

Registered charity number: 1084419
Company number (registered in England & Wales): 04053417

The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd
(a company limited by guarantee)

Consolidated financial statements
for the year ended
31 March 2021

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Contents

Report of the trustees	1 - 8
Auditors report	9 - 11
Consolidated Statement of Financial Activities	12
Consolidated Balance Sheet	13
Consolidated Statement of Cash Flows	14
Notes to the financial statements	15 - 23

**Report of the Trustees
for the year ended
31 March 2021**

The trustees present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2021 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Objectives and activities

Objects

The objects of the charity are: "To promote any charitable purpose in particular the relief of poverty, sickness and distress, the advancement of education, the preservation and protection of health, the provision of public works and services and public amenities and facilities for recreation or other leisure time occupation in the interests of social welfare, particularly through the promotion of efficiency and good practice in local government."

The charity's governing documents permit it to do anything lawful that is deemed necessary to promote its objects, including (inter alia): employing staff; promoting, encouraging or undertaking study or research or disseminating the results of such; producing, printing and publishing anything in written, oral or visual media in furtherance of the objects; providing or procuring the provision of services, training, consultancy, advice, support, counselling and guidance in furtherance of the objects or any of them; promoting and supporting such legislative, social and administrative reform as may assist the charity's objects; and, entering into any arrangements with any governments, authorities or any person, company or association necessary to promote any of the charity's objects.

Aims and purpose

Strategic aims of the charity are focused on:

- providing opportunities for local public service leaders to **learn, develop** and to **network** with each other and with contemporaries from other areas of public life;
- **influencing** debates about the future of public services, to ensure that **policy** is informed by the experience and expertise of our members;
- building the **integrity** and **reputation** of public service management; and
- supporting local public services to **recruit and place** the brightest and best to their leadership roles.

The Solace group's purpose is:

- to enable places to thrive by releasing the power and voice of people working in local public services

Achievements and performance

2020/21 was an unprecedented year for us all. Solace responded swiftly which enabled the organisation to shift service delivery to suit a very different context and retain focus on our core purpose while maintaining a robust financial position.

As the Covid-19 crisis emerged at the beginning of 2020 the Solace executive team put a business continuity plan into operation. The plan had four elements: transition to working remotely; stabilise the organisation in the new context; underpin our long-term future; support the sector. The prompt response enabled all members of staff to be working from home in mid-March 2020, so as the new financial year started our focus could move to considering the longer term implications, underpinning our long term future and continuing to ensure delivery of our charitable purpose.

While the context in which Solace operates has since changed significantly, our overall purpose, strategy and medium-term priorities from these discussions remain pertinent. The resultant plan provided a basis for Solace group operations in the short term in support of our longer-term priorities and goals, while also remaining adaptable to respond to opportunities and challenges as they might arise and as the impact of the crisis for us and the sector more widely was

Policy

Policy activity took on a prominent role as the Covid pandemic impacted on the country in the early months of 2020. Solace acted as an important source of local government insight for the national government. Through Solace's President and our policy leads, we were able to ensure local government's professional voice was heard clearly as important decisions were being made in Whitehall. We also had civil servants attending policy board, which met weekly at the height of the pandemic, and provided an important sounding board for stakeholders as well as each other.

**Report of the Trustees (continued)
for the year ended
31 March 2021**

Achievements and performance (cont'd)

The increased level of engagement with Government resulted in over 280 meetings during the year (an uplift of over 150%), as well as over 500 meetings with other stakeholders. As the year progressed the engagement levels were maintained and enabled us to influence Government and other key stakeholders on longer term issues, as well as on the immediate emergency response. Simultaneously Solace still regularly contributed within sector media and others. This enabled us to create a wider influence and ensure that the professional voice of local government is still heard. Solace contributed 33 media articles across the year, as well as over 150 press mentions.

Member Engagement

Engagement with our members was a priority, particularly in the early months of the pandemic. We switched our regular weekly member bulletin to be a daily briefing during the height of the pandemic, providing a vital source of information to our members as well as an important network through which government and other players in the emergency response could communicate with senior council staff. The recruitment of new members was de-prioritised as we opened access to Solace information channels and spent less time marketing and recruiting membership. This meant membership numbers fell back slightly during the year, but it has had no significant impact financially and is expected to recover quickly.

The pandemic has completely changed the approach to our events, with no face-to-face activity during the year and the programme quickly moving online. This enabled us to engage with a much broader group of local government professionals and by the end of the year 6,356 individuals had attended one of our online events with 178 attending virtual branch events.

As the year unfolded, we also prioritised our personal development activity - in particular the coaching and mentoring support we offer to members and the wider sector. With the sector on the frontline of the pandemic response individuals were under significant pressure and operating in an environment new to everyone. In this context, the support of coaches and mentors proved invaluable and by the end of the year over 650 individuals had utilised this support, up from 200 during the previous year.

Leadership development

Following a swift move to online learning, during the year to March 2021 the charity also supported the learning of 683 individuals as part of our organisational development activity across 43 organisations, as well as 101 individuals across four regional programmes. Overall, our most significant leadership development programmes during the year remained:

- Continuation of the national graduate development programme, which introduces high quality graduates to a career in local government.
- The eighth year of our Springboard programme for talented aspiring leaders from across the UK.
- The sixth year of Total Leadership, an innovative partnership between Solace and the University of Birmingham bringing the best of academic rigor together with practical hands-on experience to create a career defining learning experience for Executive Leaders.
- Another cohort of our Ignite programme for experienced Council Chief Executives.
- Continued expansion of our regional apprenticeship programme in leadership and management despite the challenges of the pandemic.

Recruitment support

The interim and permanent recruitment activity of the trading subsidiary, Solace In Business, has again provided over £500,000 in the year to March 2021 to help support Solace's charitable aims. Solace In Business complements the aims and objectives of the charity by being grounded in public service values and through its placement of quality resources into the local government sector. The social enterprise model enables it to shape the market – for example in areas such as gender equality and wider diversity challenges – in a manner not replicated by competitors. These non-financial benefits remain an important addition to the financial contribution which helps ensure Solace is able to grow the breadth and depth of its support to individual members and also contribute to the wider improvement of the local government sector.

