

KALEIDOSCOPE PROJECT

England & Wales - Charity number 1115017

Details

Other names	KALEIDOSCOPE
Status	Registered
Legal form	Charitable company
Company number	05480423
Registered	2006-06-30
Register	View on the Charity Commission register

Contact

Address	1 Resolven House St Mellons Business Park Fortran Road St Mellons CF3 0EY
Phone	01633811950
Email	info@kaleidoscope68.org
Website	http://www.kaleidoscope68.org

Activities

Objects: 3.0 The Charity's objects (the Objects) are:3.1. The relief of need of people who are suffering due to substance abuse, mental health challenges, experience of the criminal justice system or physical or mental hardship or distress by the provision of a holistic care and support, in particular but not exclusively through:3.1.1. The provision of medical clinics and other facilities for the prevention or treatment of physical problems associated with substance misuse, , physical and mental ill health and challenges resulting from experience of the criminal justice system;3.1.2. The provision of residential care or other facilities for people facing difficulties due to substance use, physical and mental health and the criminal justice system 3.1.3 The provision of facilities and opportunities for the development of skills and interests linked to recovery, 3.2. to advance the education of the wider community regarding substance misuse, physical and mental health, experience of the criminal justice system and challenging stigma3.3. to advance education for the public benefit in issues related to substance use; mental health and the criminal justice system.3.4. to provide or assist in the provision of facilities or social enterprises in the interest of social welfare for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their substance use, physical or mental health or experience of the criminal justice system with the object of improving their conditions of life;3.5. to advance such other charitable purposes as the Trustees shall from time to time determine.

Activities: Kaleidoscope is an internationally recognised drugs service providing treatment and testing to clients on its own sites. The project is a passionate advocate of the rights of drug users to receive quality services in an hospitable environment. It aims to promote social inclusion and makes innovative contributions to the well being of the whole community. Respect and hospitality are the cornerstone

Classification

- **How:** Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information
- **What:** Education/training, The Advancement Of Health Or Saving Of Lives, Accommodation/housing, Arts/culture/heritage/science, Economic/community Development/employment
- **Who:** Children/young People, Elderly/old People, People With Disabilities, Other Defined Groups

Geography

- Wirral
- Throughout Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£19,463,197	£20,178,788	£8,815,447	299
2024-03-31	£18,669,817	£17,951,293	£9,531,038	271
2023-03-31	£12,708,930	£12,633,918	£5,864,687	249
2022-03-31	£11,043,978	£10,570,893	£5,789,675	261
2021-03-31	£10,208,854	£10,113,871	£4,746,589	260

Trustees

Name	Role	Appointed
Dr Ann Marie Procter	Chair	2019-06-19
Alison Lewis		2024-11-22
Catherine Marie Pepinster		
Julian Mark Quentin Knight		2015-09-14
Kasim Ali		2021-09-09
Kirsty Anne Myfanwy Davies-Warner		2026-02-19
Mark Alan Tudor		2020-10-01
Prof Eldon Michael Waldo Maguire		2025-02-19

KALEIDOSCOPE PROJECT

England & Wales - Charity number 1115017

Accounts

REGISTERED COMPANY NUMBER: 05480423 (England and Wales)
REGISTERED CHARITY NUMBER: 1115017

**Strategic Report, Report of the Trustees and
Group Financial Statements
for the Year Ended 31 March 2025
for
Kaleidoscope Project**

Advantage Accountancy & Advisory Ltd
Chartered Accountants & Statutory Auditors
Avalon House
5-7 Cathedral Road
Cardiff
CF11 9HA

Kaleidoscope Project

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Kaleidoscope Project
Strategic Report
for the Year Ended 31 March 2025

The Trustees present their report, incorporating the strategic report, and financial statements for the year ended March 31, 2025.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the charity's governing document, the Companies Act 2006 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

Our Purpose

We support people with drug, alcohol and mental health issues so they can have a brighter future in their communities. We believe that social justice is fundamental to a better society and are committed to being globally responsible citizens.

Our Core Values

Integrity, Engagement, Excellence and Innovation are our core values. Our objectives framework includes a focus on:

- Research development and innovation
- People development
- Sustainable business
- Globally responsible
- Co-Production
- Quality management
- Campaigning

What we do

Since 1968, Kaleidoscope has aimed to create a culture and environment where people feel valued and service users are inspired to reach their goals. We seek to tackle the stigma that people with drug, alcohol, and mental health issues face. We do this through direct campaigning and lobbying for better government policies that support, not punish, our service user community.

To deliver a successful service we recognise:

- Service users have skills and experiences that bring about change for themselves, their peers and their communities.
- Developing and investing in our people build compassionate and pioneering teams.
- Innovation begins by listening to our colleagues and service users and involving them in service design and delivery.

We do this by recruiting and retaining high quality staff, who are critical to our success. We encourage our teams to strive for excellence and to innovate. We understand that the key to social care is engagement from people with integrity. Kaleidoscope achieves its objectives through the provision of the following services:

- Drug dependency services which take a harm reduction approach to users to enable them to reduce the risks of using drugs and to help them to stop using if that is their aim.
- Alcohol services offering support to all who are in need.
- Counselling and advice.
- Residential services catering for vulnerable adults.
- Training services to help people acquire new skills and qualifications, in order to achieve their goals in life.

PUBLIC BENEFIT

As noted in the Objectives and Activities above, we have carefully considered the Charity Commission guidance on public benefit when setting and reviewing our Aims and Objectives. We aim to benefit all those requiring services in relation to prevention and treatment of substance misuse and we are focused on successful service delivery. In order to enhance these public benefits, we work closely with organisations in the criminal justice system and other statutory bodies.

Kaleidoscope Project
Strategic Report
for the Year Ended 31 March 2025

ACHIEVEMENTS AND PERFORMANCE

Kaleidoscope provides a range of services in relation to the prevention and treatment of substance use. Services are provided in England and Wales, mainly through contracts with Area Planning Boards who decide the nature and scope of these services. We also have a Detox and Rehab facility on the Wirral called Birchwood @ Kaleidoscope House.

Kaleidoscope has had another successful year and continues to grow. We have seen increased access to all of our services. The Gwent Drug and Alcohol Service (GDAS) continue to be our largest and longest established service contract, and it continues to find new ways to engage with service users, their Peer Academy continues to grow with the successful training of Peer Volunteers who have lived or living experience. The Cardiff and Vale Drug and Alcohol Service (CAVDAS) established in 2022 is continuing to evolve, and we continue to manage other substance use contracts throughout Wales. Our full range of services includes, engagement and counselling, interventions, Drop In, training and education, diversionary activities, and specialist services to those out of work.

We moved into our new Birchwood Detox and Rehab Centre in May 2023 and now operate 25 rooms providing an extensive range of detox packages that are tailored to individual service user needs. We also provide residential rehabilitation programmes based on a therapeutic community model. We have made a considerable investment in this facility that is set in extensive grounds where residents have the opportunity to relax and recover in peaceful surroundings. Residents are referred from a large range of healthcare providers throughout England and Wales.

We are always focused on the quality of service provided and very proud of our Platinum Investors in People award, particularly as this is recognition by an independent body.

REVIEW OF BUSINESS

Total income has increased by 4% in 2024-25 to £19.4m from £18.6m in 2023-24. Margins on all contracts are tight, with underlying inflation pushing costs higher when service commissioners are looking for cost savings. We continue to focus on the efficient and effective control of costs. A comparison of the headline financial amounts for the last three years are as follows:

	2024-25	2023-24
	£'000	£'000
Total incoming resource	19,463	18,669
Unrestricted incoming resources	17,018	15,425
Unrestricted surplus/(deficit)	(448)	816

PLANS FOR FUTURE PERIODS

Our key focus remains our support of people with drug, alcohol and mental health issues so they can have a brighter future in their communities.

In so doing we plan to retain and win new service contracts to sustain the services we have noted in Objectives and Activities.

The recruitment and retention of high quality colleagues is required to underpin our goals. We will look to recruit and retain colleagues who have a desire to strive for excellence, keen to innovate and who understand that the key to social care is engagement that comes from people who have integrity. Our priority is to provide quality services that we can benchmark against recognised external standards, as well as surveys undertaken with service users and colleagues.

We continue to operate in a challenging economic environment, and we recognise that we need to be cost efficient and focused on continuous improvement. Energy costs continue to remain high, and we continue to take advantage of opportunities to expand our use of electric vehicles and green energy solutions to improve our energy efficiency and help mitigate these costs.

Kaleidoscope is committed to harm reduction and we will continue to work with a number of bodies and partners to increase the options that are available for our service users. We are leading the way in terms of the introduction of Co-Production, involving those with lived experience in:

- Best practice in terms of service design and delivery across a range of health and social care settings;
- Setting goals in relation to supporting service users in terms of their engagement, self-actualisation, training and development; and
- Establishing ways of combatting stigma.

Kaleidoscope Project
Strategic Report
for the Year Ended 31 March 2025

Our focus on Co-Production is aligned with our commitment to research, development and innovation. We are also exploring the implementation of Drug Consumption Rooms.

Our Research, Development and Innovation programme continues to seek opportunities to keep us at the forefront of pioneering service design and delivery whilst also developing research partnerships with Academic institutions, this programme is overseen by a Board Subgroup.

EMPLOYEE RELATIONS

We aim to be a fair, equitable and provide a diverse environment where our people are supported to be healthy safe, happy and successful in their work environments. Kaleidoscope is fully committed to the principles of equality of opportunity and is responsible for ensuring that no job applicant, employee, intern, contractor, client or other persons with whom we deal, receives less favourable treatment and are not subjected to unfair discrimination. Kaleidoscope wants to ensure a working environment free from discrimination, harassment, intimidation and victimisation where everyone will receive equal treatment and be valued for their individual contribution to the business and be treated with respect and honesty.

Our policy is designed to ensure that current and potential employees, service users, visitors and contractors are offered the same opportunities regardless of their age, gender, disability, race, ethnic origin, nationality, colour, parental or marital status, pregnancy or maternity, religion or belief, trade union involvement, class or social background, sexual orientation or political belief. We recognise that an effective Equal Opportunities policy will help all staff to develop to their full potential, which is clearly in the best interests of both our staff and our business. We want to ensure that we not only observe the relevant legislation but also do whatever is necessary to provide genuine equality of opportunity.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk exists where there is uncertainty surrounding events and their outcomes that may have a significant impact on our ability to:

- achieve our aims;
- satisfy the expectations of our stakeholders; and
- operate efficiently.

Risk management is the responsibility of the Trustees and accordingly a schedule summarising principal risks together with mitigating factors and appropriate risk management procedures is formally reviewed by the Board at least once per year.

The board has two subgroups, one focused on Finance and Business Planning to scrutinise financial risks (and opportunities) in more depth, and one on Risk and Governance to scrutinize the charity's management of all non-financial risks, including clinical and health and safety risks. These subgroups meet at least quarterly and have led to a revision of Kaleidoscope's operational key performance measures and an expansion of the scope of the organisational risk register and resolution process.

All of our service contracts are performing in line with budget. The Birchwood @ Kaleidoscope House Detox and Rehab Centre is a higher risk because its financial success is determined by what we achieve in terms of room occupancy, rates achieved and good management of underlying costs, mainly staff related. This has been a key focus for us whilst we are re-establishing this facility on a larger scale and on a new site.

Another key challenge is ensuring that we fill all of our staff positions but also managing costs in a highly competitive human resources market. Tight financial control of overheads and Head Office costs is an important requirement.

PRINCIPAL FUNDING SOURCES

Kaleidoscope's principal funding partners during the year were Unitary Authorities, Local Health Boards, The Ministry of Justice and Welsh Government.

INVESTMENT POLICY AND OBJECTIVES

During the year, Kaleidoscope invested its balance of cash reserves with Barclays Bank and Natwest Banking Group. The amounts invested are in separate accounts and where possible take advantage of higher interest returns on longer term notice accounts, placed on account up to a maximum of 120 days.

RESERVES

The Trustees have set a reserves policy that requires reserves to be maintained at a level that would allow continuance of core activities in the event of a period of continued unforeseen financial difficulty and that a level of readily accessible funds is retained.

Kaleidoscope Project
Strategic Report
for the Year Ended 31 March 2025

The Trustees assess the required level of Reserves on an annual basis, alongside the highlighted requirements from operating activity. This takes account of the financial environment that Kaleidoscope operates in and reviews the potential impact of risks within the annual budget. The current situation where Kaleidoscope has considerable reserves and significant amounts on deposit is considered appropriate for the time being.

The financial reserves are considered satisfactory for:

- protection against financial risks;
- expansion of the charity's business;
- providing necessary funds for investment in fixed assets;
- providing funds for special projects such as Co-Production, RD &I and other potential new initiatives such as Drug Consumption Rooms.

