

Company 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 2018**

**REAL LIFE OPTIONS**  
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**COMPANY INFORMATION**

<b>Directors</b>	G J Collingham	Resigned 24 September 2018
	R A Hendry	
	A N Kirkby	Resigned 1 February 2018
	J McDonald	Resigned 29 March 2018
	D Wilkin	
	V Simon	Resigned 29 March 2018
	L Tully	Appointed 28 September 2017
		Resigned 11 December 2017
	I Hardcastle	Appointed 28 September 2017
		Resigned 7 May 2018
	J R Swales	Appointed 24 September 2018
	H Mounsey	Appointed 24 September 2018
<b>Company Secretary</b>	S J R Left	
<b>Registered Number</b>		02699638
<b>Charity Commission Charity Number</b>		1156258
<b>Office of the Scottish Charity Regulator Number</b>		SCO45939
<b>Registered Office</b>	David Wandless House A1 Business Park Knottingley Road Knottingley West Yorkshire WF11 0BU	
<b>Independent Auditor</b>	BDO LLP 3 Hardman Street Spinningfields Manchester M3 3AT	

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**REAL LIFE OPTIONS AND SUBSIDIARY COMPANIES**

**GROUP STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**INTRODUCTION**

The Real Life Options Group, ("the Group"), has a rich history of delivering exceptional care and support for over 25 years to people with learning disabilities and other needs in England, Scotland and Wales.

When the organisation applied for charitable status in 2014 it set out its objectives as being the relief of those in need by disability. The Trustees have reviewed the Articles of Association and adopted new Articles that extend the objectives to a wider group which now includes those requiring relief because of youth, age, ill-health, financial hardship and other disadvantage. As part of the review, the Trustees have also modified the governance of the charity. An explanation of these changes is included later in this report.

The Charity's main activities in relation to its objects and for the public benefit are the provision of tailored, person-centred care and support to people who have been identified by local authorities as qualifying for publicly funded services.

The Trustees have had due regard to the guidance published by the Charity Commission on public benefit in directing the Charity's activities.

Following a detailed review in 2016/17, the charity's Vision, Purpose and Values are kept under continue review to ensure they are embedded in all that 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**

Focus on respect, honesty, responsibility and excellence.

During 2017/18, RLO started a process of reconfirming these statements leading to a strategic programme starting in 2018 to strengthen RLO's portfolio of services offered.

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**Achievements and Performance**

Real Life Options was founded on strong values that always put the people we support first so that they are always enabled to live their lives as they choose. That approach remains as true today as when the organisation first began and our values of respect, honesty, responsibility and excellence underpin our person-centred approach and help us work towards our vision of enabling every person to achieve their potential – whether they are someone we support or a member of staff.

We are continually looking at ways to enhance the experience of our beneficiaries and welcome the recent government initiative Quality Matters. This England initiative highlights the need for all multi-disciplinary teams, including providers, to put the needs of the person being supported at the centre. Likewise, the new Care Standards in Scotland and Key to Life Outcomes also underpin our approach to continually driving quality across all our services.

One way we enable this at the Real Life Options Group is to work closely with every person we support to develop their own person-centred plan. This identifies their dreams and aspirations and outlines how we can best deliver flexible, safe, 'active support'. Our Wheel of Support demonstrates the support planning process that underpins our approach. Throughout the Group there are many success stories of this effective approach enabling people to achieve greater independence, confidence and social inclusion.

As noted below, our charitable objects have been revised this year, and we have widened the range of potential beneficiaries. Our purpose is to provide relief to those that are in need through the provision of excellent care and support. We provide over 50,000 hours of care each week, working with 35 different local authorities throughout England and Scotland.

**We support:**

- People with learning disabilities or autism
- People with complex needs
- People with challenging behaviours
- People with physical disabilities
- People with sensory disabilities
- People with dementia
- Older people needing support
- People requiring palliative care
- People with a history or risk of offending

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**Achievements and Performance (continued)**

We are an innovative provider of a range of service models which allow for individualised support packages including:

- Individual and multi occupancy tenancies with 24 hour support
- Supported living models
- Personalised 1:1 outreach
- Residential care homes
- Vocational day opportunities
- Short breaks
- Respite Support
- End of life care

Although every person we support has a different experience, we are proud of the opportunities that we have been able to offer. These have included horse riding, competitive cycling, sponsored walks, community events and fire safety awareness. The people we support have also benefitted from the clear focus on their needs which has led to new ways of working and providing specific training for staff that improves their day to day experiences. An initiative, recommended by Positive Behavioural Support Practitioner and Regional Head of Operations for Yorkshire and the North East Tracy Connelly, saw the introduction of Active Support at two services in her region. The aim of Active Support is to ensure that people with even the most significant disabilities have ongoing, daily support to be engaged in a variety of life activities and opportunities of their choice. Staff involved in the pilot scheme received intensive training in partnership with the Association for Real Change (ARC) to learn how to support people with the right level of assistance. Changing the culture in a scheme from a caring environment to caring and enabling has led to major positive results in a relatively short time. Real Life Options has been encouraged by the progress made and plans to introduce the Active Support approach to additional services during 2019.

We have expanded our service delivery, with a significant new supported living service in Oxford that offers a high level of independence and security and consists of ten flats, accommodating fifteen people in total. The flats were specially designed to accommodate a wide range of needs for people with learning disabilities, and they are flexible and spacious throughout. The flats are serviced by a lift and they all have wide doorways which are accessible for wheelchairs and incorporate underfloor heating which provides a constant temperature.

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**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 Charity Commission's guidance on 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. We deliver professional, innovative and effective customer-focused services with the aim of improving the quality of life of the people with whom we work 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,
- enhancing economic well-being.

**Operating Subsidiaries**

Following a thorough review of the opportunities and risks of working with a small service in Wales, and after consulting with the families of the people we were supporting, the Board, through the subsidiary's management structure, took the decision to terminate the activities of RLO Cymru. The service had been reduced to one supported living service in Newport in a property owned by RLO, following the disposal of another property in the year ended 31 March 2017.