Key performance indicators

In addition to detailed management accounts, a range of indicators are used by the trustees and executive management to monitor and direct activities as appropriate. These include: income and margins; sickness absence; membership renewals and additions; conversion rates for tendered activity; associates utilisation; and, customer satisfaction across all areas of activity. Further information is given in the section of this report relating to Future Plans.

Report of the Trustees (continued)
for the year ended
31 March 2021

Public Benefit

The aims and activity of the charity provide benefits to the public through a variety of means, including:

- the promotion of efficiency and good practice in local government to facilitate better provision of public works, services and amenities in the interests of social welfare;
- the promotion of knowledge, skills and competence amongst its members - being individuals wholly or mainly employed as local authority chief executives and senior managers; and
- promoting the cause of local government, including parliamentary lobbying and influence on policy discussions and decision-making.

These benefits have this year been primarily achieved through the achievements, performance and activities highlighted

In the furtherance of these aims the directors have complied with the duty in s.4 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the public benefit requirements under that Act.

Financial Review

Investment policy

Investment powers are governed by the Articles of Association. Currently there are no investment restrictions in place and the investment objectives are: a balance of capital growth and income from investments; and, an overall medium tolerance of risk. The investment is therefore held in a mixture of medium to high risk investment portfolios. Financial gains from the current investments are automatically reinvested.

Investment performance

Tilney Bestinvest continue to manage an investment portfolio on behalf of the charity. The portfolio was valued at £155,988 on 31 March 2021 including a £41,138 gain on revaluation. In the year ended 31 March 2021 there was an overall £41,525 net increase in funds after investment management charges (note 14).

Whilst funds are invested in medium to high risk portfolios the investment manager has advised that "the indirect investment approach of the investment trust holdings within the portfolio are of a less risky nature than a single direct equity investment, although technically the same risks apply due to the legal structure of investment trusts".

Results for the year

Full details of the financial transactions are contained in the attached financial statements.

	£
Total income for the year was	7,408,793
After deducting expenditure of	7,136,417
The net income / (expenditure) before recognised gains / (losses) was	<u>272,376</u>
The net assets of the charitable group at 31 March 2021 were	<u><u>1,709,461</u></u>

Available funds

At 31 March 2021 the charity had freely available reserves for its general purposes amounting to

£ 1,022,765

This comprises the balance in unrestricted funds, excluding tangible fixed assets and investments.

Reserves Policy

The charity's reserves policy is based on the value of unrestricted reserves excluding designated funds, with a target of covering 6 months operating costs (calculated to be £841,250 as at 31 March 2021) and a minimum of 3 months operating costs (£704,810 as at 31 March 2021). At £1,075,619 (note 20) the value of unrestricted reserves excluding designated funds as at 31 March 2021 compares favourably to the stated target reserves level. In the event that future circumstances require it, currently designated funds may be undesignated in order to address required needs.

Risks and uncertainties

Trustees have a duty to identify and review risks to which the charity is exposed and ensure appropriate controls are in place, including the provision of reasonable assurance against fraud and error. The trustees therefore closely monitor the operations of the charity and its trading subsidiary and review on a regular basis the nature of potential risks, their potential impact, likelihood of occurrence and means of mitigating them. As part of this process the trustees consider the adequacy of current internal controls and their ongoing suitability.

**Report of the Trustees (continued)
for the year ended
31 March 2021**

Risks and uncertainties (cont'd)

Government policy changes relating to and/or affecting the public sector are considered to be the principal risks and uncertainties. These are primarily dealt with by staying close to the sector and through active engagement in policy discussions.

The ongoing Covid-19 pandemic remains a key risk and uncertainty currently, through its impact (realised and potential) on the group's workforce, on market conditions and on future funding and requirements of local government as the group's principal customer base. Proactive, effective engagement with our members, partners and sector interest groups provides up-to-date intelligence which allows potential issues to be identified in a timely manner. This enables the Solace group to plan and respond accordingly based on sound management and control across all areas of the organisation, including specific operational and cost changes as necessary.

Financial risk management

The charity and its subsidiary use financial instruments comprising cash and debtors. Their main purpose is to finance the working capital cycle of the group. Policies for managing financial risks open to the group are:

Price risk	A range of suppliers are used to ensure market prices are not exceeded. Contracts are used for the supply of a range of goods and services and these are reviewed on a regular basis.
Credit risk	Customers are largely public sector organisations who by their nature are considered 'low risk'. Many are long-standing customers. Effective credit management procedures are also in place.
Interest risk	Returns on cash are maximised through utilising a range of interest bearing bank accounts.
Liquidity risk	A range of bank accounts are used which enable access to funds in line with cash flow projections. Group companies have a good relationship with their bankers.

Future Plans

Following a challenging year which saw Solace move quickly to a more flexible model of service delivery, 2021/22 provides an opportunity to embed the learning of the past 12 months while also pushing forward with further digital improvements and getting pre-Covid-19 plans back on track. Our new model of working gives us the agility to respond to further pandemic impact and work changes whilst continuing to deliver our key objectives and make progress towards our longer-term goals.