The minimum reserves requirement equates to 3 months' turnover of which 1 month is required to be in cash. Kaleidoscope continues to operate considerably above this minimum level.

Key risks were assumed to include: risks identified in the financial risk review including financial IT systems, retention and recruitment of service contracts, the specific operational challenges of Birchwood, maintenance of the property base and increases in underlying costs.

Approved by order of the board of trustees on 12/12/2025 and signed on its behalf by:



Trustee

Daniel Antebi

Kaleidoscope Project (Registered number: 05480423)

Report of the Trustees for the Year Ended 31 March 2025

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2025. The trustees have adopted the provisions of 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).

OBJECTIVES AND ACTIVITIES

The Charity's objectives and activities are included in the Strategic Report.

PUBLIC BENEFIT

Our objectives and activities as detailed above focus on the prevention and treatment of substance misuse. We work with individuals in both England and Wales and our activities are undertaken to further our charitable purposes for the public benefit. To enhance these public benefits, we work closely with organisations in the Criminal Justice system and other statutory bodies.

ACHIEVEMENT AND PERFORMANCE

The Charity's achievements and performance have been outlined in the Strategic Report.

FINANCIAL REVIEW

A financial review is included in the Strategic Report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Kaleidoscope is a registered charity (number 115017) and is also a company limited by guarantee (number 05480423) which was incorporated on June 14, 2005. The governing documents are our memorandum and articles of association amended by special resolution April 5, 2006.

Recruitment and appointment of new trustees

Kaleidoscope has an independent Board of Trustees drawn from a variety of backgrounds thus ensuring a diverse Board with a strong mix of skills and experience to take the Charity forward. When appropriate, vacancies on the Board are advertised through media outlets and interviews conducted, to ensure new appointments will add to the skills and experience of the Board.

Organisational Structure

The Board of Trustees aims to meet at least quarterly. Board members are proactive and undertake specific responsibilities for the governance of the Charity. The day to day running of the charity is through a structure of delegation from the Board, to the Chief Executive and on to its Business and Service Managers.

Induction and training of new Trustees

All new Trustees are provided with historical and current information to enable them to appreciate the work and ethos of the charity.

Key Management Remuneration

In order to achieve our ambitious goals, the Trustees recognise it needs to attract and retain key management personnel who have the expertise, enthusiasm and ability to lead by example and contribute to the charity's success. Consequently, the ability to offer a compelling value proposition to staff is regarded as a critical success factor.

In common with other small entrepreneurial companies in the charity sector, Kaleidoscope's value proposition to staff includes supportive teamwork, personal development and significant job satisfaction from the social impact that the charity helps to generate. Remuneration is of course important, and we recognise that we also need to set pay and benefits at levels that are competitive for the sector, and which recognises an individual's abilities, responsibilities and experience. In most cases this results in remuneration that tends to be lower than the people concerned would be able to earn in the commercial sector.

The remuneration of key management is summarised in Note 11 to the financial statements. Kaleidoscope's highest paid employee is the Chief Executive.

Kaleidoscope Project (Registered number: 05480423)

**Report of the Trustees
for the Year Ended 31 March 2025**

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

05480423 (England and Wales)

Registered Charity number

1115017

Registered office

1 Resolven House
St Mellons Business Park
Fortran road
St Mellons
CF3 0EY

Trustees

Kasim Aleem Ali
Daniel Leo Antebi
Julian Mark Quentin Knight
George Blackwood Charlton
Rachael Harding-Brown (appointed 6.6.24)
Catherine Marie Pepinster
Ann Marie Procter
Pamela Frances Rutter (resigned 9.10.24)
Mark Alan Tudor
David Fairfax Vickery (appointed 6.6.24)
Alison Lewis (appointed 22.11.24)
Jeremy Ross (resigned 16.10.25)

Auditors

Stephen John Bickerton
Advantage Accountancy & Advisory Ltd
Chartered Certified Accountants
and Statutory Auditors
Avalon House
5-7 Cathedral Road
Cardiff
CF11 9HA

Solicitors

Clarks Legal
5th Floor
Thames Tower
Station Road
Reading
RG1 1LX

Kaleidoscope Project (Registered number: 05480423)

**Report of the Trustees
for the Year Ended 31 March 2025**

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

KEY MANAGEMENT PERSONNEL

Chief Executive - Martin Blakebrough

Executive team – Lisa Kieh, Geoff Thomas, Kaniz Malekin, Gareth Watts, Rondine Molinaro

Other key management – Kate McDougall, Josephine Moore

Martin Blakebrough was replaced by Rondine Molinaro as Chief Executive on 1 June 2025.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Kaleidoscope Project for the purposes of company law) are responsible for preparing the Strategic Report, the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

Approved by order of the board of trustees on 12/12/25 and signed on its behalf by:



Trustee

Daniel Antebi

Report of the Independent Auditors to the Members of Kaleidoscope Project (Registered number: 05480423)

Opinion

We have audited the financial statements of Kaleidoscope Project Group (and the 'Parent charitable company') for the year ended 31 March 2025 which comprise the consolidated Statement of Financial Activities, the consolidated Balance Sheet, the Parent charitable company 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable group's and company's affairs as at 31 March 2025 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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 Auditors' 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 charitable group's and 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 Annual Report, other than the financial statements and our Report of the Independent Auditors 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 this gives rise to a material misstatement in the financial statements themselves. 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 Group Strategic Report and the Group Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Group Report of the Trustees has been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Kaleidoscope Project (Registered number: 05480423)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable group and company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report and the Group Report of the Trustees.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable group and 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 charitable group and 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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 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 obtained understanding of the legal and regulatory frameworks applicable to the company and the sector in which they operate. We determined that the following laws and regulations were most significant: The Companies Act 2006, UK corporate taxation laws, employment legislation and health and safety legislation.
- We obtained an understanding of how the company are complying with those legal and regulatory frameworks by making inquiries to management. We corroborated our inquiries through our review of legal correspondence.
- We assessed the susceptibility of the company's financial statements to material misstatements, including how fraud might occur. Audit procedures performed by the engagement team included:
 - making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
 - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - performing analytical procedures to identify any unusual or unexpected relationships;
 - challenging assumptions and judgements made by management in its significant accounting estimates;
 - identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
 - assessing the extent of compliance with relevant laws and regulations.

**Report of the Independent Auditors to the Members of
Kaleidoscope Project (Registered number: 05480423)**

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 Report of the Independent Auditors.

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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen John Bickerton (Senior Statutory Auditor)
for and on behalf of Advantage Accountancy & Advisory Ltd
Chartered Certified Accountants
and Statutory Auditors
Avalon House
5-7 Cathedral Road
Cardiff
CF11 9HA

Date: 12/12/25

Kaleidoscope Project
Consolidated Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 March 2025

	Notes	Unrestricted fund £	Restricted funds £	Endowment fund £	31.3.25 Total funds £	31.3.24 Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and legacies	2	12,053	362,079	-	374,132	230,031
Charitable activities						
Drug and alcohol treatment services	5	14,775,964	2,082,539	-	16,858,503	16,856,059
Residential Services		1,910,149	-	-	1,910,149	1,350,768
Other trading activities	3	5,370	-	-	5,370	-
Investment income	4	315,043	-	-	315,043	232,959
Total		<u>17,018,579</u>	<u>2,444,618</u>	<u>-</u>	<u>19,463,197</u>	<u>18,669,817</u>
EXPENDITURE ON						
Charitable activities						
Drug and alcohol treatment services	6	15,872,962	2,463,230	-	18,336,192	16,030,373
Residential Services		1,842,596	-	-	1,842,596	1,662,644
Capital Grants		-	-	-	-	258,276
Total		<u>17,715,558</u>	<u>2,463,230</u>	<u>-</u>	<u>20,178,788</u>	<u>17,951,293</u>
Net gains/(losses) on investments		-	-	-	-	39,374
NET INCOME/(EXPENDITURE)		(696,979)	(18,612)	-	(715,591)	757,898
Transfers between funds		248,885	(241,135)	(7,750)	-	-
NET MOVEMENT IN FUNDS		(448,094)	(259,747)	(7,750)	(715,591)	757,898
RECONCILIATION OF FUNDS						
Total funds brought forward		6,875,302	2,578,236	77,500	9,531,038	8,773,140
TOTAL FUNDS CARRIED FORWARD		<u><u>6,427,208</u></u>	<u><u>2,318,489</u></u>	<u><u>69,750</u></u>	<u><u>8,815,447</u></u>	<u><u>9,531,038</u></u>

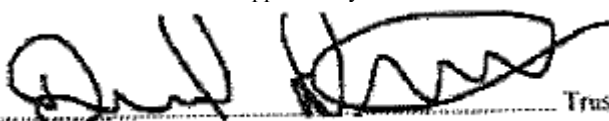
The consolidated statement of financial activities includes all gains and losses recognised in the year.
All incoming resources and resources expended are derived from continuing activities.

The notes form part of these financial statements

**Kaleidoscope Project
Consolidated Balance Sheet
31 March 2025**

	Notes	Unrestricted fund £	Restricted funds £	Endowment fund £	31.3.25 Total funds £	31.3.24 Total funds £
FIXED ASSETS						
Tangible assets	14	3,139,011	1,087,093	-	4,226,104	4,012,166
Investment property	15	<u>465,250</u>	<u>-</u>	<u>69,750</u>	<u>535,000</u>	<u>2,581,300</u>
		3,604,261	1,087,093	69,750	4,761,104	6,593,466
CURRENT ASSETS						
Debtors	16	3,151,788	379,800	-	3,531,588	3,442,717
Cash at bank		<u>5,149,036</u>	<u>1,379,525</u>	<u>-</u>	<u>6,528,561</u>	<u>4,543,467</u>
		8,300,824	1,759,325	-	10,060,149	7,986,184
CREDITORS						
Amounts falling due within one year	17	<u>(5,435,877)</u>	<u>(182,838)</u>	<u>-</u>	<u>(5,618,715)</u>	<u>(4,664,646)</u>
NET CURRENT ASSETS		<u>2,864,947</u>	<u>1,576,487</u>	<u>-</u>	<u>4,441,434</u>	<u>3,321,538</u>
TOTAL ASSETS LESS CURRENT LIABILITIES						
		6,469,208	2,663,580	69,750	9,202,538	9,915,004
CREDITORS						
Amounts falling due after more than one year	18	-	(345,091)	-	(345,091)	(322,300)
PROVISIONS FOR LIABILITIES	20	<u>(42,000)</u>	<u>-</u>	<u>-</u>	<u>(42,000)</u>	<u>(61,666)</u>
NET ASSETS		<u>6,427,208</u>	<u>2,318,489</u>	<u>69,750</u>	<u>8,815,447</u>	<u>9,531,038</u>
FUNDS						
Unrestricted funds					6,427,208	6,875,302
Restricted funds					2,318,489	2,578,236
Endowment funds					<u>69,750</u>	<u>77,500</u>
TOTAL FUNDS	21				<u>8,815,447</u>	<u>9,531,038</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 12/12/25 and were signed on its behalf by:


Trustee

Daniel Antebi

The notes form part of these financial statements

Kaleidoscope Project (Registered number: 05480423)

**Balance Sheet
31 March 2025**

	Notes	Unrestricted fund £	Restricted funds £	31.3.25 Total funds £	31.3.24 Total funds £
FIXED ASSETS					
Tangible assets	14	3,139,011	1,087,093	4,226,104	4,012,166
Investment property	15	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,046,300</u>
		3,139,011	1,087,093	4,226,104	6,058,466
CURRENT ASSETS					
Debtors	16	3,515,864	379,800	3,895,664	3,793,539
Cash at bank		<u>4,876,494</u>	<u>1,379,525</u>	<u>6,256,019</u>	<u>4,286,819</u>
		8,392,358	1,759,325	10,151,683	8,080,358
CREDITORS					
Amounts falling due within one year	17	<u>(5,417,462)</u>	<u>(182,838)</u>	<u>(5,600,300)</u>	<u>(4,635,031)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>2,974,896</u>	<u>1,576,487</u>	<u>4,551,383</u>	<u>3,445,327</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,113,907	2,663,580	8,777,487	9,503,793
CREDITORS					
Amounts falling due after more than one year	18	<u>-</u>	<u>(345,091)</u>	<u>(345,091)</u>	<u>(322,300)</u>
NET ASSETS		<u>6,113,907</u>	<u>2,318,489</u>	<u>8,432,396</u>	<u>9,181,493</u>
FUNDS					
Unrestricted funds				6,113,907	6,603,257
Restricted funds				<u>2,318,489</u>	<u>2,578,236</u>
TOTAL FUNDS	21			<u>8,432,396</u>	<u>9,181,493</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 12/12/25 and were signed on its behalf by:



