

Registered number 02699638  
Registered charity number in England and Wales 1156258  
Registered charity number in Scotland SC045939

**REAL LIFE OPTIONS**  
**(A company limited by guarantee)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**REAL LIFE OPTIONS**  
**(A company limited by guarantee)**

**COMPANY INFORMATION**

Directors	G J Collingham R A Hendry A N Kirkby J McDonald V Simon D Wilkin L P Hobbs (resigned 24 June 2016) A Jackson (resigned 1 February 2017)
Company Secretary	S J R Lett
Registered Number	02699638
Registered Office	David Wandless House A1 Business Park Knottingley Road Knottingley West Yorkshire WF11 0BU
Independent Auditor	BDO LLP Central Square 29 Wellington Street Leeds West Yorkshire LS1 4DL

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**REAL LIFE OPTIONS**  
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**REAL LIFE OPTIONS & SUBSIDIARY COMPANIES**

**GROUP STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**REVIEW OF BUSINESS**

In 2017 Real Life Options (RLO) reaches our 25<sup>th</sup> Year Anniversary and an opportunity to reflect on what we have achieved and what RLO represents as an organisation. In preparation for this the Board have reviewed the charity's Vision, Purpose and Values, and these are now embedded within all we do.

*Our Vision is to be recognised as leaders in enabling people to achieve their potential.*

*Our Purpose is to provide excellent social care and support.*

*Our Values have been renewed and focus on respect, honesty, responsibility and excellence.*

Our Vision and Values demonstrate how we value the people we support, our colleagues and what RLO is trying to achieve.

On 1 March 2017 we welcomed a new Chief Executive Officer to take the organisation forward.

Over the past year RLO has undertaken a successful rebrand to ensure we are well placed for our future developments.

**Achievements and Performance**

In the year to 31 March 2017, group turnover reduced by £800,000 or 2.9% (2016 a 5.3% decrease) after a year of consolidation, review of systems and processes and the delivery of an improved shared service platform on which to grow. Active fee negotiation has been undertaken for all core services and investment has been made to maintain the on-going delivery of high quality support to service users. The decline in turnover has been a combination of a consolidation of services in Birmingham (decr. £1,000,000), the transfer of a paediatric service (decr. £200,000), negotiated fee increases (incr. £900,000) and some of the people we support moving to independent living (decr. £200,000), which is a great success. In addition, in 2015/16 we had one off income from back fees of £300,000.

## **REAL LIFE OPTIONS & SUBSIDIARY COMPANIES**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017**

The results for the year and financial position of the company are as shown in the financial statements which record another successful year for RLO despite difficult sector conditions.

The past three years have seen significant changes in legislation that have affected the sector. The changes over the National Living Wage and targets over the next four years will create a sector wide challenge in addition to the Scottish Living Wage that came into effect last October at a rate 12.7% higher than in England. RLO are negotiating with all authorities to enable us to meet our staff commitments as they are considering how they will face the funding gap.

The Care Act has led to increased roles for service users and families in influencing care provision. The interpretation of employment legislation has continued to have varied judgments affecting deemed night working hours, working time directives and travel time reviews. RLO has continued to face a financial burden from this however it has been able to meet its commitments and again been ahead of the sector in responding to many changes.

To meet the living wage commitments, last year the organisation reviewed staff terms and conditions to ensure they remained competitive and appropriate whilst retaining staff support. New terms and conditions commenced in July 2016. Service delivery models have been reviewed with support from staff and are continuing to be innovative whilst responding rapidly and providing alternative models of support. Further investment has been made in the number of operation managers for existing services.

RLO has also taken the opportunity to reinvest in four Continuous Improvement and Training Officers. This continued investment in quality delivery and operations has resulted in our services having maintained and improved upon our quality ratings in both England and Scotland over the past year. RLO has further developed our ISO 9001 Quality Management System. The Continuous Improvement Team has completed focused work on further developing our specialisms and staff expertise. An additional investment has been in our new safeguarding and logging management system, thus enabling more advanced pro-active response management.

RLO continues to partner with organisations such as the Voluntary Organisation of Disability Groups (VODG), the Association for Real Change (ARC) and Disability Voices to move forward in influencing and discussing issues relevant to the care sector at a National and Parliamentary level.

## **REAL LIFE OPTIONS & SUBSIDIARY COMPANIES**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017**

Our purchasers continue to face a squeeze on their available funding, while simultaneously experiencing an increase in demand from individuals in need. Consequently, they have continued to exert downward pressure on the costs of the services that we provide. Our ability to respond speedily and positively, and to adapt and create alternative models of support, enables us to engage positively with their changing commissioning priorities. During the year some service users have moved into supported living to better meet their needs, which has been a great success and positive move for those concerned. We anticipate a continuation of this scenario in the coming year.

Our continued focus on person centred planning enables the people we support to have choices about what's important to them to take control and achieve their aspirations and be at the centre of everything we do. Our "Wheel of Support" explains how RLO is focussed on the needs of our service users.

#### **What's Next?**

In 2017 we have commenced our Service User and Staff Colleague "Have Your Say" surveys. RLO wishes to develop the care sector as a career of choice and further develop our colleagues' learning and development opportunities. To assist in staff retention we are reviewing our reward and recognition scheme.

With the inception of the Apprenticeship levy in April 2017, RLO is reviewing the opportunities for our staff colleagues and our organisation to take full advantage of the levy.

In 2017, RLO is commencing its review of our charitable aims and to develop its volunteering and development program. Over the last year we have furthered our WI speaker programmes and commenced our external Charity days, also becoming Dementia friends.

#### **Financial review**

##### *Income, expenditure and surplus*

The net decrease in income is in the context of fee negotiations to support the increased Living Wage commitments which counteracted a change in turnover as some delivery moved from care home to supported living. The group surplus of £549,000 (£444,000) is after charging £372,000 amortisation on the goodwill relating to previous years' acquisitions.

## **REAL LIFE OPTIONS & SUBSIDIARY COMPANIES**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017**

All reserves are unrestricted, with a designated reserve for furniture and equipment replacement of £222,000 (£179,000) and a small amount set aside for fundraised monies for a particular purpose.

#### *Balance sheet*

During the year, RLO sold a property in Wales, previously operated as a care home, recognised as held for sale in last year's accounts; realising a surplus of £33,000. In Scotland, some service users moved into a supported living service and their former home, a property owned by RLO, was then sold. A second property in Wales, owned by RLO and previously operated as a care home, is now providing a rented home for people that we previously supported through Real Life Options (Cymru) Limited. This property was reclassified in last year's group accounts as an investment property, in line with the requirements of the accounting standards.

There has been no substantial investment in property or equipment during the year.

Debt collection remains strong and the relationship with the local authorities that commission our services ensures strong cashflow. Long term borrowing from our primary lenders Natwest has reduced during the year with no new borrowing. Short term cashflow requirements are supported by RBS Invoice Financing. No funds were drawn down under this arrangement at the year end.

#### *Taxation*

The activities of the charity fall within the exemptions conferred by sections 505 and 506 of the Income and Corporations Taxes Act 1988. Consequently, no corporation tax will be provided for in the financial statements for the charity in this and future years.

The group's trading subsidiaries are subject to corporation tax where retained reserves are insufficient for all surpluses to be paid to the charity by way of gift aid. In the current year the declaration of the gift aid payment to the parent charity has not been made pre year end and therefore corporation tax on these amounts has been accounted for.

#### *VAT*

The RLO group of companies became VAT registered on 1 February 2016. The growth of the group has resulted in a position that means that being registered for VAT was advantageous in terms of regulatory compliance and financial performance.

## **REAL LIFE OPTIONS & SUBSIDIARY COMPANIES**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017**

#### *Reserves policy*

A formal policy on reserves was agreed at the Board of Trustees meeting on 8 July 2014. It states:

Real Life Options' reserves policy has been set following an analysis of:

- the risks associated with the charity's various income streams, and the related notice periods
- the charity's committed expenditure
- planned activities in future years
- forecast income and expenditure levels, and the risks and commitments associated with them

Unrestricted funds are needed to provide funds which can protect the future operations of the charity from the effects of any unforeseen variations in its income streams, as part of a policy of good financial management.