With this in mind, in March 2021 the Solace Board re-confirmed the long-term purpose and goals of the organisation, and our previously identified key priorities:

Future Plans: 2030 goals

- Set the standard for the learning and development of professional leaders and managers in UK local government
- Be the influential voice in the UK for professional local government
- Be the go-to service for local government's talent management and leadership solutions

Future Plans: 3-year priorities

Over the next three years the goals set out above will be pursued by focusing on the following areas:

- Nurture a stronger relationship between Solace and the individuals we support by investing in member and client engagement
- Increase our relevance to a broad and diverse group of individuals throughout their career by improving our offer beyond executive members
- Evidence and promote our dynamism and expertise throughout our network, across the sector and with our stakeholders by investing in research, quality assurance and communications
- Strengthen Solace's long-term future by creating a more robust, digitally mature, learning organisation

In order to deliver these priorities, the executive team have identified a number of key projects for 2021/22. Many reflect activity we had - prior to Covid-19 intervening - intended to progress during 2020/21 and which have as a result of the pandemic taken longer to commence. However, others were important elements of our Covid-19 business continuity plan and will be important ingredients in our recovery from the financial hit of the crisis; for example: a nationwide programme of coaching has been established and can now be built upon; and, our digital activity in particular has accelerated including all our leadership programmes being delivered virtually.

**Report of the Trustees (continued)
for the year ended
31 March 2021**

Future Plans: 3-year priorities (cont'd)

Nurture a stronger relationship between Solace and the individuals we support by investing in member and client engagement

The breadth and status of the Solace network is our most significant competitive advantage across all service areas and has been identified as core to our unique selling point in all our markets. We have also recently invested in technology to improve the management of information across this network and to build on the inter-connectivity of our services. We need to complete this work and fully embed those systems into the processes and culture of the organisation.

In order to optimise the use of these new tools available to us, we need to invest in closer and more consistent engagement with members and our wider client base, and ensure this drives improved responsiveness across all services. At a national level this includes developing smooth, clear customer journeys so members and clients are able to access the full range of support they need in the most appropriate way. For example, our approach to pastoral support for members is currently ad hoc and inconsistent and requires a standardised and reliable approach which connects members with the breadth of personal and organisational support available. Our regional footprint is also variable, both across the UK but also across different service lines. We will explore new models of regional working to improve both member engagement and business development through personalised contact, events and regional approaches to leadership development.

Our associate base is another pool of untapped business development resource which we aim to gain greater leverage from. We need to ensure that the capability within our associate base remain strong, relevant and of high quality, while improving the two-way sharing of insight on Solace services and the sector itself.

Key performance indicators for this area include:

- Member and associate engagement scores, including web and social media
- Total number of members
- User/client satisfaction

Increase our relevance to a broad and diverse group of individuals throughout their career by improving our offer beyond executive members

The review of membership was a key priority during our last business plan period and led to a significant change of focus for the organisation. The impact of this change is being felt across all service areas and has led to a broadening of our offer, particularly in membership, events and learning and development.

Our membership has consistently grown but the impact of this has been limited on our membership numbers relative to our ambition. We have failed to attract significant numbers of early career or established leader categories, except where they are originally engaged through a learning and development programme. We therefore need to revisit our approach to individuals earlier in their careers to ensure it represents a valued product, in a form more accessible to them and by utilising the growing digital opportunities to enhance our offer.

Key performance indicators for this area include:

- Total number of members by membership category
- Proportion of members by ethnicity and gender

Evidence and promote our dynamism and expertise throughout our network, across the sector and with our stakeholders by investing in research, quality assurance and communications

Solace seeks to be an evidence-led organisation focused on the quality of our service. This is embedded in our values and across each area of work. This is currently integrated into other workloads and not an area of real focus or investment. For example, we do not currently hold any specific research or analytical capacity within our policy team and our services cannot easily demonstrate that our approach is market leading or aligned to the latest appropriate research.

Given our values and unique position in the market, this is an opportunity to distinguish ourselves more from our various competitors and cement our position in our members and clients' perceptions of value. Our brands lend themselves to supporting this and it forms a valuable part of the content of our future marketing and communication activity, from policy related research to individual bid writing.

Key performance indicators for this area include:

- Member and associate engagement score
- User/client satisfaction
- External accreditation and regulation (e.g. Ofsted, ISO9001)

**Report of the Trustees (continued)
for the year ended
31 March 2021**

Future Plans: 3-year priorities (cont'd)

Strengthen Solace's long-term future by creating a more robust, digitally mature, learning organisation

Solace has started to invest in its digital infrastructure in order to enable a greater, more innovative level of digital working. The bedrock of this investment is our new CRM system and website, both of which we will continue to enhance during the next business planning period building on activity in the prior year which was accelerated by the recent crisis (e.g. our transformed approach to learning and events). With the significant upgrade in our infrastructure we are now better placed to offer our services online and accessibly. We will continue to deliver projects to improve our digital capabilities across all our established markets.

As a small business operating across a range of diverse markets, internal capacity and capability was identified as a core corporate risk during the previous business plan as our individual teams can lack resilience when compared to key competitors. While our team structures give the organisation a degree of agility, specialisation in some areas is difficult and potentially leaves us vulnerable to resourcing challenges such as absences and staff career development. To mitigate these challenges we will continue to target revenue growth and make proportionate increases to the staff team to safely support this - targeted at service areas where there is realistic potential and where increased scale will deliver wider benefits to the strategic and operational management of the organisation.

Key performance indicators for this area include:

- Member and associate engagement score
- Staff engagement

Structure, Governance and Management

Governing document

The charity is controlled by its governing document (a deed of trust dated 9 January 1986), and constitutes a company limited by guarantee (incorporated in England & Wales). It is governed by Memorandum and Articles of Association which were last amended and ratified by the company in general meeting on 17 October 2018.

Organisational structure

The charity is governed by directors who are also the trustees of the charity, as listed on page 7. The directors are responsible for administering the funds in accordance with the Trust Deed.

The directors meet a minimum of four times a year, to set organisational strategy and business plans and to review operational and financial performance. When carrying out their governance duties for the charity, the directors have regard for the guidance on public benefit published by the Charity Commission.

Day to day responsibility for running the charity is delegated to the Managing Director and senior executive staff, based on appropriate schemes of delegation determined by the directors.

Recruitment and appointment of new directors

Directors of the charity are identified from within the membership and appointed at the Annual General Meeting.

Third party indemnity provision for directors

The charity has third party indemnity insurance in place covering all directors of the charity .