Trustee

Daniel Antebi

The notes form part of these financial statements

Kaleidoscope Project

Consolidated Cash Flow Statement for the Year Ended 31 March 2025

	Notes	31.3.25 £	31.3.24 £
Cash flows from operating activities			
Cash generated from operations	1	<u>14,448</u>	<u>2,015,901</u>
Net cash provided by operating activities		<u>14,448</u>	<u>2,015,901</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(323,833)	(392,431)
Sale of investment property		2,046,300	-
Interest received		<u>248,179</u>	<u>152,830</u>
Net cash (used in)/provided by investing activities		<u>1,985,094</u>	<u>(239,601)</u>
Change in cash and cash equivalents in the reporting period			
		1,985,094	1,776,300
Cash and cash equivalents at the beginning of the reporting period		<u>4,543,467</u>	<u>2,767,167</u>
Cash and cash equivalents at the end of the reporting period	2	<u><u>6,528,561</u></u>	<u><u>4,543,467</u></u>

The notes form part of these financial statements

Kaleidoscope Project

Notes to the Consolidated Cash Flow Statement for the Year Ended 31 March 2025

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.3.25	31.3.24
	£	£
Net income for the reporting period (as per the Statement of Financial Activities)	(715,591)	757,898
Adjustments for:		
Depreciation charges	109,895	56,919
Interest received	(248,179)	(152,830)
Losses on investments	-	(39,374)
Loss on disposal of fixed assets	-	-
Provisions movement	(19,666)	(32,001)
(Increase)/decrease in debtors	(88,871)	214,234
Increase/(decrease) in creditors	<u>976,860</u>	<u>1,211,055</u>
Net cash provided by operations	<u><u>14,448</u></u>	<u><u>2,015,901</u></u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.24	Cash flow	At 31.3.25
	£	£	£
Net cash			
Cash at bank	<u>4,543,467</u>	<u>1,985,094</u>	<u>6,528,561</u>
	<u>4,543,467</u>	<u>1,985,094</u>	<u>6,528,561</u>
Total	<u><u>4,543,467</u></u>	<u><u>1,985,094</u></u>	<u><u>6,528,561</u></u>

The notes form part of these financial statements

Kaleidoscope Project

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2025

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

The Group's functional and presentational currency is the pound sterling (£), and balances are rounded to the nearest £1.

Basis of consolidation

The Group financial statements include the results of the Charitable Company and of its wholly controlled subsidiary. The consolidated entity is known as the 'Group'. The subsidiary undertakings are consolidated on a line by line basis within the Consolidated Statement of Financial Activities.

No separate Statement of Financial Activities (SOFA) has been prepared for the Charitable Company as permitted by Section 408 of the Companies Act 2006.

The subsidiary is Arch initiative, Company number 02812012, charity number 1024945. Their results for 31 March 2025 were turnover of £64,504, expenditure of £30,998 giving a net result for this year of £33,506 surplus. The overall balance sheet year end position of £383,051 which is made up of assets of £807,542 less liabilities of £424,491.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Income from grants, whether 'capital' or 'revenue' grants, is recognised when the group has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably.

Cash donations are recognised on receipt. Other donations are recognised once the group has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income from charitable activities includes amounts received under contract, and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when the contract specified that they must be used in future accounting periods.

Rental income is recognised in the period to which it relates.

Other income consists of monies/assets received from subsidiary entities. This is recognised when the risks and rewards have been transferred.

Legacies are recognised either when the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor (s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt from a legacy, in whole or in part, is only considered probable when the amount can be measured reliably, and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2025

1. ACCOUNTING POLICIES - continued

Employee benefits

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

Termination benefits are recognised immediately as an expense when the charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Allocation and apportionment of costs

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. As the charitable company has only one charitable activity all costs are allocated directly to this activity.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property - 2% on cost

Long leasehold - 1% on cost

Fixtures and Fittings - 20-50% on cost and 20% reducing balance

Motor Vehicles - 33% on cost

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Investments

Fixed asset investments in subsidiaries are held at cost.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in the Statement of Financial Activities.

Debtors

Amounts recoverable on contracts are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

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

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2024

1. ACCOUNTING POLICIES - continued

Taxation

The group is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Leasing commitments

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

Pension costs and other post-retirement benefits

The subsidiary of the group has a defined benefit pension scheme. The full details of this scheme are included in the notes to the accounts which shows the calculation and assumption provided by the actuary to include the amounts in the financial statements.

The parent operates a defined contribution pension scheme. Contributions payable to the scheme are charged to the statement of financial activities in the period to which they relate.

Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are detailed below:

Critical accounting estimates and judgements

(i) The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimates useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimate, based on the current estimate and the physical condition of the assets.

Related Organisation

The Kaleidoscope Project has a management agreement with a related organisation, the Kaleidoscope (Kingston) Housing Association Limited.

The separation of the Association's and Project's accounts (which should be read together) reflects the distinct services provided by the Association and the Project.

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2025

2.	DONATIONS AND LEGACIES	31.3.25	31.3.24
		£	£
	Donations	12,053	3,518
	Grants	<u>362,079</u>	<u>226,513</u>
		<u>374,132</u>	<u>230,031</u>
3.	OTHER TRADING ACTIVITIES	31.3.25	31.3.24
		£	£
	Miscellaneous income	<u>5,370</u>	<u>-</u>
4.	INVESTMENT INCOME	31.3.25	31.3.24
		£	£
	Rents received	66,864	64,440
	Deposit account interest	2,838	15,689
	Interest receivable-trading	<u>245,341</u>	<u>152,830</u>
		<u>315,043</u>	<u>232,959</u>
5.	INCOME FROM CHARITABLE ACTIVITIES	31.3.25	31.3.24
	Activity	£	£
	Service Level Agreements	16,858,503	16,856,059
	Hostel, detox and rehabilitation provision	<u>1,910,149</u>	<u>1,350,768</u>
	Residential Services	<u>18,768,652</u>	<u>18,206,827</u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2025

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 7) £	Support costs (see note 8) £	Totals £
Drug and alcohol treatment services	17,021,549	1,314,643	18,336,192
Residential Services	1,842,596	-	1,842,596
	<u>18,864,145</u>	<u>1,314,643</u>	<u>20,178,788</u>

7. DIRECT COSTS OF CHARITABLE ACTIVITIES

	31.3.25 £	31.3.24 £
Staff costs	8,993,072	7,316,016
Leasing of premises and equipment	7,699	5,731
Premises costs	1,206,983	910,485
Medical supplies	3,457,811	4,061,215
Catering costs	123,021	104,755
Training and staff costs	146,264	112,762
Office expenses	383,386	538,136
Travel & subsistence	222,659	206,657
Partners, Agency workers and Sub-contractors	3,759,467	3,459,847
Client related costs	242,325	184,952
Bad debts	2,020	(12,386)
Legal and professional	57,291	29,142
Finance costs	284	271
Depreciation	72,172	23,403
Audit and accountancy	1,500	-
License & registration	79,202	-
Insurance, health & safety	108,989	-
	<u>18,864,145</u>	<u>16,940,986</u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2025

8. SUPPORT COSTS

	Management £	Finance £	Governance costs £	Totals £
Drug and alcohol treatment services	1,296,096	11,747	6,800	1,314,643
	<u>1,296,096</u>	<u>11,747</u>	<u>6,800</u>	<u>1,314,643</u>

Support costs, included in the above, are as follows:

			31.3.25	31.3.24
			£	£
Wages			896,265	579,757
Licences & registration			48,799	75,805
Office expenses			95,251	113,167
Legal & professional fees			40,276	50,643
Audit & accountancy			9,925	3,709
Management charge			10,000	10,000
Insurance, health & safety			23,386	91,944
Dilapidation provision movement			-	(116,189)
Finance charges			5,509	6,007
Travel & Subsistence			27,128	29,582
Training			47,971	50,375
Premises cost			-	39,720
Catering costs			14,781	6,504
Client related costs			12,251	-
Depreciation			37,723	33,515
Pensions			11,747	21,360
Bank charges			-	8
Bad debts			14,831	-
Auditors' remuneration			<u>18,800</u>	<u>14,400</u>
			<u>1,314,643</u>	<u>1,010,307</u>

9. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

			31.3.25	31.3.24
			£	£
Depreciation - owned assets			109,894	56,919
Other operating leases			7,699	5,731
			<u>117,593</u>	<u>62,650</u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2025

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2025 nor for the year ended 31 March 2024.

Trustees' expenses

Arch Initiatives:- There were no trustees' expenses paid for the year ended 31 March 2025 nor for the year ended 31 March 2024.

Kaleidoscope Project:- During the year, 5 trustees were reimbursed travel expenses to £1,007 (2024: £1,282).

11. STAFF COSTS

	31.3.25	31.03.24
<u>Kaleidoscope Project:-</u>	£	£
Wages & salaries	8,875,461	7,041,854
Social security costs	761,087	629,804
Other pension costs	<u>252,789</u>	<u>224,115</u>
	<u><u>9,889,337</u></u>	<u><u>7,895,773</u></u>

Included in Wages & salaries are redundancy payments of £31,456 (2024: £nil)

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

	31.3.25	31.3.24
Charitable activities	280	254
Management and administration	<u>19</u>	<u>17</u>
	<u><u>299</u></u>	<u><u>271</u></u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	31.3.25	31.3.24
£60,001 - £70,000	3	1
£70,001 - £80,000	<u>1</u>	<u>-</u>
	<u><u>4</u></u>	<u><u>1</u></u>

The total employee benefits including pension contributions of the key management personnel were £591,397 (2024: £342,894).

Arch Initiatives:- There are no staff employed as the charity is administered by Kaleidoscope Project.

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2025

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Endowment fund £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and legacies	3,518	226,513	-	230,031
Charitable activities				
Drug and alcohol treatment services	13,837,645	3,018,414	-	16,856,059
Residential Services	1,350,768	-	-	1,350,768
Other trading activities	-	-	-	-
Investment income	<u>232,959</u>	<u>-</u>	<u>-</u>	<u>232,959</u>
Total	<u>15,424,890</u>	<u>3,244,927</u>	<u>-</u>	<u>18,669,817</u>
Charitable activities				
Drug and alcohol treatment services	13,108,342	2,922,031	-	16,030,373
Residential Services	1,662,644	-	-	1,662,644
Capital Grant	<u>-</u>	<u>258,276</u>	<u>-</u>	<u>258,276</u>
Total	<u>14,770,986</u>	<u>3,180,307</u>	<u>-</u>	<u>17,951,293</u>
Net gains on investments	<u>39,374</u>	<u>-</u>	<u>-</u>	<u>39,374</u>
NET INCOME/(EXPENDITURE)	693,278	64,620	-	757,898
Transfers between funds	<u>123,411</u>	<u>(77,161)</u>	<u>(46,250)</u>	<u>-</u>
Net movement in funds	816,689	(12,541)	(46,250)	757,898
RECONCILIATION OF FUNDS				
Total funds brought forward	6,058,613	2,590,777	77,500	8,773,140
TOTAL FUNDS CARRIED FORWARD	<u>6,875,302</u>	<u>2,578,236</u>	<u>77,500</u>	<u>9,531,038</u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2025

13. CHARITABLE COMPANY RESULTS

The Charitable Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own income and expenditure in these financial statements. The results of Kaleidoscope Project (the Charitable Company) are:

	Total 2025 £	Total 2024 £
Total income resources	19,398,693	18,594,743
Total resources expended	(20,147,790)	(17,908,914)
Net gains on investments	-	46,300
Net surplus/(deficit)	(749,097)	732,129
Funds:		
At 1 April 2024	<u>9,181,493</u>	<u>8,449,364</u>
At 31 March 2025	<u>8,432,396</u>	<u>9,181,493</u>

14. TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold £	Fixtures and fittings £	Totals £
COST				
At 1 April 2024	4,003,122	266,297	1,081,011	5,350,430
Additions	<u>299,633</u>	<u>5,113</u>	<u>19,086</u>	<u>323,832</u>
At 31 March 2025	<u>4,302,755</u>	<u>271,410</u>	<u>1,100,097</u>	<u>5,389,498</u>
DEPRECIATION				
At 1 April 2024	450,588	17,297	870,379	1,338,264
Charge for year	<u>80,923</u>	<u>3,659</u>	<u>25,312</u>	<u>109,894</u>
At 31 March 2025	<u>531,511</u>	<u>20,956</u>	<u>895,691</u>	<u>1,448,158</u>
NET BOOK VALUE				
At 31 March 2025	<u>3,771,244</u>	<u>250,454</u>	<u>204,406</u>	<u>3,941,340</u>
At 31 March 2024	<u>3,552,534</u>	<u>249,000</u>	<u>210,632</u>	<u>4,012,166</u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2025

14. TANGIBLE FIXED ASSETS - continued

CHARITABLE FIXED ASSETS (CHARITABLE COMPANY)

	Freehold Property £	Long Leasehold £	Fixtures and fixtures £	Total £
Cost or Valuation				
At 1 April 2024	4,003,122	266,297	796,247	5,065,666
Additions	299,633	5,113	19,086	323,832
Disposals	-	-	-	-
At 31 March 2025	<u>4,302,755</u>	<u>271,410</u>	<u>815,333</u>	<u>5,389,498</u>
Depreciation				
At 1 April 2024	450,588	17,297	585,615	1,053,500
Charge	80,923	3,659	25,312	109,894
Eliminated	-	-	-	-
At 31 March 2025	<u>531,511</u>	<u>20,956</u>	<u>610,927</u>	<u>1,163,394</u>
Net Book Value				
At 31 March 2025	<u>3,771,244</u>	<u>250,454</u>	<u>204,406</u>	<u>4,226,104</u>
At 31 March 2024	<u>3,552,534</u>	<u>249,000</u>	<u>210,632</u>	<u>4,012,166</u>

Charitable Company

The Group, and Charitable Company received grants of £423,684 and £66,697 in prior years for property and fixtures and fittings expenditure respectively. These grants have been deducted from the cost of the assets brought forward.