The Board of Trustees considers it prudent that unrestricted reserves should be sufficient to:

- cover lost income and operational costs for between one and six months, in the event of unforeseen difficulties
- ensure the organisation can continue to meet its contracted support services provision for between three and six months, in the event of unforeseen difficulties.

This means the Board of Trustees will aim to build reserves to between the following limits:

- minimum: 8% (or one month) of total organisational expenditure
- maximum: 50% (or six months) of total organisational expenditure

A proportion of the reserves will be maintained in a readily realisable form.

The Board of Trustees continues to review the reserves policy in light of changing risks presented to the organisation and will formally review the reserves policy and levels maintained on an annual basis.

#### *Current levels of reserves*

As at 31 March 2017, the amount of these reserves in the charity's unrestricted funds amounted to £6,027,000 (2016 - £5,369,000). This equates to 18.1% (or just over 2 months) of organisational expenditure (2016 - 15.5%, just under 2 months). This is above the minimum level set above, and it is anticipated that by March 2018, the organisation's level of reserves will remain within the



## **REAL LIFE OPTIONS & SUBSIDIARY COMPANIES**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017**

approved limits. RLO is continuing to review its reserves policy based on the risk anticipated with respect to ongoing and future trading.

#### *Going concern*

In determining that the charity and its subsidiaries are going concerns the RLO Board gives consideration to the risks and uncertainties facing each entity, with particular reference to liquidity and solvency issues that might impact viability. The Board reviews forecasts for a period not less than the 12 months following the date the financial statements are to be issued. If solvency and liquidity issues present significant and material risks and uncertainties to the entities then the forecast period under review will be extended.

#### **Post balance sheet events**

RLO Cymru Limited operational activity is being transferred to another provider later in 2017. Notice has been given on the contract and staff notified appropriately. The property in Wales owned by RLO and classified as an investment property is to be transferred to a Wales based Registered Social Landlord.

In order to establish a stronger national presence in domiciliary care provision in Scotland, the social care provision by group companies have been consolidated into one company in Scotland. The staff employed by Alpha Homecare (Scotland) Limited, Lowland Care Services Limited and Senior Service (Edinburgh) Limited were transferred to 1<sup>st</sup> Homecare Limited on 1 April 2016 and contracts novated to 1<sup>st</sup> Homecare Limited.

#### **Plans for future periods**

Since the achievement of charitable status in England and Scotland and reaching the conclusion of the previous strategic plan, the board is reviewing and the company's Articles of Association and the governance structure maintained in the group.

A new five year strategic work plan has been developed to take the organisation forward and become recognised as a leading organisation in our field by:

1. Engaging with people in ways that enable them to participate and extend their choice and opportunities by providing excellent quality support

- 1.1 Delivering the highest quality care and support

## **REAL LIFE OPTIONS & SUBSIDIARY COMPANIES**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017**

- 1.2 Working in partnership with people we support to respond to their needs and aspirations
- 1.3 Promoting choice and control
- 1.4 Developing citizenship by supporting people to be active in their local communities
- 2. Working as colleagues and teams to provide excellent social care
  - 2.1 Excellent staff engagement, development and learning
  - 2.2 Excellence in recruitment and retention
  - 2.3 Developing training opportunities
  - 2.4 Promoting leadership development
- 3. Building on our infrastructure and effective processes to maintain a resilient organisation
  - 3.1 Excellence in governance
  - 3.2 Developing the opportunities of charitable status
  - 3.3 Further development of internal quality and business systems
  - 3.4 Enhancing both internal and external communications
- 4. Reinforce Real Life Options' position as a provider of a range of specialist services ensuring sustainable growth
  - 4.1 Identifying gaps and developing services
  - 4.2 Improving our tender process to create further success
  - 4.3 Building consortiums and partnerships
  - 4.4 Gathering and effective use of market knowledge
  - 4.5 Strengthening brand, profile and reputation
- 5. Ensuring sustainable growth and performance through effectively managing our financial resources
  - 5.1 Long term financial sustainability
  - 5.2 Management of reserves
  - 5.3 Maintaining an appropriate budget surplus
  - 5.4 Seeking mergers and acquisitions

With rapid growth over past years, we are now completing the development of appropriate support structures and "housekeeping" and are focusing on continued organic growth and growth through new tender opportunities. RLO are selective in taking opportunities and is seeking work within current boundaries or aligned to current provision. The priority is still to create circumstances and delivery models that protect and embed what we currently do well.

## **REAL LIFE OPTIONS & SUBSIDIARY COMPANIES**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017**

We are developing our shared service centre that sets a common framework, enables managers to manage and develop their skills and provides support when necessary. We have developed departments that will enhance the common thread that connects and strengthens direct service provision to their support services. Departments and plans cover:

- The Board
- The Executive Management Team
- Human Resources
- Marketing, Communications and Business Development
- Facilities
- Recruitment
- Policy
- Operations
- Public Policy
- IT
- Learning and Development
- Continuous Improvement and Quality
- Health and Safety
- Finance and Payroll
- Finance Operations

Within the financial plan for the organisation there are clear targets to continue to achieve a wage rate that is above the National Living Wage. The RLO group must maintain recruitment in a difficult employment market to succeed. In Scotland, the introduction and the increase to the Scottish Living Wage has provided improved leverage to negotiate with purchasers.

We have maintained our continued commitment to review and improve our position in respect of entry level salaries and pension provision for our staff. As a Board our biggest challenge and focus has to be aimed at the retention and recruitment of staff. Our pension provision is significantly ahead of auto-enrolment staging points and the organisation will incur little further liability with regards to this.

RLO is committed to engaging with all our stakeholders in a positive and productive way to ensure they play a key role in our future development, in what will be challenging and exciting times. We remain confident that we will continue to offer excellent service provision at realistic and competitive levels in a rapidly transforming market.

## **REAL LIFE OPTIONS & SUBSIDIARY COMPANIES**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017**

We continue to believe that service users and families have an increasing role to play in the future decision-making process. In Scotland, our Service User Advisory Board is influencing our strategic direction.

All these achievements reflect the enthusiasm and dynamism of the Executive Management Team and all staff. RLO faces the forthcoming year's challenges with confidence – knowing that we have staff who are willing to go the extra mile to provide what is wanted by our service users and their families, and having a strong financial base which supports our activities. The Board firmly believes that future opportunities outweigh the challenges, and looks forward with confidence.

#### **PRINCIPLE RISKS AND UNCERTAINTIES**

The Trustees review the organisation's Risk Register at each of their meetings. The trustees are satisfied that the major risks to the organisation have been identified by the Register and that appropriate systems and procedures for managing those risks are in place or under development.

The main areas of risk identified are in relation to:

- the continuation and / or extension of efficiency / cuts agenda by local authorities
- the increase in National Minimum Wage for staff
- legislation surrounding sleep payment
- demographic changes which increased the demand for services allied to a shrinking workforce
- rapidly changing national and local legislative developments
- failure to protect the people we support from serious harm

Effective management measures and controls have been put in place by the Trustees, including:

- strong financial and management information and control procedures, including regular business planning and quality improvement process and review
- reviewing and reshaping service offerings in line with our person-centred principles, and promoting choice and control
- appropriate insurance measures
- the implementation of strategies and plans to implement business objectives to mitigate or avoid these risks, including covering:
  - active membership of relevant sector bodies
  - participation in the full range of national and local consultations

## **REAL LIFE OPTIONS & SUBSIDIARY COMPANIES**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

- monthly management accounts and cash flow forecasts
- appropriate policies, procedures and training – implemented organisation wide, and monitored regularly to ensure compliance and qualitative improvements

In addition the organisation has transitioned to business partnering roles to ensure a united approach across all support functions.