Induction and training of new directors

New directors receive an induction programme which includes information and guidance on the liabilities and responsibilities of company directors and charity trustees, a copy of the Memorandum and Articles of Association and background information relating to budgets, forward plans and details of previous key decisions.

Disability and equality policy

All applicants for positions with the charity are given full and fair consideration. Employment, training and general policies are applied equally to all affected individuals.

Pay policy for senior staff

The directors consider that the board of directors (who are the charity's trustees) and the executive heads of service comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

Report of the Trustees (continued)
for the year ended
31 March 2021

Pay policy for senior staff (cont'd)

All non-executive directors give of their time freely in that capacity and no director received remuneration during the year (2020: £nil) in connection with their appointment or duties as a director of the charity. Details of directors' expenses are provided in note 12 to the financial statements.

Staff pay is reviewed annually. Recommendations relating to senior staff and executive directors are considered by the non-executive directors on the Board or by a sub-committee of non-executive directors and relevant advisors. Any agreed pay increase would generally be based on consideration of a range of potential influencing factors, such as inflation measures and public sector pay awards. Market rates for comparable roles are also periodically considered, particularly as part of recruitment activities.

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. The trustees and officers serving during the year and since the year end were as follows:

**Key management personnel: Trustees and Directors of
The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd**

Specified elected roles:

<i>Chair:</i>	G L Jones	
<i>Finance lead:</i>	A W Muter	
<i>Solicitor/Company Sec:</i>	M J Hynes (resigned 12 October 2020)	D E Forrester-Brown (appointed 12 October 2020)
<i>President:</i>	M Swales (resigned 1 January 2021)	J L Roney (appointed 1 January 2021)
<i>SIB Chair:</i>	J P Comber (resigned 12 October 2020)	R E Hyde (appointed 12 October 2020)

Other elected non-executive directors:

J Burns	N Hussain-Duke (appointed 12 October 2020)
A M Donaghy	C D Naylor
P D Dunphy (resigned 19 June 2020)	D V Plank (appointed 12 October 2020)
S H Fitzgerald	S L Sanders (appointed 12 October 2020)
P R Frainer	D Terris (resigned 14 June 2021)
A M Hill (appointed 12 October 2020)	M T Weastell

Employed executive director:

G V McDonald

**Key management personnel: Senior managers of
The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd**

Managing Director	G V McDonald
Director of Learning	T I Birtwell
Director of Engagement	J A Howarth
Director of Policy, Partnerships & Public Affairs	A J B Thomson

Key management personnel: Senior managers of Solace In Business Ltd

Business Development Director	T J McDougall
Director of Corporate Resources	S R P Chambers
Director of Executive Resourcing & Assessment	S J Guest
Director of Interim Management	J K Mullinger

Our advisers

Auditors	SMH Jolliffe Cork Audit Ltd, 33 George Street, Wakefield WF1 1LX
Bankers	Lloyds Bank plc, 27-31 White Hart Street, High Wycombe, HP11 2HL National Westminster Bank Plc, 23 Uplands Crescent, Swansea SA2 0NY

**Report of the Trustees (continued)
for the year ended
31 March 2021**

Reference and administrative details

Company number	4053417
Charity number	1084419
Registered office and principle address	Off Southgate Pontefract West Yorkshire WF8 1NT

Trustees' responsibilities in relation to the financial statements

The charity trustees (who are also the directors of The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement as to disclosure of information to the auditor

In so far as the trustees are aware at the time of approving the trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Signed on behalf of the trustees on 16th September 2021

G L Jones
Trustee

**for the year ended
31 March 2021**

Opinion on financial statements

We have audited the financial statements of The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and the Parent Charity Balance Sheet, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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 the parent charitable company's affairs as at 31 March 2021, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter 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 (incorporating the directors' 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 directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

**for the year ended
31 March 2021**

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors report and from the requirement to prepare a strategic report.

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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group through discussions with the trustees and other informed management which we considered may have a direct material effect on the financial statements or the operations of the group and thereafter, the audit team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud and considered the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

**for the year ended
31 March 2021**

The extent to which the audit was considered capable of detecting irregularities including fraud (cont'd)

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias and investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims and reviewing correspondence with the group's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the charitable company's members and trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Claire Lawton FCA DChA (Senior Statutory Auditor)
for and on behalf of
SMH Jolliffe Cork Audit Ltd
Chartered Accountants and Statutory Auditor
33 George Street
Wakefield, WF1 1LX

22nd September 2021

Consolidated Statement of Financial Affairs (including consolidated income and expenditure account)
for the year ended
31 March 2021

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
INCOME							
Donations		-	-	-	2,000	-	2,000
Income from charitable activities	4	1,343,082	450,000	1,793,082	1,655,590	180,000	1,835,590
<i>Income from other activities</i>							
Commercial trading operations	5	5,577,081	-	5,577,081	5,703,711	-	5,703,711
Government grants	6	35,485	-	35,485	-	-	-
Income from investments	7	3,145	-	3,145	4,335	-	4,335
Total income		6,958,793	450,000	7,408,793	7,365,636	180,000	7,545,636
EXPENDITURE							
<i>Cost of raising funds</i>							
Investment management costs	8	2,264	-	2,264	2,173	-	2,173
Commercial trading operations	5	5,119,965	-	5,119,965	5,136,072	-	5,136,072
<i>Expenditure on charitable activities</i>							
Education & Training	10	1,188,174	260,233	1,448,407	1,353,509	229,750	1,583,259
Membership services	10	565,781	-	565,781	674,317	-	674,317
Total expenditure		6,876,184	260,233	7,136,417	7,166,071	229,750	7,395,821
Net income / (expenditure) before transfers		82,609	189,767	272,376	199,565	(49,750)	149,815
Gross transfers between funds		-	-	-	-	-	-
Net income / (expenditure) before recognised gains / (losses)		82,609	189,767	272,376	199,565	(49,750)	149,815
Other recognised gains / (losses)							
Unrealised gains / (losses) on investments		41,138	-	41,138	(12,619)	-	(12,619)
Net movement in funds for the year		123,747	189,767	313,514	186,946	(49,750)	137,196
Reconciliation of funds							
Total funds brought forward	20	1,244,564	151,383	1,395,947	1,057,618	201,133	1,258,751
Total funds carried forward	20	1,368,311	341,150	1,709,461	1,244,564	151,383	1,395,947