A local housing association took on responsibility for the property and in early October 2017 the support services were transferred to a local care and support provider. The staff team working at the Conifers were supported through the process by the Human Resources team and transferred to the new provider under TUPE arrangements.

**Financial Review**

In the year to 31 December 2018, group turnover increased by 5.3% from £39,714k to £41,836k, driven by growth in services in RLO as the subsidiaries contracted by £200k in the year to £5,667k. RLO increased income by 6.7% from £33,387k to £36,103k.

Net incoming resources before other recognised gains, losses and transfers in the charity increased by 52% from £623K to £947k.

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**Financial Review (continued)**

There is no single factor that explains the change in performance over the year. There has been an increase in activity throughout England and Scotland, with new services generating additional income. Fee levels have increased largely in response to the increase in the National Minimum Wage and Scottish Living Wage, although not all local authorities have responded promptly or comprehensively to the increase in the rates that we are obliged to pay. A concentrated effort resulted in a 22% reduction in the cost of agency staff, and the recruitment and retention of staff to further reduce the dependency on agency staff remains a key target for the organisation.

Operating costs reduced by £318k making a significant contribution to the overall result for the year. Interest costs were £23.5k lower in the year as short term borrowing was reduced and debt was repaid in line with scheduled repayment and following disposal of property and consequent redemption of mortgages.

There was a shift of 14% in our market segmentation towards supported living and housing support and a reduction in our residential care provision of 16.5%. In West Lothian, residential care homes were transformed into supported living services under a new financial framework. The implementation of an action plan in Birmingham to maintain sustainability included staged closure of 4 residential homes at the beginning of 2017 which has resulted in income loss of approximately £1.2m.

New supported living packages in Glasgow, Aberdeenshire, Warwickshire and Hope House in Oxford have contributed to the improvement in financial performance during the year. There has been an increase in Care at Home provision through the East Lothian Care at Home and Housing Support Framework and the subsequent transfer from the British Red Cross in July 17 and the provision of support at home in Falkirk.

We continue to discuss the need for fee rates that ensure quality provision and sustainable services for the people we support. Over-capacity and voids continue to drain resources and we are continuing to work with commissioners in both England and Scotland to ensure that we are in a position to continue to provide effective and economic services.

England achieved growth of 6.2% in contrast to a 16% decline in the previous two years. We are carefully reviewing our services in London and since the year end have closed a day service in London as a consequence of low take up and the withdrawal of funding by the local authority. The lack of new referrals to the services, the accommodation on offer and the difficulty of recruiting and retaining staff are all factors that have resulted in the need to reassess what we should be offering in London.

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**Financial Review (continued)**

In Birmingham, the transition to a new framework since the end of the year has been fairly slow. During the year under review, fees in Birmingham did not reflect our view of the needs of the people we support. This combined with the lack of referrals to occupy the rooms available in the care homes, which largely a result of an aging client group, has resulted in under budget performance.

**Balance Sheet**

During the year, RLO sold its investment property in Wales, which was occupied by people receiving a supported living service from RLO Cymru. The property was sold to a housing association that operates in Newport and the care service was transferred to a local support provider at the same time. RLO repaid the long term borrowing secured on this property on disposal.

Debt collection remains strong and the relationship with local authorities that commission our services ensures strong cashflow. Our relationship with our long term lenders remains strong and through the year debt has been repaid in accordance with the agreed schedules. Short term cashflow requirements are met by RBS Invoice Financing.

There has been no substantial investment in property or equipment during the year. We have implemented a new HR and Payroll system during the year.

**Taxation**

The activities of the charity fall within the exemptions conferred by sections 505 and 506 of the Income and Corporation 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 there has not been a declaration of any donations that will qualify for gift aid relief to the parent charity, but the accounts have been prepared on the assumption that the gift will be made and corporation tax relief granted.



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**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 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 between the following limits:

- A minimum amount equivalent to one month operational expenditure (8% of annual budgeted expenditure)
- A maximum amount equivalent to six months operational expenditure (50% of annual budgeted expenditure).

Monthly expenditure by the charity is approximately £3.1m per month.

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

Based on this policy and a consistent approach to last year the Charity had reserves as restated of £6,163k at 31 March 2017. At 31 March 2018 reserves had increased to £7,460, falling within the current target band at approximately 2.4 months of expenditure.

The Board of Trustees will 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. The Trustees recognise that investment in trading subsidiaries and operational assets ties up funds that would otherwise be available for spending, but have concluded that funds do not need to be set aside for a specific purpose at this time and that additional funds are not required to meet future commitments.

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**Sleeps**

In November 2017, HMRC published the details of the Social Care Compliance Scheme (SCCS) an initiative that allowed Care providers the opportunity to review payments to staff to ensure that they were compliant with the National Minimum Wage. The SCCS gave Care providers an opportunity to review payments to staff, particularly those related to time spent on a sleep-in shift ("Sleep") to ensure that minimum wage regulations had been complied with. Real Life Options joined the SCCS in December 2017 to ensure that it was in the best possible position to be fair to employees and to avoid any potential penalties arising from the non-payment of minimum wage.

Since early 2015, RLO has been making additional payments to staff to meet the relevant NMW practice guidelines, following the guidance of the Department for Business, Energy and Industrial Strategy.

In July 2018, the Court of Appeal issued a judgment that overturned the decision of the Employment Appeal Tribunal. The Court of Appeal decided that workers on Sleeps were only entitled to have their hours counted for NMW purposes when they were (and were required to be) awake for the purpose of performing some specific activity. The SCCS continues to operate and requires the outcome of the review of National Minimum Wage compliance to be reported by the end of December 2018.

The SCCS represented a considerable risk to the company, but the steps that the company took to improve pay for staff completing Sleeps after the earlier Employment Appeal Tribunal decisions and the decision by the Court of Appeal means that the threat of an additional payment to staff is not expected to materialise.