The Welsh Assembly Government has a legal charge over the property at Powells Place, Newport which has a net book value of £511,059 (2024: £525,970) at the balance sheet date.

15. INVESTMENT PROPERTY

	£
FAIR VALUE	
At 1 April 2024	2,581,300
Disposals	<u>(2,046,300)</u>
At 31 March 2025	<u>535,000</u>
NET BOOK VALUE	
At 31 March 2025	<u>535,000</u>
At 31 March 2024	<u>2,581,300</u>

An independent valuation was undertaken on 19 September 2024. The trustees consider this to be an accurate reflection of fair value at 31 March 2025.

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2025

15. INVESTMENT PROPERTY - continued

Charitable Company

	£	
MARKET VALUE		
As at 1 April 2024	2,046,300	
Disposals	<u>(2,046,300)</u>	
As at 31 March 2025	<u>-</u>	
NET BOOK VALUE		
At 31 March 2025	<u>-</u>	
At 31 March 2024	<u>2,046,300</u>	

16. DEBTORS

	31.3.25	31.3.24
Amounts falling due within one year:		
	£	£
Trade debtors	2,862,084	2,888,624
Other debtors	114,121	249,988
Prepayments and accrued income	<u>555,383</u>	<u>304,105</u>
	<u>3,531,588</u>	<u>3,442,717</u>
Charitable Company		
	31.3.25	31.3.24
	£	£
Amounts falling due within one year:		
Trade debtors	2,862,084	2,888,624
Other debtors	114,121	249,988
Prepayments and accrued income	555,383	304,105
Amounts falling due after more than one year:		
Amounts owned by group undertaking	<u>364,076</u>	<u>350,822</u>
	<u>3,895,664</u>	<u>3,793,539</u>

Included within other debtors, in both the Group and Charitable Company, is £nil (2024: £9,589) due from Kaleidoscope (Kingston) Housing Association Limited.

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2025

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.25	31.3.24
	£	£
Trade creditors	1,843,727	1,751,587
Social security and other taxes	188,855	156,638
Other creditors	2,418,659	2,067,469
Accruals and deferred income	<u>1,167,474</u>	<u>688,952</u>
	<u>5,618,715</u>	<u>4,664,646</u>

Charitable Company

	31.3.25	31.3.24
	£	£
Trade creditors	1,843,727	1,741,587
Social security and other taxes	188,855	156,638
Other creditors	2,418,659	2,067,469
Accruals and deferred income	<u>1,149,029</u>	<u>669,337</u>
	<u>5,618,715</u>	<u>4,635,031</u>

Included within other creditors is £2,411,492 (2024: £nil) due to Kaleidoscope (Kingston) Housing Association Limited

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.3.25	31.3.24
	£	£
Other creditors	<u>345,091</u>	<u>322,300</u>

Charitable Company

	31.3.25	31.3.24
	£	£
Other creditors	<u>345,091</u>	<u>322,300</u>

19. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.3.25	31.3.24
	£	£
Within one year	180,668	89,384
Between one and five years	<u>247,512</u>	<u>355,920</u>
	<u>428,180</u>	<u>445,304</u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2025

20. PROVISIONS FOR LIABILITIES

	31.3.25	31.3.24
	£	£
Provisions	<u>42,000</u>	<u>61,666</u>

A provision of £42,000 is being carried for the amount due on the Charity's defined pension scheme. The details of the scheme are disclosed in note 22.

At the end of 5 April 2023 the actuarial valuation indicated that the scheme was in an asset position of £201,000. This amount has not been recognised in the accounts as it is the Charity's intention to withdraw from the scheme should a reasonable buy out position be negotiated. Current discussions have highlighted that the amount would be in the region of £42,000 to £102,000. Due to this it is felt that the current liability held is a more accurate reflection of the Charity's position than the £201,000 asset.

21. MOVEMENT IN FUNDS

	At 01.04.24	Net movement in funds	Transfers between funds	At 31.03.25
	£	£	£	£
Unrestricted funds				
General fund	6,875,302	(696,979)	248,885	6,427,208
Restricted funds				
Asset Fund	1,290,661	155,282	(241,135)	1,204,808
Other restricted funds	18,999	(5,754)	-	13,245
Powys Counselling	28,057	-	-	28,057
Powys Co-Production	19,999	(15,638)	-	4,361
GDAS Harm Reduction	176,070	(10,725)	-	165,345
GDAS External Training	27,532	(13,708)	-	13,824
DDAS Pathways to Change	33,310	(9,661)	-	23,649
GDAS Co-occurring Pilot	38,212	(35,482)	-	2,730
Buvidal Funding	774,215	(38,985)	-	735,230
Powys Housing	33,030	(5,000)	-	28,030
Peter Harrison Foundation	10,000	(10,000)	-	-
Lighthouse – ABP/health	12,238	(5,640)	-	6,598
GDAS Big Lottery	18,613	(10,370)	-	8,243
Leases	97,300	(12,931)	-	84,369
	<u>2,578,236</u>	<u>(18,612)</u>	<u>(241,135)</u>	<u>2,318,489</u>
Endowment funds				
Wirral PCT	77,500	-	(7,750)	69,750
Total funds	<u><u>9,531,038</u></u>	<u><u>(715,591)</u></u>	<u><u>-</u></u>	<u><u>8,815,447</u></u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2025

21. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources	Resources expended	Gains and losses	Movement in funds
	£	£	£	£
Unrestricted funds				
General fund	17,018,579	(17,715,558)	-	(696,979)
Restricted funds				
Asset Fund	183,670	(28,388)	-	155,282
Other restricted funds	12,491	(18,245)	-	(5,754)
Powys Co-Production	-	(15,638)	-	(15,638)
GDAS Harm Reduction	28,995	(39,720)	-	(10,725)
GDAS External Training	-	(13,708)	-	(13,708)
DDAS Pathways to Change	31,200	(40,861)	-	(9,661)
GDAS Co-occurring Pilot	-	(35,482)	-	(35,482)
Buvidal Funding	2,009,853	(2,048,838)	-	(38,985)
Powys Housing	-	(5,000)	-	(5,000)
Peter Harrison Foundation	-	(10,000)	-	(10,000)
Lighthouse – APB/Health	-	(5,640)	-	(5,640)
GDAS Big Lottery	-	(10,370)	-	(10,370)
Leases	178,409	(191,340)	-	(12,931)
	<u>2,444,618</u>	<u>(2,463,230)</u>	<u>-</u>	<u>(18,612)</u>
Endowment funds				
Wirral PCT	-	-	-	-
Total funds	<u><u>19,463,197</u></u>	<u><u>(20,178,788)</u></u>	<u><u>-</u></u>	<u><u>(715,591)</u></u>

Kaleidoscope Project

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2025**

21. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 01.04.23	Prior year adjustment	Net movement in funds	Transfers between funds	At 31.03.24
		£	£	£	£
Unrestricted funds					
General fund	4,413,077	1,645,536	693,278	123,411	6,875,302
Restricted funds					
Asset Fund	1,327,860	-	(37,199)	-	1,290,661
Other restricted funds	-	161,438	(34,547)	(107,892)	18,999
Powys Counselling	-	28,057	-	-	28,057
Powys Co-Production	-	(1,377)	16,591	4,785	19,999
GDAS Harm Reduction	-	175,764	306	-	176,070
GDAS External Training	-	10,400	(8,814)	25,946	27,532
DDAS Pathways to Change	-	27,800	5,510	-	33,310
GDAS Co-occurring Pilot	-	46,225	(8,013)	-	38,212
Buvidal Funding	-	771,580	2,635	-	774,215
Powys Housing	-	33,030	-	-	33,030
Peter Harrison Foundation	-	10,000	-	-	10,000
Lighthouse-APB/health	-	-	12,238	-	12,238
GDAS Big Lottery	-	-	18,613	-	18,613
Leases	-	-	97,300	-	97,300
	<u>1,327,860</u>	<u>1,262,917</u>	<u>64,620</u>	<u>(77,161)</u>	<u>2,578,236</u>
Endowment funds					
Wirral PCT	123,750	-	-	(46,250)	77,500
Total funds	<u><u>5,864,687</u></u>	<u><u>2,908,453</u></u>	<u><u>757,898</u></u>	<u><u>-</u></u>	<u><u>9,531,038</u></u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2025

21. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources	Resources expended	Gains and Losses	Movement in funds
	£	£	£	£
Unrestricted funds				
General fund	15,424,889	(14,770,985)	39,374	693,278
				-
Restricted funds				
Asset Fund	226,513	(263,712)	-	(37,199)
Other restricted funds	490,640	(525,187)	-	(34,547)
Powys Counselling	-	-	-	-
Powys Co-Production	20,000	(3,409)	-	16,591
GDAS Harm Reduction	241,995	(241,689)	-	306
GDAS External Training	-	(8,814)	-	(8,814)
DDAS Pathways to Change	31,200	(25,690)	-	5,510
GDAS Co-occurring Pilot	-	(8,013)	-	(8,013)
Buvidal Funding	2,203,428	(2,200,793)	-	2,635
Lighthouse-APB/Heath	12,538	(300)	-	12,238
GDAS Big Lottery	18,613	-	-	18,613
Leases	-	97,300	-	97,300
	3,244,927	(3,180,307)	39,374	64,620
Endowment funds				
Wirral PCT	-	-	-	-
Total funds	18,669,816	(17,951,292)	39,374	757,898

Kaleidoscope Project

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2025**

21. MOVEMENT IN FUNDS - continued

Charitable Company

	At 1.4.24	Net	Transfers	At
	£	movement	between	31.3.25
		in funds	funds	£
		£	£	
Unrestricted funds				
General fund	6,603,257	(730,485)	241,135	6,113,907
Restricted funds				
Asset fund	1,290,661	155,282	(241,135)	1,204,808
Other restricted funds	18,999	(5,754)	-	13,245
Powys Counselling	28,057	-	-	28,057
Powys Co-Production	19,999	(15,638)	-	4,361
GDAS Harm Reduction	176,070	(10,725)	-	165,345
GDAS External Training	27,532	(13,708)	-	13,824
DDAS Pathways to Change	33,310	(9,661)	-	23,649
GDAS Co-occurring Pilot	38,212	(35,482)	-	2,730
Buvidal Funding	774,215	(38,985)	-	735,230
Powys Housing	33,030	(5,000)	-	28,030
Peter Harrison Foundation	10,000	(10,000)	-	-
Lighthouse - APB/Health	12,238	(5,640)	-	6,598
GDAS Big Lottery	18,613	(10,370)	-	8,243
Leases	97,300	(12,931)	-	84,369
	<u>2,578,236</u>	<u>(18,612)</u>	<u>(241,135)</u>	<u>2,318,489</u>
TOTAL FUNDS	<u>9,181,493</u>	<u>(749,097)</u>	<u>-</u>	<u>8,432,396</u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2025

21. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.4.23 £	Prior year adjustment £	Net movement in funds £	Transfers between funds £	At 31.3.24 £
Unrestricted funds					
General fund	4,213,051	1,645,536	667,509	77,161	6,603,257
Restricted funds					
Asset fund	1,327,860	-	(37,199)	-	1,290,661
Other restricted funds	-	161,438	(34,547)	(107,892)	18,999
Powys Counselling	-	28,057	-	-	28,057
Powys Co-Production	-	(1,377)	16,591	4,785	19,999
GDAS Harm Reduction	-	175,764	306	-	176,070
GDAS External Training	-	10,400	(8,814)	25,946	27,532
DDAS Pathways to Change	-	27,800	5,510	-	33,310
GDAS Co-occurring Pilot	-	46,225	(8,013)	-	38,212
Buvidal Funding	-	771,580	2,635	-	774,215
Powys Housing	-	33,030	-	-	33,030
Peter Harrison Foundation	-	10,000	-	-	10,000
Lighthouse - APB/Health	-	-	12,238	-	12,238
GDAS Big Lottery	-	-	18,613	-	18,613
Leases	-	-	97,300	-	97,300
	<u>1,327,860</u>	<u>1,262,917</u>	<u>64,620</u>	<u>(77,161)</u>	<u>2,578,236</u>
TOTAL FUNDS	<u><u>5,540,911</u></u>	<u><u>2,908,453</u></u>	<u><u>732,129</u></u>	<u><u>-</u></u>	<u><u>9,181,493</u></u>

Arch Initiatives:-

Unrestricted funds

The unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objectives.