The key financial risk relates to managing the liquidity of the group and meeting liabilities as they fall due. The key elements of this are ensuring the recoverability of amounts due from customers and meeting supplier liabilities as they fall due. The company does not operate any complex financial instruments, and utilises existing reserves and bank loans and facilities to meet funding requirements. The group does hold funds as custodian trustee from time to time for residents, but these are held separate from the funds of the group and are not included with the financial information of the group.

### **REFERENCE AND ADMINISTRATIVE DETAILS**

Registered charity number in England and Wales 1156258.  
Registered charity number in Scotland SC045939.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

The organisation is a company limited by guarantee. The organisation's governing document is the Articles of Association, which were updated on 11 March 2014. RLO has company members, and the liability of each company member is £1. Company members are also Trustees and Directors of the company.

The Articles require that the number of executive Trustees shall not exceed the number of non-executive Trustees, and that the Chairperson shall always be a non-executive Trustee. Trustees do not receive remuneration for their duties as Trustees. Executive Trustees receive appropriate remuneration for the duties as executives. Prior to 31 March 2017, the non-executive Chair received a modest fee, reflecting the requirement to hold to account the executive Trustees.

## **REAL LIFE OPTIONS & SUBSIDIARY COMPANIES**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

RLO became registered as a charity in England and Wales in March 2014 and Scotland in August 2015. Charitable status is complete in all the countries we deliver support.

Governance is reviewed by the Board on a regular basis. The Board reviews its own operation, effectiveness and governance annually and is currently undertaking a full review of the organisation's articles and governance to ensure it meets the needs of a changing organisation and environment.

#### **Operation of the Board of Trustees**

The Board of Trustees meets six times a year to agree strategic goals and review the organisation's work and services.

An Audit Committee, comprising non-executive Trustees, has responsibility for reviewing the organisation's accounting policies and financial accounts. It meets at least annually, with the Chief Executive, Deputy Chief Executive and Head of Finance in attendance.

A Remuneration Committee, comprising non-executive Trustees, has specific responsibility to review the remuneration of executive Trustees based on externally benchmarking and, where appropriate, recommendation and discussion with the Chief Executive.

An on-going governance review is being undertaken to review the needs of the business and we are shortly to form other committees (e.g. People and Safeguarding).

The Charity purchases Directors and Officers Liability insurance. The cost of the premium in the year was £1,369 (2016: £1,325).

#### **Recruitment and appointment of new Trustees**

Under the leadership of the Chair, the recruitment needs of the Board of Trustees is monitored, including a review of the current knowledge, experience, skills and abilities, and how these will be affected by any planned Trustee departures in the future. Any Trustee vacancies are advertised externally. Applicants are shortlisted against the criteria in the person specification for the role, including any specific matters highlighted during the above review. Shortlisted applicants are invited for interview by at least two non-executive Trustees (one of whom will be the Chair) and two executive Trustees. Shortlisted applicants are appointed only where they have the

## **REAL LIFE OPTIONS & SUBSIDIARY COMPANIES**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017**

necessary skills and qualities to contribute effectively to the organisation's management and development. A review of the process of the recruitment and appointment of new Trustees is currently underway.

New Trustees are inducted in two main ways. First, through the provision of information on the organisation's policies and procedures and on its staff, financial and organisational management and development. Second, Trustees are briefed by the Executive Management Team and key staff of key aspects of the organisation's operations.

#### **Related parties**

The only related parties to the group are considered to be the Trustees. The only transactions with executive and non-executive Trustees have been transactions in the normal course of their employment and through standard delivery of services.

#### **Subsidiaries**

At the balance sheet date, Real Life Options had seven wholly-owned subsidiaries.

- Real Life Options (Cymru) Limited provided similar services in Wales to those of Real Life Options. Later in 2017 trading is being handed over to a Welsh provider to ensure continued support and well-being for the service users. The company is expected to become dormant in due course.
- Orchard Care Services Limited is a dormant trading company that previously provided domiciliary care to elderly service users. The trading was previously transferred to Real Life Options Orchard Care Limited.
- RLO Orchard Care Limited ceased trading in August 2016 and previously provided domiciliary care to elderly services users in Warwickshire and Coventry. The company is expected to become dormant in due course.
- Alpha Homecare (Scotland) Limited, Lowland Care Services Limited, and Lowland's subsidiary Senior Service (Edinburgh) Limited previously provided domiciliary care to service users. They ceased trading on March 31<sup>st</sup> 2016 and transferred their activities to 1<sup>st</sup> Homecare Limited. The companies are expected to become dormant in due course.

## **REAL LIFE OPTIONS & SUBSIDIARY COMPANIES**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017**

- 1<sup>st</sup> Homecare Limited is a company with offices located throughout Scotland. The company provides domiciliary care to service users who require support. It is a strategic investment in domiciliary care provision and with previous acquisitions has created a significant provider within Scotland.

#### **Advisory Groups**

RLO has an established Scottish User Advisory Group, consisting of a number of rotating service users. The group reports to the Chair and Board of Trustees, advising them on policy and operational issues in that country. Members of this group and RLO England service users have recently been involved in the recruitment of the new Chief Executive Officer. RLO are supporting the commencement of a similar group to be established in England.

#### **Staff Management**

The Executive Management Team (EMT), led by the Chief Executive have overall responsibility for all operational matters and report directly to the Board of Trustees on a regular basis. There have been some changes during the year and a new Chief Executive, David Sargent, commenced on 1 March 2017. The appointment is not currently an appointment to Board. Prior to that period, from 1 April 2016, The Deputy Chief Executive was nominated by the Board and its Members to act as Interim Chief Executive. The Board and EMT are currently reviewing the requirements of the Board and EMT to ensure the needs of the expanding business are met. As at 31 March 2017, The Executive Management Team and their roles comprised:

<b>Job Title</b>	<b>Name</b>	<b>Responsibilities</b>
Chief Executive	David Sargent	Executive Team, H&S & HR
Deputy Chief Executive	Azra Kirkby	Finance, Facilities, L&D, IT, Safeguarding & Quality Improvement
Executive Director	John McDonald	Operations(Scotland), 1 <sup>st</sup> Homecare
Executive Director	Vivien Simon	Operations (England), Marketing & Business Development



## **REAL LIFE OPTIONS & SUBSIDIARY COMPANIES**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017**

Local arrangements have continued for managers to meet employees and their representatives to discuss matters of mutual interest and concern.

#### **Objectives and activities**

RLO was established in 1992 and operates throughout the UK. The organisation's objects are set out in its Articles, as follows:

- "2.1 The relief of those who are in need by reason of disability by such means as the Directors see fit, including, but not limited to providing:
  - 2.2.1 accommodation; or
  - 2.2.2 care and support services (whether peripatetic, domiciliary or otherwise)."

The principal activity of the organisation in the year under review was that of providing support and care to people who have disabilities and domiciliary care for the elderly.

In relation to the descriptions of "charitable purposes" set out in the Charities Act 2006, the organisation's aims, objectives and activities fall into the following categories:

- education/training
- the advancement of health or saving of lives
- disability
- accommodation/housing
- economic/community development/employment

The organisation is also a charity registered in Scotland under the Charities and Trustee Investments (Scotland) Act 2005, and its objectives and activities fall into the following categories:

- the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage.

RLO is currently undertaking a full review of its charitable objectives and activities as set out in its Articles, to ensure they reflect the aspirations of the RLO group. This has been commenced by the Board and will be completed within 2017.

## **REAL LIFE OPTIONS & SUBSIDIARY COMPANIES**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017**

#### **How our activities deliver public benefit**

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the Charities Commission's general guidance on public benefit 'Charities and Public Benefit'. This Trustees' report clearly sets out our charitable objectives and how they benefit the public.

The organisation is set up to benefit people who are in need because they have disabilities or require support at home. It also works with people who have severe learning difficulties. The organisation works to achieve its vision of a society in which disabilities are not a barrier to people taking control of their lives. It delivers professional, innovative and effective customer-focused services with the aim of improving the quality of life of the people with whom it works by:

- promoting choice and control
- enabling people to make a positive contribution
- increasing dignity and respect
- providing freedom from discrimination and harassment
- furthering health and emotional well-being, and
- enhancing economic well-being.