Local Authority attitudes to the appropriate payment to make to staff for Sleeps are still developing and we will continue to assess and meet the agreed needs of the People we Support, whilst working within our contractual commitments.

**Governance**

Following on from the work that the Board and management of RLO completed on Vision, Purpose and Values, in 2017/18, the Board undertook a review of the charitable objects and governance structures which led to the Charity Commission giving consent under s198 of the Charities Act 2011 to changes to the charity's objects and governance clauses in the Articles of Association.

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**Governance (continued)**

The objects of the charity changed from

*"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*

- Accommodation, or*
- Care and support services (whether peripatetic, domiciliary or otherwise)."*

To

*"The Charity's objects are the relief of those in the United Kingdom who are in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage."*

The Board recognised Real Life Options' history as a not-for-profit company of supporting people with learning disabilities. When RLO applied for charitable status, supporting people with disabilities was still at the core of the organisation's activities. Over time, the market in which RLO operates has developed. For RLO to maintain its strong position as a partner of the people we support, local authorities and families in providing care and support services the Trustees sought and were granted permission to extend the charity's power to provide care and support to a wider range of people. Without this extension, RLO could have been excluded from bidding for contracts and tenders which include both people with disabilities and people with one of the other attributes identified.

The wider powers will give the charity the opportunity to utilise its skills and experience in providing care and support to more people in need, including the young, the old and the sick. In future, when local authorities invite bids for comprehensive care and support services, including people with a wider range of needs we will be able to respond to all needs.

The focus of the charity's effort will continue to be care and support for those who need it, particularly people with a learning or other disability.

When making the decision, the Trustees were mindful of the Charity Commission's view that the change should not be to the detriment of existing beneficiaries.

Further changes were made in relation to the benefits that were available to Trustees of the charity through employment opportunities. The Articles that were approved by the Charity Commission at first registration required Trustees to be Members and Executive Directors to be Trustees and therefore Members.

Following current guidance on charity governance, the Board decided that a governance model that separated the roles of members, trustees and executive directors would provide the accountability and oversight that the charity needed.

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**Governance (continued)**

New clauses within the Articles of Association deal with the qualification, appointment and roles of Members and Trustees. In order to facilitate the transition to the new structure, members were appointed to meet the legal requirements and further recruitment will take place to extend the membership group. The new constitution allows the appointment of people we support, their families, employees, former employees and volunteers as members.

The Board have reviewed the membership of the Board following the restructure which required all of the Executive Directors to resign their positions as the new articles were adopted. The charity has been granted, but not exercised, the power to appoint employees to a Trustee role so that it may gain the advantage of including talented people with a pivotal role in RLO's strategic oversight and leadership. The new articles

- recognise the guidance issued by the Charity Commission about the potential conflict of interest,
- require a full record of the decision making process and
- exclude the director being considered for appointment from any part of meetings that discuss employment terms.

Throughout the process the Board considered the impact on the beneficiaries of the charity and concluded that the changes were in the charity's best interests because the new provisions created closer control over trustee benefits, clearly set out selection and appointment processes, give the Trustees more control over the activities of the charity and introduced an additional layer of oversight.

**Volunteers**

Almost all of the work performed by the Charity is by paid employees. During the year family members and members of the communities near to our services have contributed through fund-raising and taking part in local activities. We are clear that volunteers could play a more significant and rewarding role in enhancing the life experience of the people we support and we are looking carefully at how we can develop the contribution that volunteers could make to achieving the organisation's objectives.

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**Plans for future periods**

The availability of funding to provide excellent levels of care for people with disabilities and the wider group of beneficiaries that the charity is now able to support remains a key area of concern for the organisation.

The pressure on local authorities to get more impact for less money is very real and continues to increase. In response to the demands of the people that need support, we are looking for new ways of working with commissioners to deliver tailored and person-centred support as efficiently as possible. We are developing the skills of our workforce and the culture of the organisation so that we can adapt to meet the demands of the commissioners and provide measurably improved outcomes for the people we support. We recognise that there are fee pressures and the constraints of tighter regulation to take into account, but we will work to take advantage of the opportunities available to us to develop better community connections and address the needs of people with complex propositions as well as developing our standard operating models for person-centred care.

We are a people based business. People are at the centre of what we do, and we have almost as many employees as people we support. Creating the working conditions that attract and retain employees will improve the quality of the service we provide and improve our efficiency. We will identify areas where we can broaden our service proposition, taking advantage of the wider objects that have been adopted in our new articles of association. We have a skilled workforce who have repeatedly demonstrated that they build on strong relationships with the people we support, and our aim is to continue to achieve a wage rate that is above the minimum entitlement and reflects the skills and experience required to deliver excellence in all areas.

With the overarching principle of protecting our wide range of stakeholders we are developing a series of work streams in 7 key themes involving our senior leaders:

- Service User Experience
- Employee Focused
- Community Connection
- Environmental and Social Responsibility
- Operational Excellence
- Optimal Systems and Processes
- Building a Sustainable Business

Underpinned by an ethical approach, decisions about innovation and development will be aligned to the organisation's vision, purpose and values and support sustainable growth. A sense check on proposed changes will challenge project groups to demonstrate that a review in 2023 would justify any decisions that are made. The approach is inclusive and requires all stakeholders to be involved in the development process.

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**Plans for future periods (continued)**

We recognise that the operating environment is not easy, and there will be a need to optimise our cost base, operate efficiently and generate reserves to ensure the sustainability of the organisation.

**Principle Risks and Uncertainties**

The Trustees review the risks facing the organisation at each meeting and are satisfied that major risks have been identified through a Risk Register and that appropriate systems and procedures for managing those risks are in place or are actively being developed.