Endowment funds

The Wirral PCT endowment fund is a grant expressly for the purpose of purchasing and refurbishing the property known as 88-90 Argyle Street. In accordance with the grant agreement these grants will be credited to the endowment fund and likewise restricted to the purpose of the development of the property

Kaleidoscope Project:-

Unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objectives.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Restricted funds

Asset Fund

The asset fund represents property and fixtures and fittings which have been secured with the help of grant funding. The fund increases each year with the receipt of further capital grants and reduces by an amount each year equivalent to the depreciation charges on those assets and /or by repair costs treated as revenue expenditure.

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2025

21. MOVEMENT IN FUNDS - continued

Other Restricted Funds

Other restricted funds with balances less than £5,000.

Powys Counselling

Delivery of counselling provision for Powys service users.

Powys Co-Production

Funding from APB Commissioning team to deliver peer volunteer activities and harm reduction events/groups.

GDAS Harm Reduction

Funding received from Gwent APB to purchase harm reduction equipment and delivery of harm reduction initiatives (BBV/Nalaoxone etc).

GDAS External Training

Revenue received for the delivery of training to external agencies. Utilised for training materials and purchasing of external training.

DDAS Pathways to Change

Funding received from Dyfed APB to deliver counselling to Dyfed Service Users.

GDAS Co-occurring Pilot

Funding for the delivery of co-occurring mental health and substance use service.

Buvidal Funding

Funding for the purchase of Buvidal.

Powys Housing

Funding for Powys Outreach Workers.

Peter Harrison Foundation

Grant funding subsequently cancelled and returned.

Lighthouse - APB/Health Grant

Funding from Gwent Health Services for building costs & building administration/management.

GDAS Big Lottery

Funding for Diversionary Activities (Outdoor Pursuits).

Leases

Funding for leases that relate to future periods.

Transfers between funds

During the year the balance of certain restricted funds were transferred to unrestricted funds. The original use of these funds was restricted to the purchase of fixed assets. Since the assets are held for general and not a restricted purpose the balance has been transferred to unrestricted funds.

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2025

22. EMPLOYEE BENEFIT OBLIGATIONS

Arch Initiatives participates in the Mercer DB Master Trust (the scheme) formerly known as The Federation Plan.

The scheme is a multi-employer defined benefit scheme. We are now reporting the results of the 2023 actuarial valuation.

Scheme Membership

Membership of the scheme is made up of 6 deferred pensioners and 2 retired pensioners, there are no active pensioners. The data attributable by type of member is as follows:

Member	Description	5 April 2023	5 April 2020
Deferred members	Total deferred pensions revalued to valuation date - (£ p.a.)	5,845	6,808
Deferred members	Average age weighted	47	44
Pensioners	Total pensions payable (£ p.a.)	2,484	2,103
Pensioners	Average age weighted by pension	71	68

The breakdown of the liability is set out below:

Description	2023 Valuation £'000s	2020 Valuation £'000s
Assets	419	234
Liabilities – Pensioners	(42)	(54)
Liabilities - Deferred members	(176)	(332)
Overall position	201	(152)
Funding Level	192%	61%

Assets Summary

	5 April 2023 Allocation £'000	5 April 2023 Allocation %	Revised Investment strategy after 5 April 2023 %
Pooled Investment Vehicles	414	99	30
Bank	5	1	0
Tailored Credit	0	0	20
UK Inflation Linked Gifts	0	0	40
Sterling Inflation Linked LDI	0	0	10
Total	419	100	100

Analysis of Experience Since Last Valuation

	£'000
Shortfall on 5 April 2023	(152)
Interest	(2)
Contributions less expenses	58
Changes in market conditions (liability impact)	183
Excess investment returns	128
Inflation experience	(40)
Impact of changes to statement of funding principles	28
Miscellaneous	(2)
Surplus on 2023 assumptions	201
Expected 2023 shortfall	(96)
Estimated shortfall at 2023 on 2020 assumptions	175

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2025

22. EMPLOYEE BENEFIT OBLIGATIONS - continued

Changes Since the Valuation Date

The return on the pension assets in the period April 1, 2023 to August 31, 2023 was estimated at - 4%. This does not take into account any contributions received or benefits paid out since the valuation date. Had the conditions at August 31, 2023 applied at the valuation date, it is estimated that the technical provision would have been 15% lower than the value in this report. Taken together the change in financial conditions would have led to an improvement in the overall funding position.

Financial Assumptions - Main Financial assumptions for Technical provisions

	2023 Valuation	2020 Valuation
Pre retirement discount rate	Gilt curve +1.4% p.a.	Gilt curve +1.5% p.a.
Post retirement discount rate	Gilt curve +0.5% p.a.	Gilt curve +0.5% p.a.
RPI inflation	Inflation curve	Inflation curve
CPI inflation	RPI -0.75% until 2030 RPI from that year	RPI - 0.75% p.a. until 2030 RPI from that year
RPI pension increases	In line with RPI assumptions	In line with RPI assumptions
CPI pension increases	In line with CPI assumptions	In line with CPI assumptions
Recovery plan return	Gilt curve +0.5% p.a.	Gilt curve +2.0% p.a.
Average Gilt Yield curve	3.65% p.a.	0.69% p.a.
Average inflation curve	3.35% p.a.	2.71% p.a.

Demographic assumptions - for Technical provisions

	2023 Valuation	2020 Valuation
Mortality - base table	115% of S3PxA	115% of S3PxA
Mortality - future improvements	CMI 2022[1.5%, S Core]	CMI 2019 [1.5%,S=7.5]
CPI inflation	RPI -0.75% until 2030 RPI from that year	RPI -0.75% until 2030 RPI from that year
Proportions married	90% married for both males and females	90% married for both males and females
Age of retirement	All members assumed to retire at normal retirement age. Members who are past their normal retirement are assumed to retire at the valuation date.	All members assumed to retire at normal retirement age. Members who are past their normal retirement are assumed to retire at the valuation date.
Commutation	Commutation No cash commutation where benefit formula includes cash. Where the benefit formula does not include cash, members are assumed to take 50% of their maximum cash entitlement, based on the current cash commutation factor. 50% of 3/80ths using current commutation factors for members without cash on top.	50% of 3/80ths using current commutation factors for members without cash on top
Expenses	No allowance (funded by separate contributions by the employer.)	No allowance (funded by separate contributions by the employer.)

Other Assumptions

	Assumed rate at last valuation p.a.	Assumed rate during inter valuation period p.a.
Investment returns - assumed for the purpose of the 2020 recovery plan	0.63%	15.73%
Revaluation up to retirement in line with RPI	2.57%	6.09%
in line with CPI	1.82%	4.49%
Pension increases in payment in line with RPI	2.57%	6.09%
in line with CPI	1.82%	4.49%

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2025

22. EMPLOYEE BENEFIT OBLIGATIONS - continued

Global Pandemics and Climate Change

For the 2023 valuation the potential impacts of global pandemics and climate change have been considered. These included the following climate change shock scenarios:

	Potential Impact (2023 and 2020 valuation)
UK long dated interest rate	-0.5% p.a.
Inflation	+0.5% p.a.
UK life expectancy -0.25 years	-0.25 years
Equity market re-pricing	-15%
Diversified growth fund re-pricing -7.5%	-7.5%
Investment grade credit spread widening	0.2% p.a.
Impact on high yield debt	-5%

Technical Provisions Sensitivity

	% Change in Liability
Pre retirement discount rate reduced by 0.25%p.a. at each term	+2.3%
Post retirement discount rate reduced by 0.25% p.a. at each term	+3.2%
Inflation assumption increased by 0.25% p.a. at each term	+5.5%
Members one year younger	+2.8%
Cash commutation assumption increased by 10%	+less than 0.1%

Summary of Benefits

Main benefits of the two underlying schemes:

	NHSPS Scheme	LGPS Scheme
Normal retirement date	60th Birthday	65th Birthday
Normal retirement pension	1/80th of final pay for each complete year of service	1/60th of final pay for each complete year of service
Normal retirement cash	Up to 3 times the members pension	Part of pension can be exchanged for a cash free sum
Increase to pension	In line with rpi	In line with cpi
Early retirement pension	Available after the age of 55 or on ill health	From age 55 to 60
Death after retirement: * lump sum	On death within 5 years of commencement of pension	On death within 10 years of commencement of pension
* dependant's pension	One half of members pension	37.5% of members pension

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2025

23. CONTINGENT LIABILITIES

The charity may be required to repay funding if it fails to comply with conditions laid down by the various funding providers.

Included in Investment properties is the purchase and refurbishment costs of a building on Argyle Street, Birkenhead. A grant of £500,000 was received from the Wirral Primary Care Trust (WPCT) towards these costs. WPCT hold a legal charge over the property dated 31 March 2009, the terms of which are that should the property be sold within 20 years a set percentage of the sales proceeds will revert back to WPCT. The percentage remittable is tapered down to 0% over 20 years. As at 31 March 2025 the amount repayable would be: £69,750 (2024 - £77,500)

24. RELATED PARTY DISCLOSURES

Kaleidoscope Project:-

During the year, Kaleidoscope Project Limited paid management fees to Kaleidoscope (Kingston) Housing Association Limited of £20,000 (2024: £25,000). At the year end, included in debtors is a balance of £nil (2024 £9,591) which remained outstanding from Kaleidoscope (Kingston) Housing Association Limited. This amount is repayable on demand and is non-interest bearing.

At the year end, included in other creditors is a balance of £2,411,492 (2024 £nil) due to Kaleidoscope (Kingston) Housing Association Limited. This amount is repayable on demand and is non-interest bearing.

Arch Initiatives:-

The charitable company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

25. ULTIMATE PARENT COMPANY

The charity's parent company at the balance sheet date was Kaleidoscope Project (company number 05480423, charity number 1115017), a charitable company incorporated in the UK. The parent's principal activities include the provision of holistic care and support services to those suffering due to poverty, age, infirmity, substance abuse or physical and mental hardship or distress. Copies of group accounts are available from either Companies House or from the registered office at Resolven House, St Mellons Business Park, Fortran Road, St Mellons, Cardiff CF3 0EY. The ultimate controlling party are the trustees of the parent company Kaleidoscope Project.

KALEIDOSCOPE PROJECT

England & Wales - Charity number 1115017

Accounts

REGISTERED COMPANY NUMBER: 05480423 (England and Wales)
REGISTERED CHARITY NUMBER: 1115017

**Strategic Report, Report of the Trustees and
Group Financial Statements
for the Year Ended 31 March 2024
for
Kaleidoscope Project**

Advantage Accountancy & Advisory Ltd
Chartered Accountants & Statutory Auditors
Avalon House
5-7 Cathedral Road
Cardiff
CF11 9HA

Kaleidoscope Project

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Kaleidoscope Project
Strategic Report
for the Year Ended 31 March 2024

The Trustees present their report, incorporating the strategic report, and financial statements for the year ended March 31, 2024.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the charity's governing document, the Companies Act 2006 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

Our Purpose

We support people with drug, alcohol and mental health issues so they can have a brighter future in their communities. We believe that social justice is fundamental to a better society and are committed to being globally responsible citizens.

Our Core Values

Integrity, Engagement, Excellence and Innovation are our core values. Our objectives framework includes a focus on:

- Research development and innovation
- People development
- Sustainable business
- Globally responsible
- Co-Production
- Quality management
- Campaigning

What we do

Since 1968, Kaleidoscope has aimed to create a culture and environment where people feel valued and service users are inspired to reach their goals. We seek to tackle the stigma that people with drug, alcohol, and mental health issues face. We do this through direct campaigning and lobbying for better government policies that support, not punish, our service user community.

To deliver a successful service we recognise:

- Service users have skills and experiences that bring about change for themselves, their peers and their communities.
- Developing and investing in our people build compassionate and pioneering teams.
- Innovation begins by listening to our colleagues and service users and involving them in service design and delivery.