#### **Environmental Policy**

The organisation is fully committed to safeguard the environment. In this respect it will specifically endeavour to:

- encourage the reduced consumption of natural resources and energy
- operate a Purchasing Policy that avoids the use of environmentally damaging products whenever feasible
- prevent environmental pollution arising from its own operations
- provide information and support to both the service users and staff to encourage interest in environmental matters
- encourage economical and environmentally sound use of its vehicles
- encourage the use of public transport and car sharing where appropriate

#### **Modern Slavery Act 2015 – Modern Slavery and Human Trafficking Statement**

RLO always work to the highest ethical standards and comply with all laws, regulations and rules relevant to our business. Our reputation is paramount and we take our Corporate and Social Responsibilities very seriously. We realise that our relationships with those we deal with, whether service users, employees, stakeholders, suppliers or the local community, are key to our

## **REAL LIFE OPTIONS & SUBSIDIARY COMPANIES**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

success and, as such, we take our obligations and commitments to those people very seriously.

We expect the same high standards from those we work with and we are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. Our Anti-Slavery and Human Trafficking Statement and Policy are available in full via the RLO website.

The Trustees do not believe that any material detriment or harm results from the purposes of the organisation.

#### **Gender Pay Reporting**

For the year ended 31 March 2017, RLO will publish its first gender reporting statement in line with statutory requirements. The organisation does not envisage any concerns over the reporting of these statistics.

#### **Fundraising**

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes." Such amounts receivable are presented in our accounts as "voluntary income" and include legacies and grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the Executive Management Team, who are accountable to the Board of Trustees.

## **REAL LIFE OPTIONS & SUBSIDIARY COMPANIES**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

The charity is not bound by any undertaking to be bound by any regulatory scheme and the charity does not consider it necessary to comply with any voluntary code of practice. We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times. As we do not approach individuals for funds we do not particularise this to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.

#### **ON BEHALF OF THE BOARD**

A handwritten signature in black ink, consisting of a stylized 'D' followed by a horizontal line.

D Wilkin – Director & Chair of the Trustees  
27 July 2017

**REAL LIFE OPTIONS**  
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**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 MARCH 2017**

The trustees present their report with the financial statements of the charitable company and the group for the year ended 31 March 2017.

**Principal Activities and Future Developments**

The principal activities of the group are set out in the strategic report. The group continues to deliver public services.

**Results**

The surplus for the year, after taxation, amounted to £549,000 (2016 £444,000).

**Directors**

The directors who served during the year were:

G J Collingham

R A Hendry

A N Kirkby

J McDonald

V Simon

D Wilkin

L P Hobbs (resigned 24 June 2016)

A Jackson (resigned 1 February 2017)

**Employees**

Local arrangements have continued for managers to meet employees and their representatives to discuss matters of mutual interest and concern, including the provision of relevant information.

**Employment of the disabled**

The company recognises its responsibility for the employment, training, career development and promotion of disabled persons and gives full consideration of applications irrespective of an individual's background. Every effort is made to continue to employ those who become disabled while working for the company.

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**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 MARCH 2017**

**Statement as to disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Auditors**

BDO LLP are to be nominated for reappointment as auditors at the Annual General Meeting.

A handwritten signature in black ink, appearing to be 'D Wilkin', with a long horizontal stroke extending to the right.

**ON BEHALF OF THE BOARD**

D Wilkin – Director & Chair of the Trustees  
27 July 2017

**REAL LIFE OPTIONS**  
**(A company limited by guarantee)**

**TRUSTEES' RESPONSIBILITY STATEMENT**

The trustees (who are also directors of Real Life Options Limited for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 and the income and expenditure of the charity and group for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charity SORP;
- make judgements and accounting 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;
- give due consideration to Charity Commission published guidance and the Office of the Scottish Charity Regulator on the operation of the Public Benefit requirement;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) regulations 2006 (as amended). 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 and ensuring that the assets are properly applied in accordance with charity law.

**REAL LIFE OPTIONS**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF REAL LIFE OPTIONS**

We have audited the financial statements of Real Life Options for the year ended 31 March 2017 which comprise consolidated and parent charity statements of financial activities, the consolidated and parent charity balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees and members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees and members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees and members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditors**

As explained more fully in the statement of trustees' responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, section 151 of the Charities Act 2011 and under the Companies Act 2006 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.



## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF REAL LIFE OPTIONS**

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

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 March 2017 and of the group's and parent charity's incoming resources and application of resources, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF REAL LIFE OPTIONS**

### **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, the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charity, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity 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.

*Linda Cooper*

**Linda Cooper** (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Leeds

31 July 2017

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

## Real Life Options

### Consolidated Statement of Financial Activities (Incorporating an Income and Expenditure Account ) for the year ended 31 March 2017

	Note	Unrestricted Funds £'000	Restricted Funds £'000	2017 TOTAL £'000	2016 TOTAL £'000
<b>Incoming resources</b>					
Incoming resources from charitable activities	3	33,834	-	33,834	34,618
Donations		-	-	-	3
Other incoming resources:					
Trading subsidiaries income - continuing		5,877	-	5,877	6,285
Other income		3	-	3	5
<b>Total incoming resources</b>		<b>39,714</b>	<b>-</b>	<b>39,714</b>	<b>40,911</b>
<b>Resources expended</b>					
Cost of generating funds					
Trading subsidiaries expenditure		5,916	-	5,916	5,904
Charitable activities		33,214	-	33,214	34,579
<b>Total resources expended</b>	4	<b>39,130</b>	<b>-</b>	<b>39,130</b>	<b>40,483</b>
<b>Net incoming resources before other recognised gains, losses and transfers</b>		<b>584</b>	<b>-</b>	<b>584</b>	<b>428</b>
<b>Impairment in Investment in Subsidiary</b>					
Gains/(Losses) on revaluation of investment property		-	-	-	35
UK Corporation tax	25	(70)	-	(70)	(19)
<b>Surplus on Disposal of Fixed Assets</b>		<b>35</b>	<b>-</b>	<b>35</b>	<b>-</b>
<b>Net movement in funds</b>		<b>549</b>	<b>-</b>	<b>549</b>	<b>444</b>
Fund balances at 1 April 2016	22	4,935	-	4,935	4,491
<b>Total fund balances at 31 March 2017</b>		<b>5,484</b>	<b>-</b>	<b>5,484</b>	<b>4,935</b>

The statement of financial activities includes all gains and losses recognised in the year.  
All incoming resources and resources expended derive from continuing activities.  
All amounts in 2016 related to unrestricted funds.  
The notes on pages 31 to 48 form part of these financial statements

## Real Life Options

### Statement of Financial Activities

(Incorporating an Income and Expenditure Account )

for the year ended 31 March 2017

		Unrestricted Funds	Restricted Funds	2017 TOTAL	As restated 2016 TOTAL
	Note	£'000	£'000	£'000	£'000
<b>Incoming resources</b>					
Incoming resources from charitable activities	3	33,834	-	33,834	34,618
Donations		-	-	-	3
Other income		3	-	3	4
<b>Total incoming resources</b>		<b>33,837</b>	<b>-</b>	<b>33,837</b>	<b>34,625</b>
<b>Resources expended</b>					
Charitable activities		33,214	-	33,214	34,579
<b>Total resources expended</b>	4	<b>33,214</b>	<b>-</b>	<b>33,214</b>	<b>34,579</b>
<b>Net (outgoing) / incoming resources before other recognised gains, losses and transfers</b>		<b>623</b>	<b>-</b>	<b>623</b>	<b>46</b>
Impairment of investment in Subsidiary		-	-	-	{125}
Gains/(Losses) on revaluation of investment property		-	-	-	35
Gift Aid from Subsidiaries		-	-	-	128
<b>Surplus on Disposal of Fixed Assets</b>		<b>35</b>	<b>-</b>	<b>35</b>	<b>-</b>
<b>Net movement in funds</b>		<b>658</b>	<b>-</b>	<b>658</b>	<b>84</b>
<b>Fund balances at 1 April 2016</b>	22	<b>5,369</b>	<b>-</b>	<b>5,369</b>	<b>5,285</b>
<b>Total fund balances at 31 March 2017</b>		<b>6,027</b>	<b>-</b>	<b>6,027</b>	<b>5,369</b>

The statement of financial activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

All amounts in 2016 related to unrestricted funds.

