



Social Interest Group

SOCIAL INTEREST GROUP

TRUSTEES' REPORT and CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2019

equinox

penrose

**Milner
Gibson**



SIG Investments

Company registration number 9122052

Charity registered number 1158402

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Trustees' Report and Consolidated Financial Statements for the year ended 31st March 2019

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

Social Interest Group was incorporated as a company limited by guarantee on the 8th July 2014. It became a charity registered with the Charity Commission on the 1st September 2014. It changed its name to the Social Interest Group on the 1st October 2014, when Equinox Care ("Equinox"), Penrose Options ("Penrose") and Milner Gibson Limited ("Milner Gibson") joined as wholly owned subsidiaries. SIG Investments ("SIGI") joined the Group when it was incorporated on the 15th December 2015. The Social Interest Group is referred to as the Charity throughout this document. It provides strategic guidance, development, management and back office support services to its subsidiary undertakings.

Directors and charity trustees

The directors of the Charity are its trustees for the purposes of charity law and throughout this document are collectively referred to as trustees. The current trustees and those that served during the year ended 31st March 2019 are as follows:

Non-executive trustees

Chairman

Dr Karl Marlowe

Treasurer

Lindsey Wishart

Trustees:

Craig Brown
Zelda Peters

Chairman, SIG Investments

Stuart Jenkin

Executive trustee

Group Chief Executive

Gill Arukpe

Company secretary

Paul Lynas

Executive Officers

Group Chief Executive

Gill Arukpe

Chief Operating Officer

Sue Nelson (Resigned 31 October 2019)

Director of Finance & Resources

Michael Rutherford

Director of Governance

Paul Lynas

Registered office

1 Waterloo Gardens
Milner Square
London N1 1TY

Auditor

Sayer Vincent LLP
Invicta House
108 – 114 Golden Lane
London
EC1Y 0TL

Bankers

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

Solicitors

Russell Cooke LLP
2 Putney Hill
London
SW15 6AB

Devonshires Solicitors LLP
30 Finsbury Circus
London
EC2M 7DT

DWF LLP
1 Scott Place
2 Hardman Street
Manchester
M3 3AA

Company registration number

9122052

Charity registration number

1158402

www.socialinterestgroup.org.uk
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Trustees' Report and Consolidated Financial Statements for the year ended 31st March 2019

The trustees present their report and the audited financial statements for the year ended 31st March 2019.

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

Objectives and Activities

Purposes and aims

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

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

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

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

Activities

The Charity's role is to provide strong governance, strategic guidance, consistency, development and access to investment as well as back office support services to promote and improve the efficiency and effectiveness of its subsidiaries. They are vehicles for providing services on behalf of the charity in fulfilling their own objectives.

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

Penrose

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

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

Equinox

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

Equinox provides individually tailored support, health care and recovery for excluded people who experience mental ill health; substance and alcohol issues dependence; alcohol dependence; homelessness; forensic history; or any combination of these issues. Equinox expertise is in supporting people who have been excluded from other services. The heart and soul of Equinox is providing hope without exclusion to all those who come to them. Equinox operates across London and in Brighton.

Trustees' Report and Consolidated Financial Statements for the year ended 31st March 2019

Milner Gibson

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

Milner Gibson ceased trading on the 31st March 2017 when the business was transferred to the Housing Management department within the Charity.

SIG Investments

SIG Investments ("SIGI") was incorporated on the 16th December 2015, registered with the Charity Commission on the 28th April 2016 and commenced trading on the 1st October 2016. Its purpose is to hold the Group's property portfolio and loan book.

Strategic Report

Achievements and performance and beneficiaries of our services

Group charities provided safe, secure, quality and innovative support, resettlement and reintegration services that made a real difference to 11,368 lives (FY2017/18 12,867). Many of these were offenders, people recovering from mental health illness, homelessness, substance and alcohol misuse, personality disorders, learning disabilities, elderly and vulnerable and troubled families.