The main areas of risk identified during the year were in relation to:

- Fee income not covering the cost of delivering excellent services to people we support
- Services making continuing losses
- Failure to recruit and retain suitable qualified staff, particularly in light of Brexit.
- Failures in policy relating to employment, including staff safety, national minimum wage and working time directive compliance
- Consequences of reliance on agency staff
- Impact on the supply chain following Brexit

Effective management and control procedures have been put in place by the Trustees and management including

- Strong financial and management information and control procedures, including regular business planning and quality management processes
- Regular review of services and implementation of innovative approaches to promote choice and control by the people we support
- Appropriate insurance measures
- Implementation of strategies and plans to mitigate risks including consultation and co-operation through relevant sector bodies
- Development and review of relevant policies and processes that support good outcomes
- Development of functional support through business partners to support operational management in their day to day responsibilities.

The key financial risk relates to the liquidity of the group and meeting liabilities as they fall due. Strong credit control and responsible liability management are key elements in the cashflow monitoring process. The company does not operate any complex financial instruments and has repaid secured debt through the year. The group does hold some funds on behalf of people we support, in its capacity as corporate appointee.

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**Reference and Administrative Details**

Registered Charity in England and Wales	– 1156258
Registered Charity in Scotland	– SCO45939

**Structure Governance and Management**

**Constitution**

The organisation is a company limited by Guarantee. The organisation's governing document is the Articles of Association updated on 29 March 2018. The liability of each member of RLO is £1. There are a minimum of 6 members and a maximum of 12 members. Only one non-executive and one senior manager of the company can be a member at any time.

The Articles require a minimum of 3 non-executive Directors (who are also Trustees) and a maximum of 8 non-executive Directors. The articles allow for the appointment of 2 Executive Directors as Trustees.

The Board reviews its own operation effectiveness and governance annually to ensure that it is meeting the needs of the organisation and complying with regulation.

**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 and Director of Finance in attendance.

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

The Charity purchases Directors and Officers Liability insurance. The cost of the premium in the year was £1120 (2017 £1,369).

**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). Shortlisted applicants are appointed only where they have the necessary skills and qualities to contribute effectively to the organisation's management and development.

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**Recruitment and appointment of new Trustees (continued)**

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.

- 1st 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.
- Real Life Options (Cymru) Limited provided similar services in Wales to those of Real Life Options. In 2017 trading was 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 service 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 31 March 2016 and transferred their activities to 1st Homecare Limited.



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**Staff Management**

During the year under review the Executive Management Team (EMT), led by the Chief Executive was reorganised into a Leadership Team comprising:

- Chief Executive,
- Director of People and Enablement,
- Director of Finance & Company Secretary,
- Director of Operations, England & Wales
- Director of Operations, Scotland and NI
- Executive Director, Strategy.

The Chief Executive has overall responsibility for all operational matters and reports directly to the Board of Trustees on a regular basis. There have been some changes during the year and we recognise the contribution to the success of the organisation of Azra Kirkby as Trustee, Interim Chief Executive, Deputy Chief Executive and Finance Director.

Ian Hardcastle resigned his position as Trustee in May 2018 so that he could take up the position of Director of People and Enablement.

Vivien Simon and John McDonald stepped down as Executive Trustees in March 2018 following the adoption of the new Articles of Association. Vivien Simon is Director of Operations, England & Wales. John McDonald was Director of Operations, Scotland and NI, and is now Executive Director Strategic Development. Jean Trench is Director of Operations, Scotland and NI. The Director of Finance and Company Secretary is Simon Lett.

**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 will 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 success and consequently we take our obligations to those people very seriously.

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**Modern Slavery Act 2015 - Modern Slavery and Human Trafficking Statement (continued)**

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 our website.

**Gender Pay Reporting**

Our gender pay report can be found on the government website.

The mean hourly rate for women is 4.3% lower than men's. In other words when comparing mean hourly rates, women earn 96p for every £1 that men earn. The median hourly rate for women is 3% lower than men's. In other words when comparing median hourly rates, women earn 97p for every £1 that men earn.

Proportion of women in each pay quartile

Top quartile (highest paid)	74% of the top quartile are women
Upper middle quartile	73% of the upper middle quartile are women
Lower middle quartile	73% of the lower middle quartile are women
Lower quartile (lowest paid)	73% of the lower quartile are women
No bonuses were paid.	

**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 received are presented in our accounts as "voluntary income" and include legacies and grants when they are received.

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

The charity is not bound by any undertaking to a 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 reasonable 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**

  
**D Wilkin - Director and Chair of the Trustees**

**17 December 2018**

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

**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 March 2018**

The trustees present their report with the financial statements of the charitable company and the group for the year ended 31 March 2018.

**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 group surplus for the year, after taxation amounted to £756,000 (2017 £549,000).

**Directors**

The directors who served during the year were

D Wilkin	
G J Collingham	Resigned 24 September 2018
R A Hendry	
A N Kirkby	Resigned 1 February 2018
J McDonald	Resigned 29 March 2018
V Simon	Resigned 29 March 2018
L Tully	Appointed 28 September 2017
	Resigned 11 December 2017
I Hardcastle	Appointed 28 September 2017
	Resigned 7 May 2018
J R Swales	Appointed 24 September 2018
H Mounsey	Appointed 24 September 2018

**Employees**

Local arrangements have continued for managers to meet employees and their representatives 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.

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

**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 March 2018**

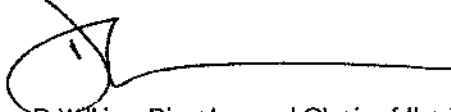
**Statement as to disclosure to auditors**

So far as the directors are aware, there is no relevant information (as defined by section 428 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 to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Auditor**

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

ON BEHALF OF THE BOARD



D Wilkin – Director and Chair of the Trustees  
17 December 2018.

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

**Trustees' responsibilities**

The Trustees are responsible for preparing the Group Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

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

- select suitable accounting policies and then apply them consistently;
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and 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/Charities Act 2011] . They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

**Opinion**

We have audited the financial statements of Real Life Options ("the Parent Charitable Company") [and its subsidiaries ("the Group")] for the year ended 31 March 2018 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2018 and of the Group's incoming resources and application of resources and the Parent Charitable Company's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010.

**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 financial statements section of our report. We are independent of the [Group and the Parent] Charitable Company in accordance with the ethical requirements 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 related 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 financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the [Group 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.