The notes on pages 31 to 48 form part of these financial statements

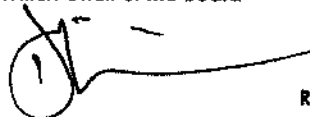
## Real Life Options

### Consolidated and Charity Balance Sheets as at 31 March 2017

		Group		Charity	
	Note	2017	2016	2017	As restated 2016
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	10	2,389	2,761	213	261
Tangible assets	11	4,231	4,457	4,226	4,440
Investment Properties	12	225	225	225	225
Investments in Subsidiaries	13	-	-	4,322	4,322
		<u>6,845</u>	<u>7,443</u>	<u>8,986</u>	<u>9,248</u>
<b>Current assets</b>					
Debtors:					
Amounts recoverable within one year	14	4,328	3,470	3,513	3,228
Property held for resale	15	-	233	-	233
Cash at bank and in hand		<u>635</u>	<u>1,125</u>	<u>122</u>	<u>515</u>
		4,963	4,828	3,635	3,976
<b>Creditors:</b>					
Amounts falling due within one year	16	<u>4,041</u>	<u>4,157</u>	<u>4,330</u>	<u>4,708</u>
<b>Net current assets / (liabilities)</b>		922	671	(695)	(732)
<b>Total assets less current liabilities</b>		<u>7,767</u>	<u>8,114</u>	<u>8,291</u>	<u>8,517</u>
<b>Creditors:</b>					
Amounts falling due after more than one year	18	2,264	3,148	2,264	3,148
<b>Provisions for liabilities and charges</b>	20	<u>19</u>	<u>31</u>	<u>-</u>	<u>-</u>
		2,283	3,179	2,264	3,148
<b>Net assets</b>		<u>5,484</u>	<u>4,935</u>	<u>6,027</u>	<u>5,369</u>
<b>Reserves</b>					
Unrestricted Funds	22	5,484	4,935	6,027	5,369
Restricted Funds		-	-	-	-
<b>Total Funds</b>		<u>5,484</u>	<u>4,935</u>	<u>6,027</u>	<u>5,369</u>

The financial statements were approved and authorised for issue by the Trustees on 27 July 2017 and signed on their behalf by:

D Wilkin Chair of the Board



Real Life Options

Registered No. 02699638

The notes on pages 37 to 48 form part of these financial statements

## Real Life Options

### Consolidated Statement of Cash flows

as at 31 March 2017

	Group	
	2017	2016
	£'000	£'000
<b>Cash flows from operating activities</b>		
<b>Profit for the financial year</b>	<b>549</b>	<b>444</b>
<b>Adjustments for</b>		
Amortisation of Intangible Assets	372	455
Depreciation and amortisation of Fixed Assets	154	303
Net Fair Value Losses (Gains) recognised in profit or loss	-	(35)
Surplus on Disposal of Fixed Assets	(35)	-
Net Interest Payable	104	129
Taxation	103	19
Decrease (increase) in debtors	(858)	278
Increase (decrease) in creditors	(226)	(342)
Increase (decrease) in provisions	(12)	4
<b>Cash from operations</b>	<b>151</b>	<b>1,255</b>
Interest Paid	(104)	(129)
Taxation Paid	(89)	(75)
<b>Net cash generated from operating activities</b>	<b>(42)</b>	<b>1,051</b>
<b>Cash flows from investing activities</b>		
Proceeds from sales of tangible fixed assets	435	(1)
Purchases of tangible fixed assets	(57)	(30)
<b>Net Cash from investing activities</b>	<b>378</b>	<b>(31)</b>
<b>Cash flows from financing activities</b>		
Bank Loans repaid	(826)	(466)
<b>Net cash used in financing activities</b>	<b>(826)</b>	<b>(466)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(490)</b>	<b>554</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,125</b>	<b>571</b>
<b>Cash and cash equivalents at end of year</b>	<b>635</b>	<b>1,125</b>
<b>Cash and cash equivalents comprise</b>		
<b>Cash at bank and in hand</b>	<b>635</b>	<b>1,125</b>
	<b>635</b>	<b>1,125</b>

The notes on pages 31 to 48 form part of these financial statements

## **Real Life Options**

### **Notes forming part of the financial statements for the year ended 31 March 2017**

#### **1. Accounting Policies**

The charity is a private charitable company limited by guarantee incorporated in England and Wales and has no share capital. The address of the registered office is given on the company information page and the nature of the group's operations and its principal activities are set out in the trustees report.

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), UK Generally Accepted Accounting Practice (UK GAAP) including the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. Assets and Liabilities are recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 2).

#### *Parent company disclosure exemptions*

In preparing the separate financial statements of the charity, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the charity;
- Disclosures in respect of the charity's financial instruments have not been presented as equivalent disclosures have been provided for the group as a whole.

The following principal accounting policies have been applied:

#### **1.1. Basis of Consolidation**

The consolidated financial statements present the results of Real Life Options and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of financial affairs from the date on which control is obtained. They are deconsolidated from the date control ceases.

#### **1.2. Going Concern**

Accounts are prepared on the assumption that each entity is a going concern. In determining that the charity and its subsidiaries are going concerns the RLO Board gives consideration to the risks and uncertainties facing each entity, with particular reference to liquidity and solvency issues that might impact viability. The Board reviews forecasts for a period not less than the 12 months following the date the financial statements are to be issued. If solvency and liquidity issues present significant and material risks and uncertainties to the entities then the forecast period under review will be extended.

## **Real Life Options**

### **Notes forming part of the financial statements for the year ended 31 March 2017**

#### **Accounting Policies (cont)**

#### **1.3. Fund Accounting**

Unrestricted funds, which have not been designated for other purposes, are available for use at the discretion of the Trustees, in furtherance of the general objectives of the Charity.

Designated funds are transferred from general unrestricted funds for specific purposes, based on available cost information. These amounts are monitored annually and may be amended or re-designated by the Board.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by conditions relating to the arrangements leading to the receipt of the money; conditions under which money has been donated; or which have been raised by the Charity for particular purposes. If there is an obligation to use resources generated for a specific purpose the income will be accounted for in a restricted fund. The costs of raising and administering such funds will be charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

#### **1.4. Income**

All income is included in the SOFA when the entity is:

- legally entitled to the income, and
- any performance conditions attaching to the income have been met and
- the amount can be quantified with reasonable accuracy, and
- the amount is likely to be received.

Income may be accrued if the work has been completed and the service under the contract delivered. Income may be deferred if the service has not been provided even if the value has been invoiced and payment received.

Grants are received from bodies within Local Government and the National Health Service and are specific to the charitable activities.

All grants, donations, rental income and contractual payments are included on a receivable basis.

For legacies, income will be recognised if the amount can be measured and there is a clear indication that a distribution will be made from the estate.

Donated professional services and donated facilities will be recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. The economic benefit will be the amount the charity would have been willing to pay to obtain those services or facilities on the open market; a corresponding amount will be recognised in expenditure in the period of receipt.



## **Real Life Options**

### **Notes forming part of the financial statements for the year ended 31 March 2017**

#### **Accounting Policies (cont)**

##### **1.4. Income (cont)**

In accordance with the Charities SORP (FRS 102), the contribution of volunteers to the Charity will not be recognised in the financial reports but will be referred to in the trustees' annual report.

Deferred capital grants are treated as deferred income in compliance current GAAP and are credited to the income and expenditure account over the expected useful economic life of the relevant fixed asset on a basis consistent with the depreciation policy.