Financial review for 18/19

The Charity recovers the costs of the services that it provides to its subsidiary undertakings making neither a surplus nor deficit. The Group had net unrestricted outgoing resources for the year of £180k. Unrestricted reserves stand at £897k at 31st March 2019 with £4k in restricted reserves and a liability of £4,993 (2017/18 - £3,035k) in the pension reserve for past service deficits, in Penrose £1,456k and Equinox £3,537.

Penrose made a surplus of £529k (2017/18 - £140k) at the operating profit level before a past service deficit pension payment of £121k (2017/18 - £167k). This results in an unrestricted fund balance of £1,563k (2017/18 - £1,155k) at 31st March 2019. In addition, it had a restricted fund balance of £3k (2017/18 - £3k) after receipts of £52k (2017/18 - £3k) and £52k (2017/18 - £6k) of expenditure.

Equinox made a deficit of £365k (2017/18 - £113k surplus) at the operating profit level before a past service deficit pension payment of £271k (2017/18 - £358k). This resulted in an unrestricted fund balance in deficit £827k (2017/18 - deficit £191k at 31st March 2018). In addition, it had a restricted fund balance of £1k (2017/18 - £1k) after receipts of £188k (2017/18 - £188k) and expenditure of £188k (2017/18 - £188k).

At the end of the financial period, the charity had unrestricted general reserves of £60k. This results from a small surplus of £17k achieved during the period ended 31st March 2019.

Milner Gibson did not trade during the year.

SIG Investments made a surplus of £17k (2017/18 - £34k) at the operating profit level.

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

Given the wider economic environment and on-going changes and increased competition within the sector, the trustees consider the results to be disappointing but understandable. Therefore, it is essential that moving forward our focus remains on developing new services, effective and financially efficient models of service delivery whilst addressing the issues causing the deficit.

The principal funding sources remain local authority block contracts largely for our resettlement projects alongside funding from Clinical Commissioning Groups and NHS Trusts towards our work with offenders with mental illness. The Ministry of Justice funds our Criminal Justice Service via the prime contractor MTC Novo. The trustees are appreciative of the funding received from all of its funders including those statutory commissioners for the work streams they support as well as the vital non-statutory funding received from individuals, trusts and foundations.

Principal risks and uncertainties

The Group has a risk management strategy which is overseen by the trustees. The risk register is reviewed monthly by the Executive Management Team, in consultation with all managers, and subsequently by the trustees.

The principal risks are that a service user commits a serious act and that there is class A and/or B drug use

Trustees' Report and Consolidated Financial Statements for the year ended 31st March 2019

by a service user on our premises. This is not surprising in view of the activities undertaken by the Group. To mitigate these risks, we have robust risk management policies, well trained staff, panic alarms, testing procedures, and good relationships with a Care Plan Approach from care co-ordinators, responsible officers, and the police. In addition, the Group is experiencing great difficulties in procuring properties either for rent or outright purchase, given that we cannot expand at the rate of demand or that we may lose contracts.

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

Reserves policy and going concern

Reserves are needed to bridge the funding gaps between spending on services and recovering these from subsidiaries by providing working capital. In addition, reserves are required to facilitate investment in fixed assets in the form of properties for leasing to subsidiaries for the provision of their services.

The trustees evaluated the commitment to future expenditure against likely future income streams and believe that a regular review of reserve levels is appropriate. All SIG charities aim to make a small surplus for retention and reinvestment purposes, which increases the free reserves. The target for the Group is £1,500k – they currently stand at £722k, excluding funds held within fixed assets.

Actions to strengthen the financial position going forward include securing and opening a number of new projects, and the closure of projects that were not financially viable; together with concerted management effort on increasing occupancy and reducing void rates and minimising the use of expensive agency staff.

Plans for the future

We are into our first year of our 3 year strategy and are delivering our Time for Change programme which looks to empower our staff to be the best they can be, so we can deliver the highest quality services possible.