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

Consolidated Balance Sheet
as at
31 March 2021

	Notes	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Fixed assets					
Tangible assets	13	189,558	159,591	122,937	123,908
Investments	14	155,988	114,463	218,022	176,497
Total Fixed Assets		<u>345,546</u>	<u>274,054</u>	<u>340,959</u>	<u>300,405</u>
Current assets					
Debtors	15	1,123,553	1,374,507	216,327	316,361
Cash at bank and in hand		1,991,737	1,522,838	1,389,430	889,428
Total Current Assets		<u>3,115,290</u>	<u>2,897,345</u>	<u>1,605,757</u>	<u>1,205,789</u>
Creditors: falling due within one year	16	1,739,424	1,770,757	720,972	617,203
Net current assets		<u>1,375,866</u>	<u>1,126,588</u>	<u>884,785</u>	<u>588,586</u>
Total assets less current liabilities		1,721,412	1,400,642	1,225,744	888,991
Provisions for liabilities and charges	17	11,951	4,695	-	-
Net Assets		<u>1,709,461</u>	<u>1,395,947</u>	<u>1,225,744</u>	<u>888,991</u>
The funds of the charity					
Unrestricted income funds	20	1,368,311	1,244,564	884,594	737,608
Restricted income funds	20	341,150	151,383	341,150	151,383
Total charity funds		<u>1,709,461</u>	<u>1,395,947</u>	<u>1,225,744</u>	<u>888,991</u>

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The financial statements were approved by the Trustees on 16th September 2021 and signed on their behalf by:

G L Jones
Trustee

Statement of Cash Flows and Consolidated Statement of Cash Flows

as at

31 March 2021

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Cash flows from operating activities				
Net movement in funds for the year	313,514	137,196	336,753	91,138
Adjustments for:				
Depreciation	51,074	28,848	35,376	22,755
Unrealised investment (gains) / losses	(41,138)	12,619	(41,138)	12,619
Re-invested dividend income	(2,651)	(2,658)	(2,651)	(2,658)
Fees netted off investment portfolio	2,264	2,173	2,264	2,173
Interest received	(494)	(1,677)	(146)	(552)
Loss / (gain) on disposal of fixed assets	-	-	-	-
Decrease / (increase) in debtors	250,954	(294,680)	100,034	56,679
Increase / (decrease) in creditors	(31,333)	331,482	103,769	(75,986)
Increase / (decrease) in provisions	7,256	4,695	-	-
Cash generated from / (used in) operating activities	549,446	217,998	534,261	106,168
Cash flows from investing activities				
Interest received	494	1,677	146	552
Fixed asset purchases	(81,041)	(95,301)	(34,405)	(59,817)
Released from managed portfolio	-	-	-	-
Cash provided by / (used in) investing activities	(80,547)	(93,624)	(34,259)	(59,265)
Cash flows from financing activities	-	-	-	-
Increase / (decrease) in cash and cash equivalents in the year	468,899	124,374	500,002	46,903
Cash and cash equivalents at the beginning of the year	1,522,838	1,398,464	889,428	842,525
Cash and cash equivalents at the end of the year	1,991,737	1,522,838	1,389,430	889,428

**Notes to the Consolidated Financial Statements
for the year ended
31 March 2021**

1 Accounting policies

1.1 Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The charity's functional and presentation currency is the pound sterling £. All financial information presented has been rounded to the nearest £, unless otherwise stated.

1.2 Basis of consolidation

The group financial statements consolidate the results of The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd and its subsidiary Solace In Business Ltd.

Subsidiary undertakings are included using the acquisition method of accounting. Under this method the group net incoming resources include the results of subsidiaries from the date of acquisition and to the date of sale outside the group in case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

The trustees have taken advantage of the exemption afforded by section 408 of the Companies Act 2006 and a separate Statement of Financial Activities and income and expenditure account for the charity has therefore not been presented.

1.3 Going concern

The financial statements have been prepared on a going concern basis. In preparing the accounts the trustees have considered possible risks, events or conditions that might cast significant doubt on the ability of the charitable company to continue as a going concern and therefore on the appropriate use of the going concern basis.

Regularly monitoring the operational and financial performance of the charity and its subsidiary is part of the routine activities of executive management (monthly) and of the separate company boards (quarterly). This includes detailed management accounts and the analysis of pipeline activity (income and margins), together with performance indicators ranging from opportunity conversion rates to customer satisfaction across all areas of activity. Financial forecasts for the period through to 31 August 2022 have, together with current reserves and cash balances, been reviewed as part of that regular monitoring activity, taking into consideration the risks and uncertainties arising from the Covid-19 pandemic in particular. After making such enquiries, the trustees have concluded that there is a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future and therefore they have continued to adopt the going concern basis in preparing its financial statements.

1.4 Fixed assets

- a) Fixed assets are initially recorded at historic cost.
- b) Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets except freehold land, over their expected useful lives. It is calculated at the following rates:

Improvements to short leasehold property	Over the term of the lease
Fixtures & Fittings	25% on reducing balance
Computer equipment	20% or 33% on cost

1.5 Fixed Asset investments

Investments in subsidiaries are stated at historical cost less provision for diminution in value. Other investments are stated at fair value.

1.6 Income recognition

- a) Income from charitable activities (including trading) in the form of services is recognised in the relevant period(s) in which the activity takes place or is earned. Activity income received in advance is deferred until entitlement to the income has arisen at which time it is credited to the Statement of Financial Activities.