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

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

**Other information**

The other information comprises the information included in the Group Strategic report and the Trustees Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**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' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' Report, have been prepared in accordance with applicable legal requirements.

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

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

**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 its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 requires us to report to you if, in our opinion;

- proper and 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of Trustees**

As explained more fully in the Trustees' responsibilities statement, 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, and for such internal control as the Trustees determines 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.



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

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

### **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 to the Charitable Company's trustees, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charitable Company's members and trustees 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, the Charitable Company's members as a body and the Charitable Company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLC

20/12/18

Hamid Ghafoor (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Manchester, UK  
Date

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 2018

		Unrestricted Funds	Restricted Funds	Designated Funds	2018 TOTAL	2017 TOTAL
	Note	£'000	£'000	£'000	£'000	£'000
<b>Incoming resources</b>						
Incoming resources from charitable activities	3	36,099	-	-	36,099	33,834
Donations		3	-	-	3	-
Other incoming resources:						
Trading subsidiaries income - continuing		5,667	-	-	5,667	5,877
Other income		67	-	-	67	3
<b>Total incoming resources</b>		<b>41,836</b>	<b>-</b>	<b>-</b>	<b>41,836</b>	<b>39,714</b>
<b>Resources expended</b>						
Cost of generating funds						
Trading subsidiaries expenditure		6,014	-	-	6,014	5,916
Charitable activities		35,156	-	-	35,156	33,214
<b>Total resources expended</b>	4	<b>41,170</b>	<b>-</b>	<b>-</b>	<b>41,170</b>	<b>39,130</b>
<b>Net incoming resources before other recognised gains, losses and transfers</b>		<b>666</b>	<b>-</b>	<b>-</b>	<b>666</b>	<b>584</b>
UK Corporation tax	24	90	-	-	90	(70)
Surplus on Disposal of Fixed Assets		-	-	-	-	35
Transfer between funds		(222)	-	222	-	-
<b>Net movement in funds</b>		<b>534</b>	<b>-</b>	<b>222</b>	<b>756</b>	<b>549</b>
Fund balances at 1 April 2017	21	5,484	-	-	5,484	4,935
<b>Total fund balances at 31 March 2018</b>		<b>6,018</b>	<b>-</b>	<b>222</b>	<b>6,240</b>	<b>5,484</b>

The statement of financial activities includes all gains and losses recognised in the year.  
The notes on pages 24 to 46 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 2018

		Unrestricted	Restricted	2018	As restated
		Funds	Funds	TOTAL	2017
	Note	£'000	£'000	£'000	TOTAL
					£'000
<b>Incoming resources</b>					
Incoming resources from charitable activities	3	36,099	-	36,099	33,834
Donations		3	-	3	-
Other income		1	-	1	3
<b>Total incoming resources</b>		<b>36,103</b>	<b>-</b>	<b>36,103</b>	<b>33,837</b>
<b>Resources expended</b>					
Charitable activities		35,156	-	35,156	33,214
<b>Total resources expended</b>	4	<b>35,156</b>	<b>-</b>	<b>35,156</b>	<b>33,214</b>
<b>Net incoming resources before other recognised gains, losses and transfers</b>		<b>947</b>	<b>-</b>	<b>947</b>	<b>623</b>
Gift Aid from Subsidiaries		350	-	350	136
Surplus on Disposal of Fixed Assets		-	-	-	35
<b>Net movement in funds</b>		<b>1,297</b>	<b>-</b>	<b>1,297</b>	<b>794</b>
<b>Fund balances at 1 April 2017</b>	21	<b>6,163</b>	<b>-</b>	<b>6,163</b>	<b>5,369</b>
<b>Total fund balances at 31 March 2018</b>		<b>7,460</b>	<b>-</b>	<b>7,460</b>	<b>6,163</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 2017 related to unrestricted funds.  
The notes on pages 24 to 46 form part of these financial statements

**Real Life Options**  
**Consolidated and Charity Balance Sheets**  
Registered No. 02699638  
as at 31 March 2018

		Group		Charity	
	Note	2018	2017	2018	As restated 2017
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	10	2,017	2,389	166	213
Tangible assets	11	4,218	4,231	4,218	4,226
Investment Properties	12	-	225	-	225
Investments in Subsidiaries	13	-	-	4,322	4,322
		<u>6,235</u>	<u>6,845</u>	<u>8,706</u>	<u>8,986</u>
<b>Current assets</b>					
Debtors:					
Amounts recoverable within one year	14	4,733	4,328	4,029	3,518
Cash at bank and in hand		<u>802</u>	<u>635</u>	<u>372</u>	<u>122</u>
		<u>5,535</u>	<u>4,963</u>	<u>4,401</u>	<u>3,640</u>
<b>Creditors:</b>					
Amounts falling due within one year	15	<u>3,813</u>	<u>4,041</u>	<u>3,930</u>	<u>4,199</u>
<b>Net current assets / (liabilities)</b>		<u>1,722</u>	<u>922</u>	<u>471</u>	<u>(559)</u>
<b>Total assets less current liabilities</b>		<u>7,957</u>	<u>7,767</u>	<u>9,177</u>	<u>8,427</u>
<b>Creditors:</b>					
Amounts falling due after more than one year	17	1,717	2,264	1,717	2,264
<b>Provisions for liabilities and charges</b>	19	<u>-</u>	<u>19</u>	<u>-</u>	<u>-</u>
		<u>1,717</u>	<u>2,283</u>	<u>1,717</u>	<u>2,264</u>
<b>Net assets</b>		<u>6,240</u>	<u>5,484</u>	<u>7,460</u>	<u>6,163</u>
<b>As The notes on pages 24 to 45 form part of these financial statements</b>					
Unrestricted Funds	21	6,018	5,484	7,460	6,163
Restricted Funds		-	-	-	-
Designated Funds		<u>222</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Funds</b>		<u>6,240</u>	<u>5,484</u>	<u>7,460</u>	<u>6,163</u>