The areas where we work in health and social care continue to undergo transformation. We are engaging the MOJ on the upcoming changes to the probation service. We continue to work with local authorities and clinical teams to develop our commissioned services to adapt to the increasing complex needs of those who require our support.

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

Criminal justice services

We are responsible for the coordination and implementation of offender resettlement activities within four adult male London resettlement prisons. We supervise 1,663 offenders of working age in the community. We have developed strong models to address offender behaviours and employment fairs that provide real employment for ex-offenders.

We look to gain insight from this work to develop dynamic responses to alternatives to prison and reduce reoffending. We do this by developing a range of adult and young people's employment and residential units, where offenders both gain skills or reawaken ones they have, living in the community.

Mental health

We drive for improvement in the community care of adults and young people recovering from mental illness to reduce the need to stay in hospital. We provide practical solutions, therapies and treatment programmes within our floating support, residential and non-residential recovery programmes aimed at providing greater insight for people on what keeps them well, avoid relapse and crisis. We do this by delivering open dialogue, peer mentors, recovery centres, and early crisis interventions.

Residential services

We have a range of supported houses, registered care homes, detox and rehabilitation centres and floating support services. This year has seen a demand for our specialist mental health and detox and alcohol services. We will expand and continue to provide supported housing and a range of floating support services. We have developed a housing and employment model for ex-offenders which we are looking for investment in. This will form a large part of our activity over the next year.

Services for people misusing substance and alcohol

The Aspinden Wood Centre provides services for adults who are misusing alcohol and are in crisis or require a period of stabilisation and recovery at a level that suits them. We continue to provide nursing care and support to aid recovery and improve the health and well-being of our service users. We aim to develop a move-on pathway for service users who have achieved abstinence.

Trustees' Report and Consolidated Financial Statements for the year ended 31st March 2019

Alcohol abuse remains one of the most destructive and costly addictive behaviours in the UK, but preventative and recovery services remain one of the most underfunded domains within the UK. Statistics provided by NHS England suggests that alcohol abuse is one of the main presentations at A&E units in nearly every UK hospital, and cause considerable resource issues with the police nationally.

Generic services

Penrose Synergy in Luton is now locally known as Penrose Universal Services as it has responded to local needs and demands and now stretches its profile to help people across the whole social care needs spectrum. It supports those with individual traumas and pressure of life over housing, homelessness, social services, children's and adults' services and probation. The Penrose Synergy model of service delivery has proved its worth, working with over 2,000 individuals and families a year. The model is transferable and cost effective. The model is versatile and can be adapted to meet a variety of funding streams. Penrose has developed Community Links from delivering Synergy Universal Services in Luton and is now rolling this out in other geographical areas. The service can be block contracted or spot purchased.

Mergers and acquisitions

The Charity's board and current subsidiary boards have agreed that we will encourage others to join the Group. The ideal targets will be a young persons' charity, learning disability charity, and an addictions charity.

Structure, governance and management

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

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

Appointment of trustees

The trustees are listed on page 2. They hold office for an initial period of three years with the possibility of a second term of three years plus in exceptional circumstance where the Trustee has specific skills, this can be extended by the board

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

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

Trustee induction and training

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

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

Related parties and relationships with other organisations

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

Remuneration policy for key management personnel

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

Policy for employment of disabled persons

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

Trustees' Report and Consolidated Financial Statements for the year ended 31st March 2019

Employee information

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

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

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

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

Statement of responsibilities of the trustees

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

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and the Group and of the incoming resources and application of resources, including the income and expenditure, of the Charity and the Group for that period. In preparing these financial statements, the trustees are required to:

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

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

In so far as the trustees are aware:

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

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

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

The trustees' annual report, which includes the strategic report, has been approved by the board of trustees on 12 December 2019 and signed on their behalf