We do this by recruiting and retaining high quality staff, who are critical to our success. We encourage our teams to strive for excellence and to innovate. We understand that the key to social care is engagement from people with integrity. Kaleidoscope achieves its objectives through the provision of the following services:

- Drug dependency services which take a harm reduction approach to users to enable them to reduce the risks of using drugs and to help them to stop using if that is their aim.
- Alcohol services offering support to all who are in need.
- Counselling and advice.
- Residential services catering for vulnerable adults.
- Training services to help people acquire new skills and qualifications, in order to achieve their goals in life.

PUBLIC BENEFIT

As noted in the Objectives and Activities above, we have carefully considered the Charity Commission guidance on public benefit when setting and reviewing our Aims and Objectives. We aim to benefit all those requiring services in relation to prevention and treatment of substance misuse and we are focused on successful service delivery. In order to enhance these public benefits, we work closely with organisations in the criminal justice system and other statutory bodies.

Kaleidoscope Project
Strategic Report
for the Year Ended 31 March 2024

ACHIEVEMENTS AND PERFORMANCE

Kaleidoscope provides a range of services in relation to the prevention and treatment of substance use. Services are provided in England and Wales, mainly through contracts with Area Planning Boards who decide the nature and scope of these services. We also have a Detox and Rehab facility on the Wirral called Birchwood @ Kaleidoscope House.

Kaleidoscope has had another successful year and continues to grow. We have seen increased access to all of our services. The Gwent Drug and Alcohol Service (GDAS) continues to be our largest and longest established service contract and it continues to find new ways to engage with service users, including seeing the first graduates from the Peer Academy showing the success of training Peer Volunteers who have lived or living experience. The Cardiff and Vale Drug and Alcohol Service (CAVDAS) established in 2022 is continuing to evolve, and has launched a mobile outreach harm reduction service in the form of 'Tim' the harm reduction van. We have other substance use contracts throughout Wales. Our full range of services includes, engagement and counselling, interventions, Drop In, training and education, diversionary activities, and specialist services to those out of work.

We moved into our new Birchwood Detox and Rehab Centre in May 2023 and now operate 25 rooms providing an extensive range of detox packages that are tailored to individual service user needs. We also provide residential rehabilitation programmes based on a therapeutic community model. We have made a considerable investment in this facility that is set in extensive grounds where residents have the opportunity to relax and recover in peaceful surroundings. Residents are referred from a large range of healthcare providers throughout England and Wales.

We are always focused on the quality of service provided and very proud of our Platinum Investors in People award, particularly as this is recognition by an independent body.

REVIEW OF BUSINESS

Total Income has increased by 17% in 2023-24 to £18.6m from £15.8m in 2022-23. Margins on all contracts are tight, with underlying inflation pushing costs higher when service commissioners are looking for cost savings. We continue to focus on the efficient and effective control of costs. A comparison of the headline financial amounts for the last three years are as follows:

	2023-24	2022-23
	£'000	£'000
Total incoming resource	18,669	15,881
Unrestricted incoming resources	15,424	13,046
Unrestricted surplus/(deficit)	693	758

PLANS FOR FUTURE PERIODS

Our key focus remains our support of people with drug, alcohol and mental health issues so they can have a brighter future in their communities.

In so doing we plan to retain and win new service contracts to sustain the services we have noted in Objectives and Activities.

The recruitment and retention of high quality colleagues is required to underpin our goals. We will look to recruit and retain colleagues who have a desire to strive for excellence, keen to innovate and who understand that the key to social care is engagement that comes from people who have integrity. Our priority is to provide quality services that we can benchmark against recognised external standards, as well as surveys undertaken with service users and colleagues.

We are operating in a challenging economic environment and we recognise that we need to be cost efficient and focused on continuous improvement. Energy efficiency is critical given the increase in energy costs and we are taking advantage of opportunities to expand our use of electric vehicles and solar panel solutions.

Kaleidoscope is committed to harm reduction and we will continue to work with a number of bodies and partners to increase the options that are available for our service users. We are leading the way in terms of the introduction of Co-Production, involving those with lived experience in:

- Best practice in terms of service design and delivery across a range of health and social care settings;
- Setting goals in relation to supporting service users in terms of their engagement, self-actualisation, training and development; and
- Establishing ways of combatting stigma.

Kaleidoscope Project
Strategic Report
for the Year Ended 31 March 2024

Our focus on Co-Production is aligned with our commitment to research, development and innovation. We are also exploring the implementation of Drug Consumption Rooms.

As part of our core objectives we are launching a Research, Development and Innovation programme that seeks to keep us at the forefront of pioneering service design and delivery. This is overseen by a Board Subgroup and in due course will operate within a discrete financial entity within the Kaleidoscope family of charities.

EMPLOYEE RELATIONS

We aim to be a fair, equitable and provide a diverse environment where our people are supported to be healthy safe, happy and successful in their work environments.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk exists where there is uncertainty surrounding events and their outcomes that may have a significant impact on our ability to:

- achieve our aims;
- satisfy the expectations of our stakeholders; and
- operate efficiently.

Risk management is the responsibility of the Trustees and accordingly a schedule summarising principal risks together with mitigating factors and appropriate risk management procedures is formally reviewed by the Board at least once per year.

In addition to this the Board has launched two subgroups, one focused on Finance and Business Planning to scrutinise financial risks (and opportunities) in more depth, and one on Risk and Governance to scrutinize the charity's management of all non-financial risks, including clinical and health and safety risks. These subgroups meet at least quarterly and have led to a revision of Kaleidoscope's operational key performance measures and an expansion of the scope of the organizational risk register and resolution process

All of our service contracts are performing in line with budget. The Birchwood @ Kaleidoscope House Detox and Rehab Centre is a higher risk because its financial success is determined by what we achieve in terms of room occupancy, rates achieved and good management of underlying costs, mainly staff related. This has been a key focus for us whilst we are re-establishing this facility on a larger scale and on a new site.

Another key challenge is ensuring that we fill all of our staff positions but also managing costs in a highly competitive human resources market. Tight financial control of overheads and Head Office costs is an important requirement.

PRINCIPAL FUNDING SOURCES

Kaleidoscope's principal funding partners during the year were Unitary Authorities, Local Health Boards, The Ministry of Justice and Welsh Government.

INVESTMENT POLICY AND OBJECTIVES

During the year, Kaleidoscope invested its balance of cash reserves with Barclays Bank and Natwest Banking Group. The amounts invested are in separate accounts and where possible take advantage of higher interest returns on longer term notice accounts, placed on account up to a maximum of 120 days.

RESERVES

The Trustees have set a reserves policy that requires reserves to be maintained at a level that would allow continuance of core activities in the event of a period of continued unforeseen financial difficulty and that a level of readily accessible funds is retained.

The Trustees assess the required level of Reserves on an annual basis, alongside the highlighted requirements from operating activity. This takes account of the financial environment that Kaleidoscope operates in and reviews the potential impact of risks within the annual budget. The current situation where Kaleidoscope has considerable reserves and significant amounts on deposit is considered appropriate for the time being.

The financial reserves are considered satisfactory for:

- protection against financial risks;
- expansion of the charity's business;

Kaleidoscope Project

**Strategic Report
for the Year Ended 31 March 2024**

- providing necessary funds for investment in fixed assets;
- providing funds for special projects such as Co-Production, RD &I and other potential new initiatives such as Drug Consumption Rooms.

The minimum reserves requirement equates to 3 months' turnover of which 1 month is required to be in cash. Kaleidoscope continues to operate considerably above this minimum level.

Key risks were assumed to include: risks identified in the financial risk review including financial IT systems, retention and recruitment of service contracts, the specific operational challenges of Birchwood, maintenance of the property base and increases in underlying costs.

23/12/2024

Approved by order of the board of trustees on and signed on its behalf by:

 
..... Trustee

Kaleidoscope Project (Registered number: 05480423)

Report of the Trustees for the Year Ended 31 March 2024

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2024. The trustees have adopted the provisions of 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).

OBJECTIVES AND ACTIVITIES

The Charity's objectives and activities are included in the Strategic Report.

PUBLIC BENEFIT

Our objectives and activities as detailed above focus on the prevention and treatment of substance misuse. We work with individuals in both England and Wales and our activities are undertaken to further our charitable purposes for the public benefit. To enhance these public benefits, we work closely with organisations in the Criminal Justice system and other statutory bodies.

ACHIEVEMENT AND PERFORMANCE

The Charity's achievements and performance have been outlined in the Strategic Report.

FINANCIAL REVIEW

A financial review is included in the Strategic Report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Kaleidoscope is a registered charity (number 115017) and is also a company limited by guarantee (number 05480423) which was incorporated on June 14, 2005. The governing documents are our memorandum and articles of association amended by special resolution April 5, 2006.

Recruitment and appointment of new trustees

Kaleidoscope has an independent Board of Trustees drawn from a variety of backgrounds thus ensuring a diverse Board with a strong mix of skills and experience to take the Charity forward. When appropriate, vacancies on the Board are advertised through media outlets and interviews conducted, to ensure new appointments will add to the skills and experience of the Board.

Organisational Structure

The Board of Trustees aims to meet at least quarterly. Board members are proactive and undertake specific responsibilities for the governance of the Charity. The day to day running of the charity is through a structure of delegation from the Board, to the Chief Executive and on to its Business and Service Managers.

Induction and training of new Trustees

All new Trustees are provided with historical and current information to enable them to appreciate the work and ethos of the charity.

Key Management Remuneration

In order to achieve our ambitious goals, the Trustees recognise it needs to attract and retain key management personnel who have the expertise, enthusiasm and ability to lead by example and contribute to the charity's success. Consequently, the ability to offer a compelling value proposition to staff is regarded as a critical success factor.

In common with other small entrepreneurial companies in the charity sector, Kaleidoscope's value proposition to staff includes supportive teamwork, personal development and significant job satisfaction from the social impact that the charity helps to generate. Remuneration is of course important, and we recognise that we also need to set pay and benefits at levels that are competitive for the sector, and which recognises an individual's abilities, responsibilities and experience. In most cases this results in remuneration that tends to be lower than the people concerned would be able to earn in the commercial sector.

The remuneration of key management is summarised in Note 11 to the financial statements. Kaleidoscope's highest paid employee is the Chief Executive and in the year ended March 31, 2024 his remuneration was £67,174.

**Report of the Trustees
for the Year Ended 31 March 2024**

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
05480423 (England and Wales)

Registered Charity number
1115017

Registered office
1 Resolven House
St Mellons Business Park
Fortran road
St Mellons
CF3 0EY

Trustees

Kasim Aleem Ali
Daniel Leo Antebi
Julian Mark Quentin Knight
George Blackwood Charlton
Natalie Davies (resigned 14.11.23)
Stephen Paul Davison (resigned 22.12.23)
Rachael Harding-Brown (appointed 6.6.24)
Catherine Marie Pepinster
Ann Marie Procter
Pamela Frances Rutter (resigned 9.10.24)
Vijay Shanmuganathan (resigned 22.9.23)
Mark Alan Tudor
David Fairfax Vickery (appointed 6.6.24)
Alison Lewis (appointed 22.11.24)

Auditors

Stephen John Bickerton
Advantage Accountancy & Advisory Ltd
Chartered Certified Accountants
and Statutory Auditors
Avalon House
5-7 Cathedral Road
Cardiff
CF11 9HA

Solicitors

Clarks Legal
5th Floor
Thames Tower
Station Road
Reading
RG1 1LX

**Report of the Trustees
for the Year Ended 31 March 2024**

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

KEY MANAGEMENT PERSONNEL

Chief Executive - Martin Blakebrough

Executive team – Lisa Kieh, Geoff Thomas, Kaniz Malekin, Gareth Watts, Rondine Molinaro

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Kaleidoscope Project for the purposes of company law) are responsible for preparing the Strategic Report, the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

Approved by order of the board of trustees on ^{23/12/2024} and signed on its behalf by:



Trustee

Report of the Independent Auditors to the Members of Kaleidoscope Project (Registered number: 05480423)

Opinion

We have audited the financial statements of Kaleidoscope Project Group (and the 'Parent charitable company') for the year ended 31 March 2024 which comprise the consolidated Statement of Financial Activities, the consolidated Balance Sheet, the Parent charitable company 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable group's and company's affairs as at 31 March 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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 Auditors' 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 charitable group's and 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 Annual Report, other than the financial statements and our Report of the Independent Auditors 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 this gives rise to a material misstatement in the financial statements themselves. 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 Group Strategic Report and the Group Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Group Report of the Trustees has been prepared in accordance with applicable legal requirements.