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2021

1.6 Income recognition (cont'd)

- b) Donations and voluntary income are accounted for when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.
- c) Grant funding received for a specified area of the charity's work or for a specific purpose is accounted for as restricted funds. Grants received without restriction are recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.
- d) Investment income is recognised on an accruals basis.

1.7 Gift aid distribution from subsidiary company to parent charity

Profits over and above those needed to meet the working capital requirements of subsidiary companies are transferred to the parent charity by way of a gift aid distribution. As no legal obligation exists, the distributions in respect of the current and comparative year represent amounts paid as at the balance sheet date.

1.8 Expenditure

- a) All expenditure is accounted for on an accruals basis. VAT is recovered on relevant expenditure. Irrecoverable VAT is included within the relevant expense of the charity in the year in which it is incurred.
- b) Activities in furtherance of the charity's objectives include the direct costs of staff and property together with the costs of projects and activities.
- c) The trustees consider that management and administration costs of the charity are not material when taken in the context of amounts spent on charitable activities. All members of staff have been active in fulfilling the objectives of the charity.

1.9 Support costs

Support costs relate to functions that assist the work of the charity but do not directly undertake charitable activities. They include back office, finance, personnel, payroll and governance costs (e.g. the preparation and examination of the statutory accounts, the costs of directors meetings and the cost of legal advice on constitutional matters). The bases on which support costs have been allocated are set out in note 11.

1.10 Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.11 Pensions

The charity operates a defined contribution pension scheme. Contributions are recognised in the Statement of Financial Activities in the period in which they become payable in accordance with the rules of the scheme.

1.12 Fund accounting

The charity has various types of funds for which it is responsible, and which require separate disclosure. These are as follows:

- | | |
|---------------------------|--|
| Unrestricted funds | - Funds are expendable at the discretion of the trustees in furtherance of the objects of the charity. |
| Restricted funds | - Restricted funds can only be used for particular restricted purposes within the objectives of the charity. These arise when funds are subject to specific restrictive conditions imposed by funders/donors or by the purpose of the grant. |
| Designated funds | - The trustees may at their discretion set aside unrestricted funds for specific purposes. |

2 Legal status and control

The charity is a company limited by guarantee. All members have agreed to contribute an amount not exceeding £1 each to the assets of the company in the event of it being wound up.

The charity is controlled by its members. Membership of the charitable company is open to individuals designated as senior officers of local authorities in England, Scotland, Wales, Northern Ireland, the Channel Islands and the Isle of Man. Membership is also open to senior officers of any joint or other board, authority or committee exercising local government or police functions in any of the indicated geographic areas.

Elected members of local authorities are not eligible to for membership of the charitable company, notwithstanding that they may be otherwise qualified.

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2021

3 Financial performance of the charity

The Consolidated Statement of Financial Activities includes the results of the charity's wholly owned subsidiary company (note 5), which provides Interim placement and executive recruitment services. The summary financial performance of the charity alone is as follows:

	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
Donations	-	-	-	2,000
Government grants (note 6)	6,190	-	6,190	-
Gift aid distribution from trading subsidiary (note 5)	510,000	-	510,000	522,710
Income from investments	2,797	-	2,797	3,210
Income from charitable activities	1,343,082	450,000	1,793,082	1,835,590
	<u>1,862,069</u>	<u>450,000</u>	<u>2,312,069</u>	<u>2,363,510</u>
Investment management fees	(2,264)	-	(2,264)	(2,173)
Expenditure on charitable activities	(1,753,957)	(260,233)	(2,014,190)	(2,257,580)
Net income	<u>105,848</u>	<u>189,767</u>	<u>295,615</u>	<u>103,757</u>
Unrealised gains / (losses) on investments	41,138	-	41,138	(12,619)
Total funds brought forward	737,608	151,383	888,991	797,853
Total funds carried forward	<u>884,594</u>	<u>341,150</u>	<u>1,225,744</u>	<u>888,991</u>
Represented by:				
Restricted income funds			341,150	151,383
Unrestricted income funds			884,594	737,608
			<u>1,225,744</u>	<u>888,991</u>

	Unrestricted £	Restricted £	Total Funds 2021 £	Total Funds 2020 £
4 Income from charitable activities				
Education and training	1,042,117	450,000	1,492,117	1,406,951
Membership activities	300,965	-	300,965	428,639
	<u>1,343,082</u>	<u>450,000</u>	<u>1,793,082</u>	<u>1,835,590</u>

Restricted income relating to education and training represents grant funding received in relation to specified activities.

5 Income from commercial trading operations

The charity has one wholly owned trading subsidiary, Solace In Business Ltd (note 14), which is incorporated in England and Wales and provides recruitment services to the public sector. Profits over and above those needed to meet the working capital requirements of the subsidiary are transferred to the charity by way of a gift aid distribution. The distribution amounts stated below are the total sums paid across within the relevant financial year.

	2021 £	2020 £
The summary financial performance of the subsidiary alone is as follows:		
Turnover	5,577,081	5,703,711
Government grants (note 6)	29,295	-
Cost of sales and administration costs	(5,112,709)	(5,128,261)
Interest receivable	348	1,125
Net profit	<u>494,015</u>	<u>576,575</u>
Taxation	(7,256)	(7,811)
Profit for the financial year	<u>486,759</u>	<u>568,764</u>
Gift aid distribution to parent charity	(510,000)	(522,710)
Retained in subsidiary	<u>(23,241)</u>	<u>46,054</u>

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2021

5 Income from commercial trading operations (cont'd)	2021	2020
The assets and liabilities of the subsidiary were:		
Fixed assets	66,641	35,703
Current assets	1,518,787	1,701,590
Current liabilities	(1,027,730)	(1,163,610)
Provisions for liabilities and charges	(11,951)	(4,695)
Total net assets	<u>545,747</u>	<u>568,988</u>

6 Government grants	Total 2021	Total 2020
Coronavirus Job Retention Scheme	35,008	-
Other government grants	477	-
	<u>35,485</u>	<u>-</u>

Coronavirus Job Retention Scheme grant was received for the purpose of paying staff furloughed because of the impact of Covid-19. There are no unfulfilled conditions or contingencies attaching to receipt of this grant. The majority of staff placed on furlough within the group received 80% of their normal salary, including any relevant individual for whom regular earnings exceeded the maximum grant claim amount specified by the Coronavirus Job Retention Scheme. Exceptions to the 80% payment were staff who would in those circumstances have had their salary fall below the Real Living Wage rate identified by the Living Wage Foundation and those individuals were therefore paid more than 80% of normal pay during their furlough period.