Dr Karl Marlowe
Chairman

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

Opinion

We have audited the financial statements of Social Interest Group (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

Basis for opinion

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

Conclusions relating to going concern

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

- The trustees' use of the going concern basis of accounting in the preparation of the group financial statements is not appropriate; or
- The trustees have not disclosed in the group financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, including the strategic report, other than the group financial statements and our auditor's report thereon. Our opinion on the group financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

Opinions 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 trustees' annual report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report, including the strategic report, has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's or the parent charitable company's internal control

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Helen Elliott (Senior statutory auditor)
13 December 2019
for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Social Interest Group

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

For the year ended 31 March 2019

	Note	Unrestricted £000	Restricted £000	Pension reserves £000	2019 Total £000	Unrestricted £000	Restricted £000	Pension reserves £000	2018 Total £000
Income from:									
Donations and legacies	2	21	–	–	21	20	–	–	20
Charitable activities		16,331	240	–	16,571	13,790	191	–	13,981
Other income	2	1	–	–	1	30	–	–	30
Total income		16,353	240	–	16,593	13,840	191	–	14,031
Expenditure on:									
Charitable activities		(16,182)	(240)	–	(16,422)	(13,586)	(194)	(46)	(13,826)
Total expenditure	3a	(16,182)	(240)	–	(16,422)	(13,586)	(194)	(46)	(13,826)
Net income / (expenditure) before net gains on investments		171	–	–	171	254	(3)	(46)	205
Net gains on investments	10b	41	–	–	41	–	–	–	–
Net income / (expenditure) for the year	4	212	–	–	212	254	(3)	(46)	205
Transfers between funds		(392)	–	392	–	(525)	–	525	–
Net income / (expenditure) before other recognised gains and losses		(180)	–	392	212	(271)	(3)	479	205
Actuarial losses on defined benefit pension schemes	15	–	–	(2,350)	(2,350)	–	–	–	–
Net movement in funds		(180)	–	(1,958)	(2,138)	(271)	(3)	479	205
Reconciliation of funds:									
Total funds brought forward		1,077	4	(3,035)	(1,954)	1,348	7	(3,514)	(2,159)
Total funds carried forward	17	897	4	(4,993)	(4,092)	1,077	4	(3,035)	(1,954)

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 17 to the financial statements.

Social Interest Group

Balance sheets

Company no. 9122052

As at 31 March 2019

		The group		The charity	
	Note	2019 £000	2018 £000	2019 £000	2018 £000
Fixed assets:					
Tangible assets	9	175	554	24	48
Investments	10a	–	–	20	20
Investment property	10b	450	–	–	–
		<u>625</u>	<u>554</u>	<u>44</u>	<u>68</u>
Current assets:					
Debtors	12	2,080	1,445	1,823	936
Cash at bank and in hand		754	827	37	41
		<u>2,834</u>	<u>2,272</u>	<u>1,860</u>	<u>977</u>
Liabilities:					
Creditors: amounts falling due within one year	13	(2,558)	(2,291)	(1,805)	(934)
		<u>276</u>	<u>(19)</u>	<u>55</u>	<u>43</u>
Net current assets / (liabilities)					
		<u>901</u>	<u>535</u>	<u>99</u>	<u>111</u>
Total assets less current liabilities					
		<u>–</u>	<u>(2,489)</u>	<u>–</u>	<u>–</u>
Net assets / (liabilities) excluding pension liability					
		<u>901</u>	<u>(1,954)</u>	<u>99</u>	<u>111</u>
Defined benefit pension scheme provision	15	(4,993)	–	–	–
		<u>(4,092)</u>	<u>(1,954)</u>	<u>99</u>	<u>111</u>
Total net assets / (liabilities)	16				
		<u>(4,092)</u>	<u>(1,954)</u>	<u>99</u>	<u>111</u>
The funds of the charity:					
Restricted income funds		4	4	–	–
Unrestricted income funds:					
Pension reserve		(4,993)	(3,035)	–	–
General funds		897	1,077	99	111
		<u>(4,096)</u>	<u>(1,958)</u>	<u>99</u>	<u>111</u>
Total unrestricted funds					
		<u>(4,096)</u>	<u>(1,958)</u>	<u>99</u>	<u>111</u>
Total charity funds	17				
		<u>(4,092)</u>	<u>(1,954)</u>	<u>99</u>	<u>111</u>