The financial statements were approved and authorised for issue by the Trustees on 17/12/18 and signed on their behalf by:

D Wilkin Chair of the Board

The notes on pages 24 to 46 form part of these financial statements

**Real Life Options**  
**Consolidated Statement of Cash flows**  
as at 31 March 2018

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cash flows from operating activities</b>		
<b>Profit for the financial year</b>	<b>756</b>	<b>549</b>
<b>Adjustments for</b>		
Amortisation of Intangible Assets	372	372
Depreciation of Fixed Assets	136	154
Surplus on Disposal of Fixed Assets	-	(35)
Net Interest Payable	81	104
Taxation	(90)	103
Decrease (increase) in debtors	(405)	(858)
Increase (decrease) in creditors	(49)	(226)
Increase (decrease) in provisions	(19)	(12)
<b>Cash from operations</b>	<b>782</b>	<b>151</b>
Interest Paid	(81)	(104)
Taxation Paid	90	(89)
<b>Net cash generated from operating activities</b>	<b>791</b>	<b>(42)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sales of tangible fixed assets	2	435
Proceeds from sale of investment property	225	-
Purchases of tangible fixed assets	(125)	(57)
<b>Net Cash from investing activities</b>	<b>102</b>	<b>378</b>
<b>Cash flows from financing activities</b>		
The notes on pages 24 to 45 form part of these financial statements		
Bank Loans repaid	(726)	(826)
<b>Net cash used in financing activities</b>	<b>(726)</b>	<b>(826)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>167</b>	<b>(490)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>635</b>	<b>1,125</b>
<b>Cash and cash equivalents at end of year</b>	<b>802</b>	<b>635</b>
<b>Cash and cash equivalents comprise</b>		
Cash at bank and in hand	802	635
	<b>802</b>	<b>635</b>

The notes on pages 24 to 46 form part of these financial statements

## **Real Life Options**

### **Notes forming part of the financial statements for the year ended 31 March 2018**

#### **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 2018**

#### **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 Statement of Financial Activities ('SOFA') when the entity is:

- legally entitled to the income, and
- any performance conditions attaching to the income have
- 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 2018**

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

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

In accordance with the Charities SORP (FRS 102), the contribution of volunteers general time 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 2018**

#### **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 2018**

#### **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 2018**

#### **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 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. Further details are disclosed in note 7.

# Real Life Options

## Notes forming part of the financial statements for the year ended 31 March 2018

### 3 Analysis of Income from Charitable Activities

All activity relates to the provision of care 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 2018

	Total	Governance costs	Human Resources & Training	Property Costs	Administration and Finance
	£'000	£'000	£'000	£'000	£'000
Trading subsidiaries expenditure	6,014	9	5,129	138	738
Charitable activities	35,156	85	30,707	1,622	2,742
	<u>41,170</u>	<u>94</u>	<u>35,836</u>	<u>1,760</u>	<u>3,480</u>

#### 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	796
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>3,808</u>

#### CHARITY 2018

	Total	Governance costs	Human Resources & Training	Property Costs	Administration and Finance
	£'000	£'000	£'000	£'000	£'000
Charitable activities	35,156	85	30,707	1,622	2,742
	<u>35,156</u>	<u>85</u>	<u>30,707</u>	<u>1,622</u>	<u>2,742</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>

The notes on pages 24 to 45 form part of these financial statements

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 2018

#### 5 Analysis of support costs

Analysis of governance costs	GROUP		CHARITY	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Audit fees	40	40	30	30
Other financial services including accountancy services	51	18	56	18
Other professional fees	3	136	-	35
	<u>94</u>	<u>194</u>	<u>85</u>	<u>83</u>

#### Audit and Non Audit Services

	GROUP	
	2018	2017
	£'000	£'000
Statutory audit of parent and consolidated accounts	30	30
Statutory audit of subsidiary companies	10	10
Tax Services	25	7
Other Services	26	11
	<u>91</u>	<u>58</u>

#### 6 Other costs and income

	GROUP		CHARITY	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Operating lease rentals	equipment	191	198	191
	land & buildings	164	164	164
Depreciation	owned assets	137	154	131
Loan interest		81	104	104
Amortisation of goodwill		372	372	47
Surplus on disposal of fixed assets		-	35	-

## Real Life Options

### Notes forming part of the financial statements for the year ended 31 March 2018

#### 7 Staff costs

	GROUP		CHARITY	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Wages and salaries	30,856	28,415	26,388	23,872
Social security costs	2,234	1,995	1,969	1,739
Other pension costs - contributions to defined contribution schemes	751	702	697	641
	<u>33,841</u>	<u>31,112</u>	<u>29,054</u>	<u>26,252</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	
	2018	2017	2018	2017
	number	number	number	number
£60,001 - £70,000	1	1	1	1
£70,001 - £80,000	2	2	2	2
£80,000- £90,000	-	1	-	1
£90,001- £100,000	2	-	2	-
£100,001-£110,000	1	-	1	-
£130,000-£140,000	-	1	-	1
£140,001-£150,000	1	-	1	-
	<u>7</u>	<u>5</u>	<u>7</u>	<u>5</u>

All employees earning more than £60,000 contributed to a personal pension scheme. The Charity contributed £51,000 (2017 - £33,000) on their behalf.

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

	GROUP		CHARITY	
	2018	2017	2018	2017
	number	number	number	number
Staff	<u>2,044</u>	<u>1,854</u>	<u>1,644</u>	<u>1,485</u>

The notes on pages 24 to 45 form part of these financial statements

## Real Life Options

### Notes forming part of the financial statements for the year ended 31 March 2018

#### 8 Directors' Remuneration

##### GROUP and Charity

	£'000 2018	£'000 2017
Directors' emoluments	313	367
Company contributions to defined contribution pension scheme	22	23
	<u>335</u>	<u>390</u>

There were 3 directors in the group's defined contribution pension scheme (2017 - 3). None of the directors accrued benefits under the group's defined benefit pension scheme during the year (2017 - none).