**Report of the Independent Auditors to the Members of
Kaleidoscope Project (Registered number: 05480423)**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable group and company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report and the Group Report of the Trustees.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable group and 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 charitable group and 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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 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 obtained understanding of the legal and regulatory frameworks applicable to the company and the sector in which they operate. We determined that the following laws and regulations were most significant: The Companies Act 2006, UK corporate taxation laws, employment legislation and health and safety legislation.

•We obtained an understanding of how the company are complying with those legal and regulatory frameworks by making inquiries to management. We corroborated our inquiries through our review of legal correspondence.

•We assessed the susceptibility of the company's financial statements to material misstatements, including how fraud might occur. Audit procedures performed by the engagement team included:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;

- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- performing analytical procedures to identify any unusual or unexpected relationships;
- challenging assumptions and judgements made by management in its significant accounting estimates;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- assessing the extent of compliance with relevant laws and regulations.

**Report of the Independent Auditors to the Members of
Kaleidoscope Project (Registered number: 05480423)**

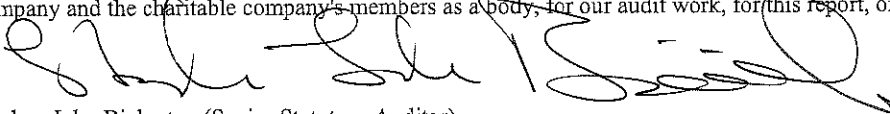
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance 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 Report of the Independent Auditors.

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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen John Bickerton (Senior Statutory Auditor)
for and on behalf of Advantage Accountancy & Advisory Ltd
Chartered Certified Accountants
and Statutory Auditors
Avalon House
5-7 Cathedral Road
Cardiff
CF11 9HA

Date: 23/12/24

Kaleidoscope Project
Consolidated Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 March 2024

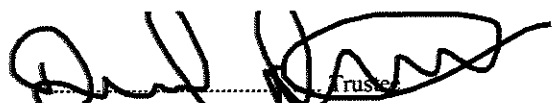
	Notes	Unrestricted fund £	Restricted funds £	Endowment fund £	31.3.24 Total funds £	31.3.23 Total funds as restated £
INCOME AND ENDOWMENTS FROM						
Donations and legacies	2	3,518	226,513	-	230,031	326,811
Charitable activities						
Drug and alcohol treatment services	5	13,837,645	3,018,414	-	16,856,059	13,968,266
Residential Services		1,350,768	-	-	1,350,768	1,351,756
Other trading activities	3	-	-	-	-	52,181
Investment income	4	232,959	-	-	232,959	182,364
Total		<u>15,424,890</u>	<u>3,244,927</u>	<u>-</u>	<u>18,669,817</u>	<u>15,881,378</u>
EXPENDITURE ON Charitable activities						
Drug and alcohol treatment services	6	13,108,342	2,922,031	-	16,030,373	13,120,703
Residential Services		1,662,644	-	-	1,662,644	1,201,984
Capital Grants		-	258,276	-	258,276	391,025
Total		<u>14,770,986</u>	<u>3,180,307</u>	<u>-</u>	<u>17,951,293</u>	<u>14,713,712</u>
Net gains/(losses) on investments		<u>39,374</u>	<u>-</u>	<u>-</u>	<u>39,374</u>	<u>-</u>
NET INCOME/(EXPENDITURE)		<u>693,278</u>	<u>64,620</u>	<u>-</u>	<u>757,898</u>	<u>1,167,666</u>
Transfers between funds		<u>123,411</u>	<u>(77,161)</u>	<u>(46,250)</u>	<u>-</u>	<u>-</u>
NET MOVEMENT IN FUNDS		<u>816,689</u>	<u>(12,541)</u>	<u>(46,250)</u>	<u>757,898</u>	<u>1,167,666</u>
RECONCILIATION OF FUNDS						
Total funds brought forward						
As previously reported		4,413,077	1,327,860	123,750	5,864,687	5,789,675
Prior year adjustment		1,645,536	1,262,917	-	2,908,453	1,815,799
As restated		<u>6,058,613</u>	<u>2,590,777</u>	<u>123,750</u>	<u>8,773,140</u>	<u>7,605,474</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>6,875,302</u></u>	<u><u>2,578,236</u></u>	<u><u>77,500</u></u>	<u><u>9,531,038</u></u>	<u><u>8,773,140</u></u>

The notes form part of these financial statements

**Kaleidoscope Project
Consolidated Balance Sheet
31 March 2024**

	Notes	Unrestricted fund £	Restricted funds £	Endowment fund £	31.3.24 Total funds £	31.3.23 Total funds as restated £
FIXED ASSETS						
Tangible assets	15	2,981,142	1,031,024	-	4,012,166	3,676,654
Investment property	16	<u>2,503,800</u>	<u>-</u>	<u>77,500</u>	<u>2,581,300</u>	<u>2,541,926</u>
		5,484,942	1,031,024	77,500	6,593,466	6,218,580
CURRENT ASSETS						
Debtors	17	3,217,717	225,000	-	3,442,717	3,656,951
Cash at bank		<u>2,898,956</u>	<u>1,644,511</u>	<u>-</u>	<u>4,543,467</u>	<u>2,767,167</u>
		6,116,673	1,869,511	-	7,986,184	6,424,118
CREDITORS						
Amounts falling due within one year	18	<u>(4,664,647)</u>	<u>1</u>	<u>-</u>	<u>(4,664,646)</u>	<u>(3,437,400)</u>
NET CURRENT ASSETS		<u>1,452,026</u>	<u>1,869,512</u>	<u>-</u>	<u>3,321,538</u>	<u>2,986,718</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,936,968	2,900,536	77,500	9,915,004	9,205,298
CREDITORS						
Amounts falling due after more than one year	19	-	(322,300)	-	(322,300)	(338,491)
PROVISIONS FOR LIABILITIES	21	<u>(61,666)</u>	<u>-</u>	<u>-</u>	<u>(61,666)</u>	<u>(93,667)</u>
NET ASSETS		<u>6,875,302</u>	<u>2,578,236</u>	<u>77,500</u>	<u>9,531,038</u>	<u>8,773,140</u>
FUNDS						
Unrestricted funds					6,875,302	6,058,613
Restricted funds					2,578,236	2,590,777
Endowment funds					<u>77,500</u>	<u>123,750</u>
TOTAL FUNDS	22				<u>9,531,038</u>	<u>8,773,140</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 23/12/2024 and were signed on its behalf by:

 Trustee

The notes form part of these financial statements

Kaleidoscope Project (Registered number: 05480423)

**Balance Sheet
31 March 2024**

		Unrestricted fund	Restricted funds	31.3.24 Total funds	31.3.23 Total funds as restated
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	15	2,981,142	1,031,024	4,012,166	3,676,654
Investment property	16	<u>2,046,300</u>	<u>-</u>	<u>2,046,300</u>	<u>2,000,000</u>
		5,027,442	1,031,024	6,058,466	5,676,654
CURRENT ASSETS					
Debtors	17	3,568,539	225,000	3,793,539	4,541,130
Cash at bank		<u>2,642,308</u>	<u>1,644,511</u>	<u>4,286,819</u>	<u>1,977,497</u>
		6,210,847	1,869,511	8,080,358	6,518,627
CREDITORS					
Amounts falling due within one year	18	<u>(4,635,032)</u>	<u>1</u>	<u>(4,635,031)</u>	<u>(3,407,426)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>1,575,815</u>	<u>1,869,512</u>	<u>3,445,327</u>	<u>3,111,201</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,603,257	2,900,536	9,503,793	8,787,855
CREDITORS					
Amounts falling due after more than one year	19	<u>-</u>	<u>(322,300)</u>	<u>(322,300)</u>	<u>(338,491)</u>
NET ASSETS		<u><u>6,603,257</u></u>	<u><u>2,578,236</u></u>	<u><u>9,181,493</u></u>	<u><u>8,449,364</u></u>
FUNDS					
Unrestricted funds				6,603,257	5,858,587
Restricted funds				<u>2,578,236</u>	<u>2,590,777</u>
TOTAL FUNDS	22			<u><u>9,181,493</u></u>	<u><u>8,449,364</u></u>

The financial statements were approved by the Board of Trustees and authorised for issue on and were signed on its behalf by:

.....
Trustee

The notes form part of these financial statements

Kaleidoscope Project

Consolidated Cash Flow Statement for the Year Ended 31 March 2024

	Notes	31.3.24 £	31.3.23 as restated £
Cash flows from operating activities			
Cash generated from operations	1	<u>2,015,901</u>	<u>93,822</u>
Net cash provided by operating activities		<u>2,015,901</u>	<u>93,822</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(392,431)	(2,404,698)
Interest received		<u>152,830</u>	<u>69,280</u>
Net cash (used in)/provided by investing activities		<u>(239,601)</u>	<u>(2,335,418)</u>
Change in cash and cash equivalents in the reporting period			
Cash and cash equivalents at the beginning of the reporting period		1,776,300	(2,241,596)
Cash and cash equivalents at the end of the reporting period		<u>2,767,167</u>	<u>5,008,763</u>
Cash and cash equivalents at the end of the reporting period	2	<u>4,543,467</u>	<u>2,767,167</u>

The notes form part of these financial statements

Kaleidoscope Project

Notes to the Consolidated Cash Flow Statement for the Year Ended 31 March 2024

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.3.24	31.3.23 as restated
	£	£
Net income for the reporting period (as per the Statement of Financial Activities)	757,898	1,167,666
Adjustments for:		
Depreciation charges	56,919	32,096
Interest received	(152,830)	(69,280)
Losses on investments	(39,374)	-
Loss on disposal of fixed assets	-	-
Provisions movement	(32,001)	(58,333)
(Increase)/decrease in debtors	214,234	(1,619,581)
Increase/(decrease) in creditors	<u>1,211,055</u>	<u>641,254</u>
Net cash provided by operations	<u><u>2,015,901</u></u>	<u><u>93,822</u></u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.23 £	Cash flow £	At 31.3.24 £
Net cash			
Cash at bank	<u>2,767,167</u>	<u>1,776,300</u>	<u>4,543,467</u>
	<u>2,767,167</u>	<u>1,776,300</u>	<u>4,543,467</u>
Total	<u><u>2,767,167</u></u>	<u><u>1,776,300</u></u>	<u><u>4,543,467</u></u>

The notes form part of these financial statements

Kaleidoscope Project

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2024

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

The Group's functional and presentational currency is the pound sterling (£), and balances are rounded to the nearest £1.

Basis of consolidation

The Group financial statements include the results of the Charitable Company and of its wholly controlled subsidiary. The consolidated entity is known as the 'Group'. The subsidiary undertakings are consolidated on a line by line basis within the Consolidated Statement of Financial Activities.

No separate Statement of Financial Activities (SOFA) has been prepared for the Charitable Company as permitted by Section 408 of the Companies Act 2006.

The subsidiary is Arch initiative, Company number 02812012, charity number 1024945. Their results for 31 March 2024 were turnover of £75,074, expenditure of £49,305 giving a net result for this year of £25,769 surplus. The overall balance sheet year end position of £349,545 which is made up of assets of £791,648 less liabilities of £442,103.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Income from grants, whether 'capital' or 'revenue' grants, is recognised when the group has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

Cash donations are recognised on receipt. Other donations are recognised once the group has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income from charitable activities includes amounts received under contract, and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when the contract specified that they must be used in future accounting periods.

Rental income is recognised in the period to which it relates.

Other income consist of monies/assets received from subsidiary entities. This is recognised when the risks and rewards have been transferred.

Legacies are recognised either when the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor (s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt from a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2024

1. ACCOUNTING POLICIES - continued

Employee benefits

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

Termination benefits are recognised immediately as an expense when the charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Allocation and apportionment of costs

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. As the charitable company has only one charitable activity all costs are allocated directly to this activity.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property - 2% to 33.33% on cost

Long leasehold - 1% on cost

Fixtures and Fittings - 10-50% on cost and 20% reducing balance

Motor Vehicles - 33% on cost

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Investments

Fixed asset investments in subsidiaries are held at cost.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in the Statement of Financial Activities.

Debtors

Amounts recoverable on contracts are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

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

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2024

1. ACCOUNTING POLICIES - continued

Taxation

The group is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Leasing commitments

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

Pension costs and other post-retirement benefits

The subsidiary of the group has a defined benefit pension scheme. The full details of this scheme are included in the notes to the accounts which shows the calculation and assumption provided by the actuary to include the amounts in the financial statements.

The parent operates a defined contribution pension scheme. Contributions payable to the scheme are charged to the statement of financial activities in the period to which they relate.

Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are detailed below:

Critical accounting estimates and judgements

(i) The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimates useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimate, based on the current estimate and the physical condition of the assets.