Approved by the trustees on 12 December 2019 and signed on their behalf by

Karl Marlowe
Chair

Social Interest Group

Statement of cash flows

For the year ended 31 March 2019

	Note	2019 £000	£000	2018 £000	£000
Cash flows from operating activities:					
Net income/(expenditure) for the reporting period (as per the statement of financial activity):		171		205	
Depreciation charges		98		116	
Movement in long-term pension deficit liability		685		(500)	
(Increase)/decrease in debtors		(635)		(171)	
Increase/(decrease) in creditors		(264)		496	
Net cash provided by operating activities			55		146
Cash flows from investing activities:					
Purchase of fixed assets		(128)		(19)	
Net cash used in investing activities			(128)		(19)
Changes in cash and cash equivalents in the year			(73)		127
Cash and cash equivalents at the beginning of the year			827		700
Cash and cash equivalents at the end of the year			754		827

1 Accounting policies

a) Statutory information

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

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

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (September 2015) and the Companies Act 2006.

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

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

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

c) Public benefit entity

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

d) Going concern

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

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

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

e) Income

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

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

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

1 Accounting policies continued

f) Interest receivable

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

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund. Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

h) Expenditure and irrecoverable VAT

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

i) Expenditure on charitable activities

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

j) Operating leases

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

k) Tangible fixed assets

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

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

▪ Fixtures, fittings and office equipment	25% straight line
▪ Motor vehicles	25% straight line
▪ Computer equipment and software	25% straight line
▪ Leasehold improvements	Straight line over the term of the lease
▪ Freehold property	2% straight line of building element

l) Debtors

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

m) Cash at bank and in hand

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

1 Accounting policies continued

n) Creditors and provisions

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

o) Financial instruments

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

p) Pensions

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

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

q) Investment properties

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

2 Income

Charitable activities – supporting vulnerable people

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

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

Social Interest Group

Notes to the financial statements

For the year ended 31 March 2019

3a Analysis of expenditure (current year)

	Charitable Activities £000	Governance costs £000	Support costs £000	2019 Total £000	2018 Total £000
Staff costs (Note 5)	10,058	–	1,269	11,327	9,760
Recruitment & training	–	–	329	329	200
Subsistence & travel	–	–	92	92	10
Premises Costs	2,184	–	279	2,463	1,726
Office running costs	–	–	43	43	269
Insurance	–	–	76	76	73
Information technology	–	–	236	236	195
Legal & Professional	–	–	115	115	130
Depreciation	62	–	36	98	128
Audit fees	–	38	–	38	69
Other Costs	1,530	1	74	1,605	1,266
	13,834	39	2,549	16,422	
Support costs	2,549	–	(2,549)	–	–
Governance costs	39	(39)	–	–	–
Total expenditure 2019	16,422	–	–	16,422	
Total expenditure 2018	11,662	98	2,066		13,826

Social Interest Group

Notes to the financial statements

For the year ended 31 March 2019

3b Analysis of expenditure (prior year)