Other grants are recognised as and when conditions for their release are fulfilled.

##### **1.5. Expenditure**

Expenditure is included in the statement of financial activities on an accruals basis, inclusive of any VAT which cannot be recovered.

Charitable expenditure and support costs comprise direct expenditure including direct staff costs attributable to the activity. Where support costs cannot be directly attributed they have been allocated to activities on a basis consistent with use of the resources. Governance costs are those incurred in connection with the management of the Charity's assets, organisational administration and costs regarding compliance with constitutional and statutory requirements.

##### **1.6. Goodwill**

At the date of acquisition, goodwill will initially be measured as the excess of the cost of the business combination over the fair value of the net amount of the identifiable assets, liabilities and contingent liabilities.

After initial recognition, the goodwill shall be measured as cost less accumulated amortisation and accumulated impairment losses. An estimate of the useful life of the Goodwill will be made at the time of acquisition and the Goodwill be amortised on a systematic basis over that life. The useful life of the goodwill will not normally be more than 10 years.

Using the definitions in FRS102, as part of the annual impairment review process, the value of goodwill will be compared with the recoverable amount of the asset. In the event that the value of the goodwill is found to be less than the recoverable amount, the value of the impairment will be recognised in the accounts.

## Real Life Options

### Notes forming part of the financial statements for the year ended 31 March 2017

#### Accounting Policies (cont)

#### 1.7. Tangible Assets

Tangible fixed assets costing more than £1,000 are capitalised and valued at historical cost along with any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost less estimated residual value on a straight line basis over the following ranges of expected useful economic lives:

Freehold buildings	50 years,
Freehold improvements	up to 50 years
Leasehold improvements	10 years or the length of the lease if shorter
Fixtures and fittings	3 - 10 years
Computer equipment and systems	2-4 years
Motor vehicles	2-4 years

Freehold Land will not be depreciated.

#### 1.8. Operating Leases

Income and costs associated with operating leases are either credited or charged to the SOFA on an accruals basis in accordance with the contracts in force during the year.

The cost of the lease payments over the contracted period, after allowing for any lease incentives, will be apportioned equally over the life of the lease.

#### 1.9. Current and Deferred Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of financial affairs.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the UK.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or future profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the near future.

## **Real Life Options**

### **Notes forming part of the financial statements for the year ended 31 March 2017**

#### **Accounting Policies (cont)**

#### **1.9. Current and Deferred Taxation (cont)**

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of the liabilities acquired and the amount that will be assessed for tax.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### **1.10. Accounting for Investments in Subsidiaries**

Investments in subsidiaries are stated at cost less any assessed impairment in the asset.

#### **1.11. Financial Instruments**

Real Life Options and its group entities only enter into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables are measured, initially and subsequently, at the undiscounted amounts of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently amortised at cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## **Real Life Options**

### **Notes forming part of the financial statements for the year ended 31 March 2017**

#### **Accounting Policies (cont)**

#### **1.12. Pension Contributions**

Retirement benefits to the majority of employees are provided by the Group's defined contribution scheme. Contributions payable to the Group's pension scheme are charged to the profit and loss account in the period to which they relate.

A small, and reducing, number of employees are members of the NHS pension scheme. This is a defined benefit scheme and the assets are held separately from those of the Group. The NHS Pension scheme is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. The NHS pension scheme is a multi-employer scheme.

The Group will recognise in the accounts its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis if it is possible and economical to identify its share of the cost. If it is not possible or economical to identify the Group's share of the underlying assets and liabilities the NHS pension scheme will be treated as a defined contribution scheme and the Group's contributions will be recognised as they are paid each year.

#### **2. Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements the directors have made the following judgements:

The Directors have reviewed the carrying value of the Group's assets, including goodwill, to determine whether there are any indicators of impairment. Factors taken into account include the economic viability and expected future financial performance of the assets.

#### **Other key sources of estimation uncertainty**

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of assets and residual values are assessed on acquisition and may be revised if operating circumstances change significantly.

The Group's investment properties are essentially residential properties and the carrying value is based on the Director's assessment of open market value supported by periodic valuations by a qualified surveyor.

The Directors have made assumptions about the potential value and likelihood of success of claims against the company for unpaid wages from current and former employees.

## Real Life Options

### Notes forming part of the financial statements for the year ended 31 March 2017

#### 3 Analysis of Income from Charitable Activities

All activity relates to the provision of core services in the UK. All income in the current and preceding year was unrestricted.

#### 4 Analysis of resources expended

The charity allocates its support costs as shown in the table below. Regional Office costs are allocated to the relevant region. Support Service costs are apportioned between the regions based on the percentage of income per region.

GROUP 2017					
	Total	Governance costs	Human Resources & Training	Property Costs	Administration and Finance
	£'000	£'000	£'000	£'000	£'000
Trading subsidiaries expenditure	5,916	20	4,927	173	816
Charitable activities	33,214	65	28,259	1,878	3,012
	<u>39,130</u>	<u>85</u>	<u>33,186</u>	<u>2,051</u>	<u>3,893</u>
GROUP 2016					
	Total	Governance costs	Human Resources & Training	Property Costs	Administration and Finance
	£'000	£'000	£'000	£'000	£'000
Trading subsidiaries expenditure	5,904	48	5,357	187	312
Charitable activities	34,579	125	27,885	2,175	4,394
	<u>40,483</u>	<u>173</u>	<u>33,242</u>	<u>2,362</u>	<u>4,706</u>
CHARITY 2017					
	Total	Governance costs	Human Resources & Training	Property Costs	Administration and Finance
	£'000	£'000	£'000	£'000	£'000
Charitable activities	33,214	65	28,259	1,878	3,012
	<u>33,214</u>	<u>65</u>	<u>28,259</u>	<u>1,878</u>	<u>3,012</u>
CHARITY 2016					
	Total	Governance costs	Human Resources & Training	Property Costs	Administration and Finance
	£'000	£'000	£'000	£'000	£'000
Charitable activities	34,579	125	27,885	2,175	4,394
	<u>34,579</u>	<u>125</u>	<u>27,885</u>	<u>2,175</u>	<u>4,394</u>

Governance costs relate to the audit and other professional services in connection with governance of the charity. All other costs are allocated to charitable activities where they are incurred within the charity or trading subsidiaries expenditure where they are incurred in those subsidiaries.

All expenditure in the current and preceding year was unrestricted.

## Real Life Options

### Notes forming part of the financial statements for the year ended 31 March 2017

#### 5 Analysis of support costs

	GROUP		CHARITY	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Analysis of governance costs				
Audit and accountancy fees	37	109	30	84
Other professional fees	136	64	35	41
	<u>173</u>	<u>173</u>	<u>65</u>	<u>125</u>

#### Audit and Non Audit Services

GROUP	
2017	2016
£'000	£'000
Statutory audit of parent and consolidated accounts	30
Statutory audit of subsidiary companies	10
Tax Services	7
Other Services	11
	<u>58</u>
	<u>121</u>

4 Other costs and income	GROUP		CHARITY	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Operating lease rentals				
equipment	198	337	191	285
land & buildings	164	198	164	198
Depreciation				
owned assets	154	303	141	140
Loan interest	104	129	104	128
Amortisation of goodwill	372	455	47	47
Surplus on disposal of fixed assets	35	-	35	-

## Real Life Options

### Notes forming part of the financial statements for the year ended 31 March 2017

#### 7 Staff costs

	GROUP		CHARITY	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Wages and salaries	28,415	28,298	23,872	23,336
Social security costs	1,995	1,867	1,739	1,615
Other pension costs - contributions to defined contribution schemes	702	751	641	670
	<u>31,112</u>	<u>30,916</u>	<u>26,252</u>	<u>25,621</u>

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows:

	GROUP		CHARITY	
	2017 number	2016 number	2017 number	2016 number
£60,001 - £70,000	1	1	1	1
£70,001 - £80,000	2	3	2	3
£80,000- £90,000	1	-	1	-
£90,000-£100,000	-	1	-	1
£130,000-£140,000	1	-	1	-
£180,001-£190,000	-	1	-	1
	<u>5</u>	<u>6</u>	<u>5</u>	<u>6</u>

All employees earning more than £60,000 contributed to a personal pension scheme. The Charity contributed £33,000 (2016: £39,000) on their behalf.