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

Emoluments of the highest paid director were £136k (2017 - £139k). Company pension contributions of £9k (2017 - £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 2018, no non-executive trustees were remunerated. 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, amounting to £12k.

Director's remuneration of £313k (2017 - £367k) was paid to 3 (2017 - 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 2018, costs totalling £887 (2017 - £1,432) were reimbursed to 5 (2017 - 2) Non-Executive Trustees.

During the year ended 31 March 2018, there was an amount of £80k paid as compensation for loss of office.

#### 9 Indemnity Insurance

The Charity purchases Directors and Officers Liability Insurance. The cost of the premium in the year was £1,120 (2017 - £1,369).

#### 10 Goodwill

##### GROUP

	£'000 2018	£'000 2017
Cost as at the start of the year	3,830	3,830
Cost as at 31 March	<u>3,830</u>	<u>3,830</u>
Accumulated Amortisation as at the start of the year	1,441	1,069
Amortisation in the year	372	372
Accumulated Amortisation as at 31 March	<u>1,813</u>	<u>1,441</u>
Net book value as at 31 March	<u>2,017</u>	<u>2,389</u>

# Real Life Options

## Notes forming part of the financial statements for the year ended 31 March 2018

### 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 2017	4,275	117	164	33	1,162	50	5,801
Additions	-	44	11	-	70	-	125
Disposals	-	-	(1)	(15)	-	-	(16)
<b>At 31 March 2018</b>	<b>4,275</b>	<b>161</b>	<b>174</b>	<b>18</b>	<b>1,232</b>	<b>50</b>	<b>5,910</b>
<b>Depreciation</b>							
At 1 April 2017	204	62	162	33	1,109	-	1,570
Provided during the year	60	11	10	-	56	-	137
Disposals	-	-	-	(15)	-	-	(15)
<b>At 31 March 2018</b>	<b>264</b>	<b>73</b>	<b>172</b>	<b>18</b>	<b>1,165</b>	<b>-</b>	<b>1,692</b>
<b>Net Book Value</b>							
<b>At 31 March 2018</b>	<b>4,011</b>	<b>88</b>	<b>2</b>	<b>-</b>	<b>67</b>	<b>50</b>	<b>4,218</b>
At 31 March 2017	4,071	55	2	-	53	50	4,231
<b>CHARITY</b>							
<b>The notes on pages 24 to 45 form part of these financial statements</b>							
At 1 April 2017	4,275	117	154	-	1,114	50	5,710
Additions	-	44	9	-	70	-	123
<b>At 31 March 2018</b>	<b>4,275</b>	<b>161</b>	<b>163</b>	<b>-</b>	<b>1,184</b>	<b>50</b>	<b>5,833</b>
<b>Depreciation</b>							
At 1 April 2017	204	62	145	-	1,073	-	1,484
Provided during the year	60	11	4	-	56	-	131
<b>At 31 March 2018</b>	<b>264</b>	<b>73</b>	<b>149</b>	<b>-</b>	<b>1,129</b>	<b>-</b>	<b>1,615</b>
<b>Net Book Value</b>							
<b>At 31 March 2018</b>	<b>4,011</b>	<b>88</b>	<b>14</b>	<b>-</b>	<b>55</b>	<b>50</b>	<b>4,218</b>
At 31 March 2017	4,071	55	9	-	41	50	4,226



## Real Life Options

### Notes forming part of the financial statements for the year ended 31 March 2018

#### 12 Investment properties

	Group		Charity	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Opening Balance	225	225	225	225
Reclassified from Freehold Property	-	-	-	-
Disposal	(225)	-	(225)	-
	<u>-</u>	<u>225</u>	<u>-</u>	<u>225</u>

The investment property was disposed on during the year ended 31 March 2018.

#### 13 Investment in subsidiaries

	£'000	£'000
	2018	2017
Cost and netbook value as at the start of the year	4,322	4,322
Cost and net book value as at 31 March 2018	<u>4,322</u>	<u>4,322</u>

Subsidiary	Control %	Co Number	Registered office
1st Home Care Limited	100	SC272838	12B 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	12B Burnbank Road, Falkirk, FK2 7PE
Alpha Homecare (Scotland) Limited	100	SC263919	12B 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	12B 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.

The notes on pages 24 to 45 form part of these financial statements

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 2018 was as follows:-

	2018	2017
	£'000	£'000
Turnover	5,560	5,554
Cost of Sales	(4,810)	(4,549)
Gross Profit	<u>750</u>	<u>1,005</u>
Administrative expenses	(779)	(675)
Operating (loss)/profit	<u>(29)</u>	<u>330</u>
Interest payable and similar charges	-	-
(Loss)/profit on ordinary activities before tax	<u>(29)</u>	<u>330</u>
Taxation	91	(66)
Profit after tax	<u>62</u>	<u>264</u>

The aggregate of the assets liabilities and funds was :-

	2018	2017
	£'000	£'000
Assets	2,142	2,188
Liabilities	(922)	(556)
Reserves	<u>1,220</u>	<u>1,632</u>

## Real Life Options

### Notes forming part of the financial statements for the year ended 31 March 2018

#### 14 Debtors

	Group		Charity	
	2018	2017	2018	As restated 2017
	£'000	£'000	£'000	£'000
<b>Amounts due within one year</b>				
Trade debtors	2,927	2,233	2,363	1,789
Amounts due from subsidiary undertakings	115	-	275	100
Other debtors	131	620	126	426
Prepayments and accrued income	1,560	1,475	1,265	1,203
<b>Total</b>	<b>4,733</b>	<b>4,328</b>	<b>4,029</b>	<b>3,518</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 £273,000 (2017 - £195,000). The impairment loss recognised in the charity's Statement of Financial Activities for the period in respect of bad and doubtful trade debtors was £268,000 (2017 - £193,000).