	Charitable Activities £000	Governance costs £000	Support costs £000	2018 Total £000
Staff costs (Note 5)	8,509	–	1,251	9,760
Recruitment & training	–	21	179	200
Subsistence & travel	–	–	10	10
Premises Costs	1,615	–	111	1,726
Office running costs	243	–	26	269
Insurance	–	–	73	73
Information technology	–	–	195	195
Legal & Professional	–	–	130	130
Depreciation	77	–	51	128
Audit fees	–	69	–	69
Other Costs	1,218	8	40	1,266
	<hr/> 11,662	<hr/> 98	<hr/> 2,066	<hr/> 13,826
Support costs	2,066	–	(2,066)	–
Governance costs	98	(98)	–	–
	<hr/> 13,826	<hr/> –	<hr/> –	<hr/> 13,826
Total expenditure 2018	<hr/> <hr/> 13,826	<hr/> <hr/> –	<hr/> <hr/> –	<hr/> <hr/> 13,826

4 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2019 £000	2018 £000
Depreciation	98	116
Operating lease rentals:		
Property	2,243	1,536
Auditor's remuneration (excluding VAT):		
Audit		
– current year	40	39
– prior year under accruals	10	10
Other services	6	12

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

Staff costs were as follows:

	2019 £000	2018 £000
Salaries and wages	8,300	7,812
Redundancy and termination costs	56	103
Social security costs	783	715
Pension costs	166	120
Past service pension deficit contributions	152	46
Self employed and agency staff	1,870	964
	11,327	9,760

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

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

	2019 No.	2018 No.
£75,000 – £79,999	1	–
£100,000 – £109,999	1	1

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

	2019			2018		
	Salary £	Employers' Pension Contribution £	Total £	Salary £	Employers' Pension Contribution £	Total £
Gill Arukpe, Group Chief Executive	100,000	167	100,167	101,000	1,450	102,450

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £427,703 (2018: £478,000).

6 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 379.3 (2018: 345.5)

	2019 No.	2018 No.
Operational staff	352.8	315.5
Management and support staff	26.5	30.0
	379.3	345.5

7 Related party transactions

The Charity made charges to its subsidiaries to recover the cost of providing support services: Penrose £1,345,000; (2018: £1,186,000), Equinox £1,031,000 (2018: £910,000) and SIG Investments £19,000 (2018: £Nil).

At year end the Charity owed £1,428,000 to Penrose Options (2018: £791,000), £Nil to Milner Gibson (£2018: £Nil), was owed £1,027,000 from Equinox Care (2018: £223,000 owed to Equinox Care) and owed £414,000 to SIG Investments (2018 owed £412,000)

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

8 Taxation

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

9a Tangible fixed assets – Group

	Computer equipment £000	Fixtures and fittings £000	Lease improvements £000	Motor vehicles £000	Freehold property £000	Total £000
Cost or valuation						
At the start of the year	153	208	106	15	430	912
Additions in year	11	117	–	–	–	128
Transfer to investment property	–	–	–	–	(430)	(430)
At the end of the year	164	325	106	15	–	610
Depreciation						
At the start of the year	123	136	75	3	21	358
Charge for the year	24	47	24	3	–	98
Transfer to investment property	–	–	–	–	(21)	(21)
At the end of the year	147	183	99	6	–	435
Net book value						
At the end of the year	17	142	7	9	–	175
At the start of the year	30	72	31	12	409	554

All of the above assets are used for charitable purposes.

9b Tangible fixed assets – Charity

	Computer equipment £000	Fixtures and fittings £000	Lease improvements £000	Motor vehicles £000	Total £000
Cost or valuation					
At the start of the year	153	7	39	10	209
Additions in year	11	–	–	–	11
At the end of the year	164	7	39	10	220
Depreciation					
At the start of the year	123	5	31	2	161
Charge for the year	24	2	7	2	35
At the end of the year	147	7	38	4	196
Net book value					
At the end of the year	17	–	1	6	24
At the start of the year	30	2	8	8	48

10a Fixed assets investments and subsidiary undertakings

	2019 £'000	2018 £'000
Cost		
At the start of the year	20	20
Disposals	–	–
At the end of the year	20	20

The charity owns the entire issued share capital of Milner Gibson Limited, a company registered in England (registered number 8741792), which is held as a fixed asset investment. It is also the sole member of Equinox Care, a company registered in England (registered number 2114430), which is a registered charity (number 296694), Penrose Options, a company registered in England (registered number 8466743), which is a registered charity (number 1151455) and SIG Investments, a company registered in England (registration number 9918302), which is a registered charity (number 1166811). The latter commenced trading on 1st October 2016. All subsidiaries' activities have been consolidated on a line by line basis in the statement of financial activities. Milner Gibson Limited did not trade in the year.