The number of full and part-time employees, calculated on a monthly average basis, was;

	GROUP		CHARITY	
	2017 number	2016 number	2017 number	2016 number
Staff	1,854	1,846	1,485	1,528

## Real Life Options

### Notes forming part of the financial statements for the year ended 31 March 2017

#### 8 Directors' Remuneration

#### GROUP

	£'000 2017	£'000 2016
Directors' emoluments	367	510
Company contributions to defined contribution pension scheme	23	34
	<u>390</u>	<u>544</u>

There were 3 directors in the group's defined contribution pension scheme (2016 - 5). None of the directors accrued benefits under the group's defined benefit pension scheme during the year (2016 - none).

Other than the directors, there are not considered to be any other employees who are key management.

Emoluments of the highest paid director were £139k (2015 - £182k). Company pension contributions of £10k (2016 - £10k) were made to a defined contribution pension scheme on their behalf.

Under the Articles of Association the charity is allowed to remunerate non-executive trustees for their duties.

In the year ended 31 March 2017, David Wilkin was the only non-executive trustee paid by the charity for his duties as Chairman of the charity. In the year end 31 March 2017 he was paid £12k (2016 - £10k).

Director's remuneration of £367k (2016 - £510k) was paid to 5 (2016 - 5) trustees in their capacity as executive directors.

Trustees are reimbursed for expenditure incurred in attending trustees meetings or visiting the Group's home and facilities in their roles as Trustees. In the year to 31 March 2017, costs totalling £1,432 (2016 - £1,169) were reimbursed to 2 (2016 - 3) Non-Executive Trustees.

#### 9 Indemnity insurance

The Charity purchases Directors and Officers Liability insurance. The cost of the premium in the year was £1,369 (2016: £1,325).

#### GROUP

#### 10 Goodwill

	£'000 2017	£'000 2016
Cost as at the start of the year	3,830	3,830
Additions in the year	-	-
Cost as at 31 March 2017	<u>3,830</u>	<u>3,830</u>
Accumulated Amortisation as at the start of the year	1,069	614
Amortisation in the year	372	455
Accumulated Amortisation as at 31 March 2017	<u>1,441</u>	<u>1,069</u>
Net book value as at 31 March 2017	<u>2,389</u>	<u>2,761</u>

Goodwill in the company represents the historic goodwill on the purchase in 2011 of the trade and assets from the administrators of Choices Community Care Services Ltd (in administration), a care provider operating in Scotland. The movement in the year is amortisation of £48,000.



## Real Life Options

### Notes forming part of the financial statements for the year ended 31 March 2017

#### 11 Tangible fixed assets

	Freehold Land & Buildings £'000	Leasehold Improvements £'000	Fixtures & Fittings £'000	Motor vehicles £'000	Computers £'000	Assets in the course of construction £'000	TOTAL £'000
<b>GROUP</b>							
<b>Cost</b>							
At 1 April 2016	4,412	117	164	33	1,155	-	5,881
Additions	-	-	-	-	7	50	57
Disposals	(137)	-	-	-	-	-	(137)
<b>At 31 March 2017</b>	<b>4,275</b>	<b>117</b>	<b>164</b>	<b>33</b>	<b>1,162</b>	<b>50</b>	<b>5,801</b>
<b>Depreciation</b>							
At 1 April 2016	150	53	149	30	1,042	-	1,424
Provided during the year	60	10	13	3	67	-	154
Disposals	(7)	(1)	-	-	-	-	(7)
<b>At 31 March 2017</b>	<b>204</b>	<b>62</b>	<b>162</b>	<b>33</b>	<b>1,109</b>	<b>-</b>	<b>1,570</b>
<b>Net Book Value</b>							
<b>At 31 March 2017</b>	<b>4,071</b>	<b>55</b>	<b>2</b>	<b>-</b>	<b>53</b>	<b>50</b>	<b>4,231</b>
At 31 March 2016	4,262	64	15	3	113	-	4,457
<b>CHARITY</b>							
<b>Cost</b>							
At 1 April 2016	4,412	117	154	-	1,107	-	5,790
Additions	-	-	-	-	7	50	57
Disposals	(137)	-	-	-	-	-	(137)
<b>At 31 March 2017</b>	<b>4,275</b>	<b>117</b>	<b>154</b>	<b>-</b>	<b>1,114</b>	<b>50</b>	<b>5,710</b>
<b>Depreciation</b>							
At 1 April 2016	150	53	141	-	1,006	-	1,350
Provided during the year	60	10	4	-	67	-	141
Disposals	(7)	(1)	-	-	-	-	(7)
<b>At 31 March 2017</b>	<b>204</b>	<b>63</b>	<b>145</b>	<b>-</b>	<b>1,073</b>	<b>-</b>	<b>1,484</b>
<b>Net Book Value</b>							
<b>At 31 March 2017</b>	<b>4,071</b>	<b>55</b>	<b>9</b>	<b>-</b>	<b>41</b>	<b>50</b>	<b>4,226</b>
At 31 March 2016	4,262	64	13	-	101	-	4,440

## Real Life Options

### Notes forming part of the financial statements for the year ended 31 March 2017

#### 12 Investment properties

	Group		Charity	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Opening Balance	225	-	225	-
Reclassified from Freehold Property	-	190	-	190
Revaluation	-	35	-	35
	<u>225</u>	<u>225</u>	<u>225</u>	<u>225</u>

The investment property was valued at 31 March 2016 by Nuttal Parker, Chartered Surveyors, Newport, South Wales. The trustees consider that this valuation remains appropriate for the year ended 31 March 2017.

#### 13 Investment in subsidiaries

	£'000	£'000
	2017	2016
Cost and netbook value as at the start of the year	4,322	4,447
Additions in the year	-	-
Impairment in year	-	(125)
Cost and net book value as at 31 March 2017	<u>4,322</u>	<u>4,322</u>

Subsidiary	Control %	Co Number	Registered office
1st Home Care Limited	100	SC272838	128 Burnbank Road, Falkirk, FK2 7PE
Orchard Care Services Limited	100	05767436	David Wandless House, A1 Business Park, Knottingley Road, Knottingley, WF11 0BU
Lowland Care Services Limited	100	SC236443	128 Burnbank Road, Falkirk, FK2 7PE
Alpha Homecare (Scotland) Limited	100	SC263919	128 Burnbank Road, Falkirk, FK2 7PE
RLO Orchard Care Limited	100	08164674	David Wandless House, A1 Business Park, Knottingley Road, Knottingley, WF11 0BU
Senior Service (Edinburgh) Limited*	100	SC312050	128 Burnbank Road, Falkirk, FK2 7PE
Real Life Options (Cymru) Limited	100	08165205	David Wandless House, A1 Business Park, Knottingley Road, Knottingley, WF11 0BU

All subsidiaries are involved in the provision of care services.

\* Denotes that the 100% control is indirect via Lowland Care Services Limited.