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

	Group		Charity	
	2018	2017	2018	As restated 2017
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	361	540	361	540
Trade creditors	684	464	607	413
Other taxes and social security	590	515	537	421
Accruals and deferred income	1,583	1,925	1,396	1,737
Other creditors	595	527	407	330
Amounts due to subsidiary undertakings	-	-	622	758
Corporation tax payable	-	70	-	-
	<b>3,813</b>	<b>4,041</b>	<b>3,930</b>	<b>4,199</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 £2,081k (2017 - £2,093k). This is not included within the charity or group funds.

#### 16 Deferred income

	Group		Charity	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
The notes on pages 24 to 45 form part of these financial				
Balance at 1 April	183	512	183	512
Amount released to income	(183)	(512)	(183)	(512)
Amount deferred in the period	228	183	228	183
<b>Balance at 31 March</b>	<b>228</b>	<b>183</b>	<b>228</b>	<b>183</b>

Deferred income relates to the provision of care services invoiced in advance.

## Real Life Options

### Notes forming part of the financial statements for the year ended 31 March 2018

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

	Group		Charity	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bank Loans	<u>1,717</u>	<u>2,264</u>	<u>1,717</u>	<u>2,264</u>
<b>Loans and overdrafts</b>				
Repayments fall due as follows				
Within one year	361	540	361	540
In the second to fifth year inclusive	1,157	1,373	1,157	1,373
After 5 years	560	891	560	891
Total loans and overdrafts	<u>2,078</u>	<u>2,804</u>	<u>2,078</u>	<u>2,804</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.

#### 18 Financial Instruments

	Group	
	2018	2017
	£'000	£'000
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>4,937</u>	<u>4,704</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>4,525</u>	<u>5,720</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.

#### 19 Provisions for liabilities and charges

	Group	
	2018	2017
	£'000	£'000
Provision for Deferred Tax	<u>-</u>	<u>19</u>

The notes on pages 24 to 45 form part of these financial statements

The deferred taxation creditor is made up as follows

	Group	
	2018	2017
	£'000	£'000
Short Term Timing Differences	<u>-</u>	<u>19</u>

## Real Life Options

### Notes forming part of the financial statements for the year ended 31 March 2018

#### 20 Other financial commitments

At 31 March 2018 the group had commitments under non-cancellable operating leases as follows:

	GROUP		GROUP	
	Land and Buildings		Equipment	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Expiry date:				
Within one year	220	186	140	159
Between two and five years	355	247	179	214
In more than 5 years	-	-	1	1
	<u>575</u>	<u>433</u>	<u>320</u>	<u>374</u>

	CHARITY		CHARITY	
	Land and Buildings		Equipment	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Expiry date:				
Within one year	220	186	132	152
Between two and five years	355	247	170	202
In more than 5 years	-	-	4	1
	<u>575</u>	<u>433</u>	<u>306</u>	<u>355</u>

#### 21 Statement of funds

All funds are unrestricted. A figure of £221,552 (2017 - £222,000) has been designated within the unrestricted reserves for furniture and equipment repairs and replacement.

#### 22 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.

Transactions with Trustees are detailed in note 8.

## Real Life Options

### Notes forming part of the financial statements for the year ended 31 March 2018

#### 23 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 2018, is based on valuation data as 31 March 2014, updated to 31 March 2018 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 2018

### 24 Taxation

Corporation Tax	Group	
	2018 £'000	2017 £'000
Charge for year	-	71
Adjustment in respect of prior periods	(71)	11
<b>Total</b>	<b>(71)</b>	<b>82</b>
<b>Deferred Tax</b>		
Origination and reversal of timing differences	(55)	(2)
Adjustments in respect of prior periods	36	(9)
Change to tax rates	-	(1)
	(19)	(12)
<b>Total</b>	<b>(90)</b>	<b>70</b>
Net incoming resources before other recognised gains, losses and transfers	666	584
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19%	127	117
Income not subject to tax	(179)	(125)
Expenses not deductible for tax purposes	(25)	76
Adjustments in respect of prior periods	(13)	2
<b>Total</b>	<b>(90)</b>	<b>70</b>

## Real Life Options

### Notes forming part of the financial statements for the year ended 31 March 2018

#### 25 Prior year adjustment

The comparative results of the charity have been restated to reclassify a gift aid distribution of £130,516 which was approved and received during the financial year ended 31 March 2017.

The restatement in respect of gift aid payments has also been reflected in the restatement of "amounts owed from/to subsidiary undertakings" balances in the debtors/creditors disclosure in notes 14 and 15.

	Charity 2017 £'000
<b>Reconciliation of equity at 31 March 2017</b>	
Equity at 31 March 2017 as previously reported	6,027
Recognise gift aid distribution	136
<b>Equity at 31 March 2017 as restated</b>	<u>6,163</u>
<b>Reconciliation of debtors at 31 March 2017</b>	
Debtors at 31 March 2017 as previously reported	3,513
Recognise gift aid distribution	5
<b>Debtors at 31 March 2017 as restated</b>	<u>3,518</u>
<b>Reconciliation of creditors at 31 March 2017</b>	
Creditors at 31 March 2017 as previously reported	4,330
Recognise gift aid distribution	(131)
<b>Creditors at 31 March 2017 as restated</b>	<u>4,199</u>

**Reconciliation of equity at 31 March 2017**

Equity at 31 March 2017 as previously reported  
Recognise gift aid distribution

	1st Home Care Limited	Alpha Homecare (Scotland) Limited	Total
	1,632	19	1,651
	(131)	(5)	(136)
	<u>1,501</u>	<u>14</u>	<u>1,515</u>

**Reconciliation of debtors at 31 March 2017**

Debtors/(creditor) at 31 March 2017 as previously reported  
Recognise gift aid distribution

	1,721	(35)	1,686
	(131)	(5)	(136)
	<u>1,590</u>	<u>(40)</u>	<u>1,550</u>

The comparative results have been restated to reclassify a gift aid distribution of £135,934 which was approved and paid during the financial year ended 31 March 2017.

The restatement in respect of gift aid payments has also been reflected in the restatement of "amounts owed by group undertakings" balances.