The charity provides strategic guidance, development, management and back office support services to its subsidiary undertakings. It aims to promote and improve the efficiency and effectiveness of its charitable subsidiaries in fulfilling their charitable objectives. Milner Gibson was a social enterprise in that service users from the charities in the Group were employed to give them work experience. It ceased trading on the 31 March 2017 when its business was transferred to the Housing Management department in the Charity. Equinox and Penrose provide similar support services to a variety of service users and their families.

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

	Equinox		Penrose		Milner Gibson		SIG Investments	
Year ended 31 March	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Total income	7,500	6,369	8,638	7,505	–	–	365	75
Total expenditure	(7,865)	(6,288)	(8,109)	(7,382)	–	–	(348)	(61)
Net income/(expenditure)	(365)	81	529	123	–	–	17	14
Pension adjustment	(1,720)	–	(630)	–	–	–	–	–
Other gains	–	–	–	–	–	–	–	20
Net movement in funds	(2,085)	81	(101)	123	–	–	17	34

The aggregate of the assets, liabilities and funds was:

Assets	1,719	948	2,591	1,881	20	20	474	455
Liabilities	(2,545)	(1,511)	(1,025)	(897)	–	–	(414)	(412)
Pension provision	(3,537)	(1,715)	(1,456)	(773)	–	–	–	–
Funds	(4,363)	(2,278)	110	211	20	20	60	43

10b Investment properties

	2019 £	2018 £
Fair value at the start of the year	–	–
Transfers from tangible fixed assets	409	–
Revaluation during the year	41	–
	<hr/>	<hr/>
Fair value at the end of the year	450	–
	<hr/>	<hr/>

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

11 Parent charity

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

	2019 £000	2018 £000
Gross income	2,490	1,837
Results for the period	11	6
	<hr/>	<hr/>

12 Debtors

	Group		Charity	
	2019 £000	2018 £000	2019 £000	2018 £000
Trade debtors	1,153	913	4	12
Staff loans	5	2	–	–
Amounts due from group undertakings	–	–	1,650	635
Other debtors	26	211	–	189
Prepayments	554	237	169	100
Accrued income	342	82	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
	2,080	1,445	1,823	936
	<hr/>	<hr/>	<hr/>	<hr/>

13 Creditors: amounts falling due within one year

	Group		Charity	
	2019 £000	2018 £000	2019 £000	2018 £000
Amounts due under Group undertakings	–	–	1,637	791
Trade creditors	569	353	96	19
Taxation and social security	249	212	–	–
Pension contributions	102	652	–	–
Other creditors	773	348	8	6
Accruals	865	726	64	118
	<hr/>	<hr/>	<hr/>	<hr/>
	2,558	2,291	1,805	934
	<hr/>	<hr/>	<hr/>	<hr/>

14 Creditors: amounts falling due after one year

	Group		Charity	
	2019 £000	2018 £000	2019 £000	2018 £000
Past service pension deficit contributions (see note 15)	–	2,489	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
	–	2,489	–	–
	<hr/>	<hr/>	<hr/>	<hr/>

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

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

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

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

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30th December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issues by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

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

Movement in deficit funding liability

On transition to the revised accounting, the former deficit funding liabilities within creditors have been released and replaced by a full scheme liability as shown below. The impact of this is as follows:

	2019 £'000
Original deficit funding liability at 31 March 2018	(3,035)
Revision to opening liability recognised as actuarial loss	(1,033)
Other movement	(22)
	<hr/>
Revised full scheme liability at 31 March 2018	(4,090)
	<hr/>