Of the above named subsidiaries only 1st Home Care Limited is considered to be material to the operations of the group. Its income and expenditure for the year ended 31 March 2017 was as follows:-

	2017	2016
	£'000	£'000
Turnover	5,554	2,895
Cost of Sales	(4,549)	(2,469)
Gross Profit	<u>1,005</u>	<u>426</u>
Administrative expenses	(675)	(297)
Operating profit	330	129
Interest payable and similar charges	-	1
Profit on ordinary activities before tax	<u>330</u>	<u>128</u>
Taxation	(66)	(19)
Profit after tax	<u>264</u>	<u>109</u>

The aggregate of the assets liabilities and funds was :-

	2017	2016
	£'000	£'000
Assets	2,188	1,620
Liabilities	(556)	(251)
Reserves	<u>1,632</u>	<u>1,369</u>

## Real Life Options

### Notes forming part of the financial statements for the year ended 31 March 2017

#### 14 Debtors

	Group		Charity	
	2017	2016	2017	As restated 2016
	£'000	£'000	£'000	£'000
<b>Amounts due within one year</b>				
Trade debtors	2,233	1,878	1,789	1,545
Amounts due from subsidiary undertakings	-	-	100	355
Other debtors	620	382	421	156
Prepayments and accrued income	1,475	1,210	1,203	1,172
<b>Total</b>	<b>4,328</b>	<b>3,470</b>	<b>3,513</b>	<b>3,228</b>

The impairment loss recognised in the Group's Statement of Financial Activities for the period in respect of bad and doubtful trade debtors was £195,000 (2016: £11,000). The impairment loss recognised in the charity's Statement of Financial Activities for the period in respect of bad and doubtful trade debtors was £193,000 (2016: £10,000).

#### 15 Property held for resale

	Group		Charity	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
<b>Property held for resale</b>	<b>-</b>	<b>233</b>	<b>-</b>	<b>233</b>

The charity owned a residential building in Wales that was operated as a care home. The building was sold during the year ended 31 March 2017 for £266,000.

#### 16 Creditors: amounts falling due within one year

	Group		Charity	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	540	482	540	482
Trade creditors	464	608	413	562
Other taxes and social security	515	466	421	403
Accruals and deferred income	1,925	2,345	1,737	2,181
Other creditors	527	237	330	110
Amounts due to subsidiary undertakings	-	-	889	970
Obligations under finance leases due within 1 year	-	-	-	-
Corporation tax payable	70	19	-	-
	<b>4,041</b>	<b>4,157</b>	<b>4,330</b>	<b>4,708</b>

For a number of service users, the charity is an appointee for the purposes of benefit claims with the Department for Work and Pensions. The charity claims benefits on behalf of the service users and manages bank accounts opened specifically for the purpose on behalf of the claimant. In addition, the charity works with service users in supported living by managing shared resources in bank accounts. The total amount of money controlled by the company under these arrangements is £2,093k (2016 £2,086k). This is not included within the charity or group funds.

#### 17 Deferred income

	Group		Charity	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Balance at 1 April	512	170	512	170
Amount released to income	(512)	(170)	(512)	(170)
Amount deferred in the period	183	512	183	512
<b>Balance at 31 March</b>	<b>183</b>	<b>512</b>	<b>183</b>	<b>512</b>

## Real Life Options

### Notes forming part of the financial statements for the year ended 31 March 2017

#### 18 Creditors: amounts falling due in more than one year

	Group		Charity	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Bank Loans	<u>2,264</u>	<u>3,148</u>	<u>2,264</u>	<u>3,148</u>
<b>Loans and overdrafts</b>				
Repayments fall due as follows				
Within one year	540	482	540	482
In the second to fifth year inclusive	2,264	2,482	2,264	2,482
After 5 years	-	666	-	666
Total loans and overdrafts	<u>2,804</u>	<u>3,630</u>	<u>2,804</u>	<u>3,630</u>

The bank loans are secured by specific charges over the Group's properties and floating charges on all of the Group's assets and are repayable at varying rates of interest.

#### 19 Financial Instruments

	Group	
	2017	2016
	£'000	£'000
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>4,704</u>	<u>4,309</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>5,720</u>	<u>6,820</u>

Financial assets measured at amortised cost comprise cash, trade and other debtors.

Financial liabilities measured at amortised cost comprise bank loans, trade and other creditors and accruals.

#### 20 Provisions for liabilities and charges

	Group	
	2017	2016
	£'000	£'000
Provision for Deferred Tax	<u>19</u>	<u>31</u>

The deferred taxation creditor is made up as follows

	Group	
	2017	2016
	£'000	£'000
Accelerated Capital Allowances	19	31
Short Term Timing Differences	<u>19</u>	<u>31</u>

## Real Life Options

### Notes forming part of the financial statements for the year ended 31 March 2017

#### 21 Other financial commitments

At 31 March 2017 the group had commitments under non-cancellable operating leases as follows:

	CHARITY Land and Buildings		CHARITY Equipment	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Expiry date:				
Within one year	186	164	152	191
Between two and five years	247	247	202	188
In more than 5 years	-	44	1	-
	<u>433</u>	<u>455</u>	<u>355</u>	<u>379</u>

	GROUP Land and Buildings		GROUP Equipment	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Expiry date:				
Within one year	186	164	159	198
Between two and five years	247	247	214	205
In more than 5 years	-	44	1	-
	<u>433</u>	<u>455</u>	<u>374</u>	<u>403</u>

#### 22 Statement of funds

All funds are unrestricted. A figure of £222,000 (2016 £179,000) has been designated within the unrestricted reserves for furniture and equipment repairs and replacement.

#### 23 Related party transactions

The charity has taken advantage of the exemption conferred by section 33.1A of FRS102 not to disclose transactions with wholly owned subsidiaries.

## Real Life Options

### Notes forming part of the financial statements for the year ended 31 March 2017

#### 24 Pension scheme obligations- Defined Contribution Schemes

Pension costs charged in the SOFA represent the contributions payable by the charity in the year. No amounts were outstanding at the year end.

A number of employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales.

The scheme is not designed to be run in a way that would enable the group to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the group of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the period between formal valuations is four years, with approximate assessments in intervening years.

##### a) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2017, is based on valuation data as 31 March 2014, updated to 31 March 2017 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in FRS 102 and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

##### b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The Scheme Regulations allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

##### c) Scheme provisions

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

- The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.
  - With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This provision is known as "pension commutation".
  - Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) has been used and replaced the Retail Prices Index (RPI).
  - Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.
- For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

~~Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.~~

## Real Life Options

Notes forming part of the financial statements for the year ended 31 March 2017

### 25 Taxation

Corporation Tax	Group 2017 £'000	2016 £'000
Charge for year	71	-
Adjustment in respect of prior periods	11	19
<b>Total</b>	<b>82</b>	<b>19</b>
<b>Deferred Tax</b>		
Origination and reversal of timing differences	(2)	52
Adjustments in respect of prior periods	(9)	(54)
Change to tax rates	(1)	2
	<b>(12)</b>	<b>-</b>
<b>Total</b>	<b>70</b>	<b>19</b>
Net incoming resources before other recognised gains, losses and transfers	584	428
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20%	117	86
Income not subject to tax	(125)	(102)
Expenses not deductible for tax purposes	76	92
Adjustments in respect of prior periods	2	(35)
Other differences leading to an increase/(decrease) in the tax charge	-	11
Change to tax rates	-	1
Unrelieved tax losses carried forward	-	12
Group Relief	-	(46)
<b>Total</b>	<b>70</b>	<b>19</b>

## **Real Life Options**

### **Notes forming part of the financial statements for the year ended 31 March 2017**

#### **26 Post Balance Sheet Events**

On 1 April 2017 the entire trading activities and net assets of Lowland Care Services Limited, Alpha Care (Scotland) Limited and Senior Service (Edinburgh) Limited were transferred to 1st Homecare Ltd. Lowland Care Services Limited, Alpha Care (Scotland) Limited and Senior Service (Edinburgh) Limited are not currently active.

#### **27 Transfer of contracts**

On 1 April 2016 the commercial contracts and employees of Lowland Care Services Limited, Alpha Care (Scotland) Limited and Senior Service (Edinburgh) Limited were transferred to 1st Homecare Ltd. 1st Homecare Limited entered into novated contracts for the delivery of the care services with local authorities and other customers.

#### **28 Prior year adjustment**

In the prior year financial statements the charity's subsidiary, Lowland Care Services Limited, made an incorrect gift aid payment of £21,875. At the time of the payment the company did not have sufficient distributable reserves and therefore this has been reversed.

The incorrect payment resulted in unrestricted funds of the charity and net income being overstated by £21,875 and debtors being understated by the same amount.