Other government grants relate to Coronavirus Statutory Sick Pay claims.

7 Investment income	2021 £	2020 £
Dividends	2,651	2,658
Bank and other interest	494	1,677
	<u>3,145</u>	<u>4,335</u>

8 Investment management costs	2021 £	2020 £
Portfolio management	<u>2,264</u>	<u>2,173</u>

9 Staff costs and numbers	2021 £	2020 £
Salaries	1,371,276	1,348,493
Social security costs	133,244	126,847
Pension costs	93,737	95,004
	<u>1,598,257</u>	<u>1,570,344</u>

The average monthly number of employees during the year was as follows:

	Number 2021	Number 2020
Executive directors	1	2
Other staff	37	34
	<u>38</u>	<u>36</u>

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2021

10 Expenditure on charitable activities	Education & Training £	Membership Services £	Total 2021 £
Governance costs (note 11)	18,450	10,473	28,923
Support costs (note 11)	556,374	310,606	866,980
Direct delivery	773,395	109,304	882,699
Central premises	9,935	17,121	27,056
IT support and consumables	46,389	22,740	69,129
Communications	3,340	1,121	4,461
Depreciation	22,393	12,983	35,376
Travel & subsistence	821	753	1,574
Irrecoverable VAT	-	39,158	39,158
Marketing	7,432	7,405	14,837
Bank interest and transaction charges	1,679	974	2,653
International relationships and support	-	665	665
Other costs	8,197	32,480	40,677
	1,448,407	565,781	2,014,188

Expenditure on charitable activities was £2,014,188 (2020: £2,257,576) of which £1,753,955 was unrestricted (2020: £2,027,826) and £260,233 was restricted (2020: £229,750).

11 Governance and support costs

	Basis of apportionment	Support costs £	Governance £	Total 2021 £	Total 2020 £
Salaries and related costs	Staff roles and time allocation	862,772	20,070	882,842	871,111
Audit fee	Invoice description	-	6,250	6,250	4,540
Other professional and legal fees	Invoice description	2,728	-	2,728	61
Board running costs	Invoice description	-	205	205	4,343
Sundry expenses	Invoice description	1,480	2,398	3,878	9,708
		866,980	28,923	895,903	889,763

12 Staff costs, trustee remuneration and expenses, and the cost of key management personnel

The key management personnel of the group and the parent charity comprise the trustees and senior managers whose names are listed on page 7. Total remuneration and employee benefits for key management personnel amounted to £708,029 (2020: £735,551) including pension contributions of £53,662 (2020: £56,650). This includes one trustee, G McDonald (2020: two trustees - G McDonald, T McDougall) who received remuneration relating to their contract of employment with the charity or its subsidiary.

The number of employees earning more than £60,000 per annum (including related pension contributions) is:

	Group 2021	Group 2020	Charity 2021	Charity 2020
Between £60,001 and £70,000	1	1	-	-
Between £70,001 and £80,000	2	2	1	1
Between £80,001 and £90,000	1	1	1	1
Between £90,001 and £100,000	2	2	1	1
Between £100,001 and £110,000	1	-	-	-
Between £110,001 and £120,000	1	1	1	1
Between £130,001 and £140,000	-	1	-	-

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2021

12 Staff costs, trustee remuneration and expenses, and the cost of key management personnel (cont'd)

During the year ended 31 March 2021 no trustee (2020: no trustee) received remuneration or benefits from the charity for acting as, or in connection with, their appointment as a trustee of the charity. During the year no non-executive trustees (2020: 5 trustees) were reimbursed expenses (2020: £2,285).

13 Tangible fixed assets

Group	Improvements to short leasehold to property £	Fixtures and fittings £	IT infrastructure £	Computer equipment £	Total £
Cost					
At 1 April 2020	60,105	4,118	162,307	73,314	299,844
Additions	-	-	77,348	3,693	81,041
Disposals	-	-	(19,350)	(4,660)	(24,010)
At 31 March 2021	<u>60,105</u>	<u>4,118</u>	<u>220,305</u>	<u>72,347</u>	<u>356,875</u>
Depreciation					
At 1 April 2020	60,105	4,118	20,655	55,375	140,253
Charge for the year	-	-	41,420	9,654	51,074
Disposals	-	-	(19,350)	(4,660)	(24,010)
At 31 March 2021	<u>60,105</u>	<u>4,118</u>	<u>42,725</u>	<u>60,369</u>	<u>167,317</u>
Net book value					
At 31 March 2021	<u>-</u>	<u>-</u>	<u>177,580</u>	<u>11,978</u>	<u>189,558</u>
At 31 March 2020	<u>-</u>	<u>-</u>	<u>141,652</u>	<u>17,939</u>	<u>159,591</u>
Charity			IT infrastructure £	Computer equipment £	Total £
Cost					
At 1 April 2020			139,039	10,987	150,026
Additions			30,712	3,693	34,405
Disposals			-	-	-
At 31 March 2021			<u>169,751</u>	<u>14,680</u>	<u>184,431</u>
Depreciation					
At 1 April 2020			19,561	6,557	26,118
Charge for the year			31,840	3,536	35,376
Disposals			-	-	-
At 31 March 2021			<u>51,401</u>	<u>10,093</u>	<u>61,494</u>
Net book value					
At 31 March 2021			<u>118,350</u>	<u>4,587</u>	<u>122,937</u>
At 31 March 2020			<u>119,478</u>	<u>4,430</u>	<u>123,908</u>

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2021

14 Investments	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Listed investments (managed portfolio)	155,988	114,463	155,988	114,463
Investment in subsidiaries	-	-	62,034	62,034
	<u>155,988</u>	<u>114,463</u>	<u>218,022</u>	<u>176,497</u>

Investment in subsidiaries

Subsidiary company	Solace In Business Ltd, registered in England & Wales (Company No. 3150254)		
Nature of business	Interim placement and executive recruitment		
Number, class and percentage of shares held	19 ordinary	(100%)	
Net assets at 31 March 2021	£545,747		

The activities and results of this subsidiary company are summarised in note 5.

