charitable funds for general use and in support of the charity's activities. Management, administration and governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Fixed assets and depreciation

Depreciation is provided on a straight line basis in order to write tangible fixed assets down to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down would be charged to direct charitable expenditure: provision of accommodation. The principal annual rates used are:

Freehold buildings (excluding land)	2% on cost per annum
Improvements to leasehold property	8.33% - 20% on cost per annum
Fixtures, fittings and equipment	20% on cost per annum
Motor vehicles	20% on cost per annum

Notes to the Financial Statements (continued)

for the year ended 31 March 2018

1 Accounting Policies (continued)

A full year's depreciation is charged in the year of acquisition. No depreciation is charged in the year of disposal.

The de-minimis level for capital expenditure is £2,000.

Operating leases

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

Pensions

The Company began to participate in the Social Housing Pension Scheme (SHPS) from 1 January 1999. For the SHPS, it has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The charge to income and expenditure represents the employer contribution payable to the scheme for the accounting period.

Contributions payable from the charity to the SHPS under the terms of its funding agreement for past deficits are recognised as a liability in the charity's financial statements.

The Company continues to operate a money purchase pension Scheme for employees who were in the existing Scheme as at 1 January 1999 and did not wish to enter the SHPS. The assets of the Scheme are invested and managed independently of the finances of the Company. The pension cost charged to the statement of financial activities represents contributions payable in the year.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following key judgements and estimates were made in preparing the financial statements:

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Pension Liability Discount Rate

The rate of discount detailed in Note 16 is that provided by TPT Retirement Solutions who administer the SHPS Pension Scheme which is based on the market yields on AA corporate bonds at the reporting date.

Notes to the Financial Statements (continued)

for the year ended 31 March 2018

2 Provision of Support & Accommodation

	2018	2017
	£	£
Salaries and related costs	6,461,203	7,411,374
Rent & Rates	242,197	301,540
Property R&M	137,506	147,902
Voids & rent losses	28,764	33,929
Furnishing & Decorating	37,542	22,337
Heating & Lighting	69,260	60,019
Other Property	83,399	98,981
Residents Food & Laundry	74,533	79,394
Client Activities	35,578	28,273
Depreciation	59,420	94,904
Publicity	20,462	26,197
Telephone, printing	97,855	119,140
L&P	117,442	74,335
General Office Expenses	397,502	480,301
Subscriptions & donations	16,549	14,129
Bank Charges	2,356	2,818
Employee Counselling	4,617	4,428
Governance costs	11,964	14,515
	<u>7,898,149</u>	<u>9,014,516</u>

3 Directors & Employees

	2018	2017
	£	£
Employee costs		
Salaries	5,219,596	5,636,822
Social Security Costs	464,957	496,607
Other pension costs	128,303	135,895
	<u>5,812,856</u>	<u>6,269,324</u>

Notes to the Financial Statements (continued)

for the year ended 31 March 2018

The average number of full time equivalent persons employed by the company in the year was:

	2018 Number	2017 Number
Provision of supported accomodation	<u>199</u>	<u>216</u>

Key management personnel (aggregate employee cost)

Key management personnel are defined as the members of the Senior Management Team as noted on the contents page.

	2018 £	2017 £
Basic Salary	260,708	265,254
Pension Contributions	7,474	8,392
Employers NI	29,952	30,471
	<u>298,134</u>	<u>304,117</u>

Redundancy costs of £45,271 were paid in the year.

One employee earned in the range £60,000 to £70,000 (2017: one). Reimbursement of expenses of £nil were paid to directors in the year (2017: £nil).

Remuneration of the highest paid director:

	2018 £	2017 £
Salary	68,794	71,033
Pension contributions	2,064	2,137

4 Taxation

The Company is a registered charity and as such is exempt from Corporation Tax.

Notes to the Financial Statements (continued)

for the year ended 31 March 2018

5 Tangible Fixed Assets

	Freehold land & Buildings £	Improvements to leased property £	Fixtures fittings and equipment £	Motor Vehicles £	Total £
Cost					-
At 1 April 2017	1,483,562	178,060	279,931	-	1,941,553
Additions	-	-	6,312	-	6,312
At 31 March 2018	1,483,562	178,060	286,243	-	1,947,865
Depreciation					-
At 1 April 2017	209,470	157,722	228,968	-	596,160
Charge for the year	29,671	5,140	24,609	-	59,420
At 31 March 2018	239,141	162,862	253,577	-	655,580
Net Book Value					
At 31 March 2018	1,244,421	15,198	32,666	-	1,292,285
At 31 March 2017	1,274,092	20,338	50,963	-	1,345,393

6 Investments

Investments in subsidiary:

	2018 £	2017 £
Ordinary Shares at cost	<u>2</u>	<u>2</u>

The company invested in the share capital of Bridging the Gap PD Services Limited in 2013, at a cost of £1 and a further £1 in 2015 to purchase the remaining share from The Retreat York Limited so now hold 100% of the ordinary share capital. The registered office is 3 Limewood Way, Seacroft, Leeds LS14 1AB

Notes to the Financial Statements (continued)

for the year ended 31 March 2018

7 Results of the Subsidiary Company

	2018	2017
	£	£
Income	241,000	238,400
Expenditure	(216,164)	(205,860)
Tax	5,743	(5,743)
Profit for the period	30,579	32,540

The net assets of Bridging the Gap PD Services Limited on 31 March 2018 were £59,632 (2017: Assets £64,213). The company was incorporated in the United Kingdom.