Number of active members in the scheme

	No.
Active	7
Deferred	152
Pensioners	57

Financial assumptions

	2019 % pa	2018 % pa
Rate of discount	2.34	2.59
Price inflation (RPI)	3.26	3.16
Price inflation (CPI)	2.26	2.16
Earnings increases	3.26	3.16
Allowance for commutation of pension for cash at	75%	75%

Other material assumptions

Life expectancies in retirement:	years	years
Male currently aged 65	21.80	21.70
Female currently aged 65	23.50	23.45
Male currently aged 45	23.20	23.11
Female currently aged 45	24.70	24.66

15 Pension schemes (continued)

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

	2019 £'000	2018 £'000
Fair value of plan assets	14,480	13,725
Present value of defined benefit obligation	(19,473)	(17,815)
Net defined liability to be recognised	(4,993)	(4,090)

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

	2019 £'000
Opening fair value of employer assets	13,725
Interest income	358
Experience on plan assets	90
Contributions by the employer	531
Withdrawals by Employees	–
Benefits paid and expenses	(224)
Closing fair value of employer assets	14,480

Reconciliation of Opening and Closing Balances of Defined Benefit Obligation

	2019 £'000
Opening defined benefit obligation	17,815
Current service cost	–
Expenses	18
Interest cost	457
Contributions by members	–
Withdrawals by Employees	–
Actuarial losses / (gains)	1,407
Benefits paid and expenses	(224)
Closing defined benefit obligation	19,473

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

	2019 £'000
Current service cost	–
Expenses	18
Net interest expense	99
Defined benefit costs recognised in the SOFA	117
Actual return on plan assets	448

Net actuarial (loss) on defined benefit pension scheme

	2019 £
Actuarial (loss) on recognising full scheme liability	(1,033)
Actuarial (loss) on plan obligations	(1,407)
Actuarial gain on plan assets	90
	(2,350)

16a Analysis of net assets between funds (current year)

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

16b Analysis of net assets between funds (prior year)

	General unrestricted £000	Pension reserve £000	Restricted £000	Total funds £000	Charity unrestricted funds £000
Tangible fixed assets	554	–	–	554	48
Investment in subsidiary	–	–	–	–	20
Net current assets / (liabilities)	523	(546)	4	(19)	43
Long term liabilities	–	(2,489)	–	(2,489)	–
Net assets at 31 March 2018	1,077	(3,035)	4	(1,954)	111

17a Movements in funds (current year)

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

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

17b Movements in funds (prior year)

	At 31 March 2017 £000	Income & gains £000	Expenditure & losses £000	Transfers £000	At 31 March 2018 £000
Restricted funds:					
Roots for Life	4	3	(4)	–	3
Fulfilling Lives	–	188	(188)	–	–
Skills for Care	1	–	–	–	1
Beds & Luton Community Foundation	2	–	(2)	–	–
Total restricted funds	7	191	(194)	–	4
General funds	1,348	13,840	(13,586)	(525)	1,077
Pension fund	(3,514)	–	(46)	525	(3,035)
Total funds including pension fund	(2,159)	14,031	(13,826)	–	(1,954)

17 Movements in funds (continued)

Purposes of restricted funds

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

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

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

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

18 Guarantees

The Charity is a company limited by guarantee not having a share capital. Each of the six (2018: five) non-executive trustees is a member and has guaranteed to pay £1 in the event that the Charity was wound up.

19a Operating lease commitments – Group

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

	2019 £000	2018 £000
Less than one year	1,831	265
One to five years	2,732	1,678
Over five years	2,069	–
	6,632	1,943

19b Operating lease commitments – Charity

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

	2019 £000	2018 £000
Less than one year	102	65
One to five years	207	195
	<u>309</u>	<u>260</u>

20 Legal status of the charity

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