Subsidiary company	SEL Business Services Limited, registered in England & Wales (Co. No. 8704424)		
Nature of business	Dormant		
Number, class and percentage of shares held	20 ordinary	(100%)	
Net assets at 31 March 2021	£20		

Listed investments (managed portfolio)	Total £
Market value	
At 1 April 2020	114,463
Additions	2,651
Revaluations	41,138
Management fees	(2,264)
Reclassification / transfer	-
At 31 March 2021	<u>155,988</u>
Net book value	
At 31 March 2021	<u>155,988</u>
At 31 March 2020	<u>114,463</u>

There are no investment assets outside the UK

15 Debtors	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	872,389	1,038,784	107,158	190,426
Prepayments and accrued income	251,164	335,723	109,169	125,935
	<u>1,123,553</u>	<u>1,374,507</u>	<u>216,327</u>	<u>316,361</u>

16 Creditors	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Amounts falling due within 1 year:				
Trade creditors	678,344	851,895	155,494	172,126
Other creditors	16,224	142,719	8,361	133,587
Corporation tax	-	6,072	-	-
Social security and other taxes	303,767	185,411	51,921	30,350
Amounts owed to group undertakings	-	-	9,258	10,034
Accruals and deferred income	741,089	584,660	495,938	271,106
	<u>1,739,424</u>	<u>1,770,757</u>	<u>720,972</u>	<u>617,203</u>

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2021

17 Provisions for liabilities and charges

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

The trading subsidiary, Solace In Business Ltd, is not exempt from taxation (see note 5). Taxation for the year comprises current and deferred tax. Current tax is recognised at the amount of tax payable using the rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, as set out below:

	Group	
	2021	2020
	£	£
Deferred tax	11,951	4,695
	Deferred tax	
	£	
<i>Accelerated capital allowances:</i>		
At 1 April 2020	4,695	
Movement in year	7,256	
At 31 March 2021	11,951	

18 Operating leases

As at 31 March 2021 commitments under non-cancellable operating leases were as follows:

	Land & Buildings	Other	Land & Buildings	Other
Group	2021	2021	2020	2020
	£	£	£	£
Due within one year	15,475	-	31,000	-
Due within two to five years	6,242	-	18,417	-
Due over 5 years	-	-	-	-
	21,717	-	49,417	-
	Land & Buildings	Other	Land & Buildings	Other
Charity	2021	2021	2020	2020
	£	£	£	£
Due within one year	-	-	18,000	-
Due within two to five years	-	-	-	-
Due over 5 years	-	-	-	-
	-	-	18,000	-

19 Pensions schemes

Defined contribution pension scheme

The charitable group operates a defined contribution pension scheme for the benefit of all employees. Contributions to the scheme for the year ended 31 March 2021 amounted to £93,737 (2020: £95,004). This includes accrued contributions of £16,224 (2020: £17,406) included in other creditors (note 16).

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2021

20 Funds	Balance at 1 April 2020 £	Net incoming Resources £	Transfers £	Balance at 31 March 2021 £
Unrestricted				
General	880,437	177,182	-	1,057,619
Designated	364,127	(53,435)	-	310,692
	<u>1,244,564</u>	<u>123,747</u>	<u>-</u>	<u>1,368,311</u>
Restricted				
Managerial leadership	151,383	16,617	-	168,000
Coaching & Mentoring	-	173,150	-	173,150
	<u>151,383</u>	<u>189,767</u>	<u>-</u>	<u>341,150</u>

Designated funds:

The directors have identified that certain unrestricted funds should be ring-fenced as follows:

- Branch reserves - representing the historic surplus or deficit accumulated through various geographically based activities covering Solace Group members in Scotland, Wales, Northern Ireland and certain English regions.

Restricted funds:

- Managerial leadership grant funding received to subsidise the formulation and delivery of tailored programmes which support public sector leaders and strategic managers in the development of their people and organisations to meet current and future sector challenges, demands and opportunities.
- Grant funding to provide subsidised coaching and mentoring for local authority senior managers focused on covid-19 management, response and recovery activity.

Sufficient cash resources are held to enable each of the identified funds to be applied without any restrictions.

21 Analysis of Group net assets between funds

Funds balances at 31 March 2021 are represented by:	Unrestricted £	Designated £	Restricted £	Total £
Tangible fixed assets	189,558	-	-	189,558
Investments	155,988	-	-	155,988
Current assets	2,463,448	310,692	341,150	3,115,290
Creditors: amounts falling due within 1 year	(1,739,424)	-	-	(1,739,424)
Provisions for liabilities and charges	(11,951)	-	-	(11,951)
	<u>1,057,619</u>	<u>310,692</u>	<u>341,150</u>	<u>1,709,461</u>

22 Capital commitments

Capital amounts contracted at 31 March 2021 but not provided for in these financial statements amounted to £nil for the group and charitable company (2020: £36,858).

23 Related Party Transactions

During the year ended 31 March 2021 the charity received a gift aid distribution of £510,000 (2020: £522,710) from Solace In Business Ltd (note 5).

Other related party transactions made by the group during the year ended 31 March 2021 were:

- D Terris, a trustee of the charity, received payment of £1,260 (2020: £nil) from the charity for professional services supplied.