8 Debtors

	2018	2017
	£	£
Rents receivable	21,598	18,519
Amounts due from group undertakings	15,141	25,796
Prepayments and accrued income	302,214	313,164
	338,953	357,479

Rent receivable is stated after provision for bad debts of £nil (2017: £nil)

9 Creditors

	2018	2017
	£	£
Trade creditors	170,076	229,323
Taxation and social security	149,798	150,800
Accruals	422,072	448,370
Deferred Income	1,248,474	1,223,764
SHPS pension provision	235,734	226,000
	2,226,154	2,278,257

10 Deferred Income

Movements in deferred unrestrictive income during the year are as follows. Contractual income is deferred when income is invoiced or received in advance of delivery of the associated service.

	2018	2017
	£	£
Brought forward	(1,223,764)	(449,835)
Utilised during the year	680,127	485,172
Deferred during the year	(704,837)	(1,259,101)
Carried Forward	(1,248,474)	(1,223,764)

COMMUNITY LINKS (NORTHERN) LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Notes to the Financial Statements (continued)
for the year ended 31 March 2018

11 Creditors: amounts falling due in more than one year

	2018	2017
	£	£
SHPS pension provision	<u>1,090,817</u>	<u>1,325,000</u>

12 Commitments

Operating Leases

The Company has the following annual commitments under non-cancellable leases as follows:

	2018	2017
	Land and buildings	Land and buildings
	£	£
Within one year	86,001	161,790
Within two to five years	17,594	162,353
After more than five years	-	-
	<u>103,595</u>	<u>324,143</u>

13 Guarantee

The company is limited by guarantee to a maximum liability of £1 per member.

14 Analysis of Movements between Funds

	As at 31.03.17	Net Income / (Expenditure)	As at 31.03.18
	£	£	£
General Funds			
Unrestricted Funds	1,758,834	448,752	2,207,586
Restricted funds			
Community Fund represented by cash	9,598	(6,751)	2,847
	<u>1,768,432</u>	<u>442,001</u>	<u>2,210,433</u>

The Community Fund reserve is a restricted reserve and represents cumulative surpluses from activities funded by the Community Fund. The funds can only be used to fund activities for which the lottery monies received were originally granted.

Notes to the Financial Statements (continued)

for the year ended 31 March 2018

15 Expenditure

Included in the expenditure figures in the statement of financial activities are the following items:

	2018	2017
	£	£
Auditor's remuneration: financial statements audit	10,145	9,945
Depreciation	59,420	94,904
Operating lease rentals:		
- Land and buildings	<u>211,516</u>	<u>180,267</u>

16 Pension Scheme

To eliminate this fundings shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit Contributions

Tier 1 From 1 April 2016 to 30 September 2020:	£40.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)
Tier 2 From 1 April 2016 to 30 September 2023:	£28.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)
Tier 3 From 1 April 2016 to 30 September 2026:	£32.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)
Tier 4 From 1 April 2016 to 30 September 2026:	£31.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

Present values of provision

	2018	2017	2016
	£	£	£
Creditors less than 1 year	235,734	226,000	218,000
Creditors greater than 1 year	1,090,817	1,325,000	1,477,000
Present values of provision	<u>1,326,551</u>	<u>1,551,000</u>	<u>1,695,000</u>

Notes to the Financial Statements (continued)

for the year ended 31 March 2018

16 Pension Scheme (continued)

Reconciling of opening and closing provisions

	2018	2017
	£	£
Provision at start of period	1,551,000	1,695,000
Unwinding of the discount factor (interest expense)	19,000	33,000
Deficit contribution paid	(226,449)	(218,000)
Remeasurements - impact of any change in assumptions	(17,000)	41,000
Provision at the end of period	1,326,551	1,551,000

Income and expenditure impact

	2018	2017
	£	£
Interest expense	19,000	33,000
Remeasurements - impact of any change in assumptions	(17,000)	41,000
Remeasurements - amendments to the contribution schedule	-	-
	2,000	74,000

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

17 Cash Flows from Operating Activities

	2018	2017
	£	£
Net Expenditure	442,001	128,349
Depreciation of tangible assets	59,420	94,904
Interest receivable	(10,238)	(12,907)
Decrease in Debtors	18,526	221,287
Decrease in Creditors	(286,286)	(108,112)
Net Cash provided by operating activities	223,423	323,521

Notes to the Financial Statements (continued)

for the year ended 31 March 2018

18 Related Parties and Transactions

There were no transactions with directors during this year. The Company is exempt from the requirements of FRS102 to disclose transactions with other members of the group headed by Community Links (Northern) Limited.

19 Statement of Financial Activities - Comparative Note

For the year ended 31 March 2017	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £
Income			
Grants receivable	8,194,705	-	8,194,705
Rents receivable	525,979	-	525,979
Office rent, Misc and Oakwood Training Unit	483,274	-	483,274
Bank Interest Receivable	12,907	-	12,907
Total income	9,216,865	-	9,216,865
Expenditure			
Provision of support and accommodation	9,009,547	4,969	9,014,516
Finance Costs - SHPS	33,000	-	33,000
Pension Liability Remeasurement	41,000	-	41,000
Total expenditure	9,083,547	4,969	9,088,516
Net Income / (expenditure)	133,318	(4,969)	128,349
Total funds as at 1 April 2016	1,625,516	14,567	1,640,083
Total funds as at 1 April 2017	1,758,834	9,598	1,768,432

Notes to the Financial Statements (continued)

for the year ended 31 March 2018

20 Financial Instruments

	2018	2017
	£	£
Financial assets measured at amortised cost		
Rents receivable	21,598	18,519
Amounts due from group undertakings	15,141	25,796
Prepayments	132,599	314,214
	<u>169,338</u>	<u>358,529</u>
	2018	2017
	£	£
Financial liabilities measured at amortised cost		
Trade creditors	170,075	229,323
Accruals	422,072	446,782
SHPS pension provision	1,326,551	1,551,000
	<u>1,918,698</u>	<u>2,227,105</u>