Related Organisation

The Kaleidoscope Project has a management agreement with a related organisation, the Kaleidoscope (Kingston) Housing Association Limited. This agreement was significantly revised during the year. Under the current agreement, the Housing Association maintains and insures its hostel property in Kingston while the Project takes responsibility for the day to day management of the hostel and for providing residents with residential care and with the appropriate social, educational and medical amenities. In return for access to the Hostel, the Project pays an annual management fee to the Association that is based on the costs incurred during the year by the Association. The Project also leases a floor of its K2 building in Kingston to the Housing Association on a 99 year lease from 27 February 2003 and takes responsibility for the services provided to the users of that floor on behalf of the Association.

The separation of the Association's and Project's accounts (which should be read together) reflects this structure and the distinct services provided by the Association and the Project.

Kaleidoscope Project

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2024**

2. DONATIONS AND LEGACIES

	31.3.24	31.3.23 as restated
	£	£
Donations	3,518	1,342
Capital grants	<u>226,513</u>	<u>325,469</u>
	<u>230,031</u>	<u>326,811</u>

Included in the above is a specific grant from Newport City Council to cover dilapidation at locations at which the charity undertakes their services.

Grants received, included in the above, are as follows:

	31.3.24	31.3.23 as restated
	£	£
Capital Grants	<u>226,513</u>	<u>325,469</u>

3. OTHER TRADING ACTIVITIES

	31.3.24	31.3.23 as restated
	£	£
Miscellaneous income	<u>-</u>	<u>52,181</u>

4. INVESTMENT INCOME

	31.3.24	31.3.23 as restated
	£	£
Rents received	64,440	113,084
Deposit account interest	15,689	-
Interest receivable-trading	<u>152,830</u>	<u>69,280</u>
	<u>232,959</u>	<u>182,364</u>

5. INCOME FROM CHARITABLE ACTIVITIES

		31.3.24	31.3.23 as restated
		£	£
Service Level Agreements	Activity		
Hostel, detox and rehabilitation provision	Drug and alcohol treatment services	16,856,059	13,968,266
	Residential Services	<u>1,350,768</u>	<u>1,351,756</u>
		<u>18,206,827</u>	<u>15,320,022</u>

Kaleidoscope Project

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2024**

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 7) £	Support costs (see note 8) £	Totals £
Drug and alcohol treatment services	15,020,066	1,010,307	16,030,373
Residential Services	1,662,644	-	1,662,644
Capital Grants	<u>258,276</u>	<u>-</u>	<u>258,276</u>
	<u>16,940,986</u>	<u>1,010,307</u>	<u>17,951,293</u>

7. DIRECT COSTS OF CHARITABLE ACTIVITIES

	31.3.24 £	31.3.23 as restated £
Staff costs	7,316,016	6,152,102
Leasing of premises and equipment	5,731	5,111
Premises costs	910,485	1,108,933
Medical supplies	4,061,215	2,604,873
Catering costs	104,755	93,357
Training and staff costs	112,762	110,637
Office expenses	538,136	648,773
Travel & subsistence	206,657	123,346
Partners, Agency workers and Sub-contractors	3,459,847	2,701,880
Client related costs	184,952	242,474
Bad debts	(12,386)	(30,974)
Legal and professional	29,142	38,878
Finance costs	271	4,965
Depreciation	<u>23,403</u>	<u>-</u>
	<u>16,940,986</u>	<u>13,804,355</u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2024

8. SUPPORT COSTS

	Management £	Finance £	Governance costs £	Totals £
Drug and alcohol treatment services	<u>984,947</u>	<u>21,360</u>	<u>4,000</u>	<u>1,010,307</u>
	<u>984,947</u>	<u>21,360</u>	<u>4,000</u>	<u>1,010,307</u>

Support costs, included in the above, are as follows:

	31.3.24 £	31.3.23 as restated £
Wages	579,757	489,951
Licences & registration	75,805	71,695
Office expenses	113,167	18,530
Legal & professional fees	50,643	61,387
Audit & accountancy	18,109	17,304
Management charge	10,000	10,000
Insurance, health & safety	91,944	89,160
Dilapidation provision movement	(116,189)	-
Finance charges	6,007	4,841
Travel & Subsistence	29,582	40,532
Training	50,375	14,709
Premises cost	39,720	32,037
Catering costs	6,504	-
Depreciation	33,515	32,096
Pensions	21,360	22,413
Bank charges	8	-
	<u>1,010,307</u>	<u>904,655</u>

9. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	31.3.24 £	31.3.23 as restated £
Depreciation - owned assets	56,919	32,096
Other operating leases	5,731	5,111
	<u>62,650</u>	<u>37,207</u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2024

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2024 nor for the year ended 31 March 2023.

Trustees' expenses

Arch Initiatives:- There were no trustees' expenses paid for the year ended 31 March 2024 nor for the year ended 31 March 2023.

Kaleidoscope Project:- During the year, 5 trustees were reimbursed travel expenses to £1,282 (2023: £582).

11. STAFF COSTS

	31.3.2024	31.03.2023 as restated
	£	£
<u>Kaleidoscope Project:-</u>		
Wages & salaries	7,041,854	5,927,034
Social security costs	629,804	523,498
Other pension costs	<u>224,115</u>	<u>191,521</u>
	<u><u>7,895,773</u></u>	<u><u>6,642,053</u></u>

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

	31.3.24	31.3.23 as restated
Charitable activities	254	224
Management and administration	<u>17</u>	<u>25</u>
	<u><u>271</u></u>	<u><u>249</u></u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	31.3.24	31.3.23 as restated
£60,001 - £70,000	1	-
£70,001 - £80,000	<u>-</u>	<u>1</u>
	<u><u>1</u></u>	<u><u>1</u></u>

The total employee benefits including pension contributions of the key management personnel were £342,894 (2023: £303,975).

Arch Initiatives:- There are no staff employed as the charity is administered by Kaleidoscope Project.

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2024

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund	Restricted funds	Endowment fund	Total funds as restated £
	£	£	£	£
INCOME AND ENDOWMENTS FROM				
Donations and legacies	1,342	325,469	-	326,811
Charitable activities				
Drug and alcohol treatment services	11,467,368	2,500,898	-	13,968,266
Residential Services	1,351,756	-	-	1,351,756
Other trading activities	52,181	-	-	52,181
Investment income	174,104	8,260	-	182,364
Total	<u>13,046,751</u>	<u>2,834,627</u>	-	<u>15,881,378</u>
Charitable activities				
Drug and alcohol treatment services	11,049,341	2,017,579	-	13,066,920
Residential Services	1,201,984	-	-	1,201,984
Elderly	-	-	-	-
Capital Grant	-	391,025	-	391,025
Drug Treatments	53,783	-	-	53,783
Total	<u>12,305,108</u>	<u>2,408,604</u>	-	<u>14,713,712</u>
Net gains on investments	-	-	-	-
NET INCOME	741,643	426,023	-	1,167,666
Transfers between funds	<u>11,250</u>	-	<u>(11,250)</u>	-
Net movement in funds	752,893	426,023	(11,250)	1,167,666
RECONCILIATION OF FUNDS				
Total funds brought forward				
As previously reported	4,269,519	1,385,156	135,000	5,789,675
Prior year adjustment	<u>1,036,201</u>	<u>779,598</u>	<u>-</u>	<u>1,815,799</u>
As restated	<u>5,305,720</u>	<u>2,164,754</u>	<u>135,000</u>	<u>7,605,474</u>
TOTAL FUNDS CARRIED FORWARD	<u><u>6,058,613</u></u>	<u><u>2,590,777</u></u>	<u><u>123,750</u></u>	<u><u>8,773,140</u></u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2024

13. PRIOR YEAR ADJUSTMENT

The executive directors reviewed the historic treatment of revenue recognition. It was identified that some revenue had previously been treated as deferred income in creditors rather than being recognised in the Statement of Financial Activities in the year it was received. In order to ensure we demonstrate good financial integrity, deferred income amounting to £1,815,798 at March 31 2022 has been re-stated in the opening reserves for the year ended March 31,2023. In the year end March 31,2023 deferred income of £2,908,452 previously treated in creditors was also re-stated and accounted for in the 2023 comparative data in the Statement of Financial Activities for the year.

14. CHARITABLE COMPANY RESULTS

The Charitable Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own income and expenditure in these financial statements. The results of Kaleidoscope Project (the Charitable Company) are:

	Total 2024	Total 2023 as restated
	£	£
Total income resources	18,594,743	15,820,510
Total resources expended	(17,908,914)	(14,659,929)
Net gains on investments	46,300	-
Net surplus/(deficit)	732,129	1,160,581
Funds:		
At 1 April 2023	<u>8,449,364</u>	<u>7,288,783</u>
At 31 March 2024	<u>9,181,493</u>	<u>8,449,364</u>

15. TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold £	Fixtures and fittings £	Totals £
COST				
At 1 April 2023	3,752,229	245,481	960,289	4,957,999
Additions	<u>250,893</u>	<u>20,816</u>	<u>120,722</u>	<u>392,431</u>
At 31 March 2024	<u>4,003,122</u>	<u>266,297</u>	<u>1,081,011</u>	<u>5,350,430</u>
DEPRECIATION				
At 1 April 2023	422,199	15,041	844,105	1,281,345
Charge for year	<u>28,389</u>	<u>2,256</u>	<u>26,274</u>	<u>56,919</u>
At 31 March 2024	<u>450,588</u>	<u>17,297</u>	<u>870,379</u>	<u>1,338,264</u>
NET BOOK VALUE				
At 31 March 2024	<u>3,552,534</u>	<u>249,000</u>	<u>210,632</u>	<u>4,012,166</u>
At 31 March 2023	<u>3,330,030</u>	<u>230,440</u>	<u>116,184</u>	<u>3,676,654</u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2024

15. TANGIBLE FIXED ASSETS - continued

CHARITABLE FIXED ASSETS (CHARITABLE COMPANY)

	Freehold Property £	Long Leasehold £	Fixtures and fixtures £	Total £
Cost or Valuation				
At 1 April 2023	3,752,229	245,481	675,525	4,673,235
Additions	250,893	20,816	120,722	392,431
Disposals				
At 31 March 2024	<u>4,003,122</u>	<u>266,297</u>	<u>796,247</u>	<u>5,065,666</u>
Depreciation				
At 1 April 2023	422,199	15,041	559,341	996,581
Charge	28,389	2,256	26,274	56,919
Eliminated				
At 31 March 2024	<u>450,588</u>	<u>17,297</u>	<u>585,615</u>	<u>1,053,500</u>
Net Book Value				
At 31 March 2024	<u>3,552,534</u>	<u>249,000</u>	<u>210,632</u>	<u>4,012,166</u>
At 31 March 2023	<u>3,330,030</u>	<u>230,440</u>	<u>116,184</u>	<u>3,676,655</u>

Charitable Company

The Group, and Charitable Company received grants of £423,684 and £66,697 in prior years for property and fixtures and fittings expenditure respectively. These grants have been deducted from the cost of the assets brought forward.

The Welsh Assembly Government has a legal charge over the property at Powells Place, Newport which has a net book value of £525,970 (2023: £540,881) at the balance sheet date.

16. INVESTMENT PROPERTY

	£
FAIR VALUE	
At 1 April 2023	2,541,926
Revaluation	<u>39,374</u>
At 31 March 2024	<u>2,581,300</u>
NET BOOK VALUE	
At 31 March 2024	<u>2,581,300</u>
At 31 March 2023	<u>2,541,926</u>

The investment property held in Kaleidoscope Project been sold in September 2024 for £2,046,300. This has been used for market value as at 31 March 2024. The investment property held in Arch Initiatives, had an independent valuation undertaken post year end on 19 September 2024. The trustees consider this to be an accurate reflection of fair value at 31 March 2024.

Kaleidoscope Project

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2024**

16. INVESTMENT PROPERTY - continued

Charitable Company

MARKET VALUE

As at 1 April 2023	£ 2,000,000
Revaluation	<u>46,300</u>

As at 31 March 2024	<u><u>2,046,300</u></u>
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NET BOOK VALUE

At 31 March 2024	<u><u>2,046,300</u></u>
------------------	-------------------------

At 31 March 2023	<u><u>2,000,000</u></u>
------------------	-------------------------

Fair value at 31 March 2024 is represented by:

	£
Valuation in 2024	609,374
Cost	<u>1,971,926</u>
	<u><u>2,581,300</u></u>

17. DEBTORS

	31.3.24	31.3.23 as restated
--	---------	------------------------

Amounts falling due within one year:

	£	£
Trade debtors	2,888,624	3,480,782
Other debtors	249,988	115,863
Prepayments and accrued income	<u>304,105</u>	<u>60,306</u>
	<u><u>3,442,717</u></u>	<u><u>3,656,951</u></u>

Charitable Company

	31.3.24	31.3.23 as restated
	£	£

Amounts falling due within one year:

	£	£
Trade debtors	2,888,624	3,471,032
Other debtors	249,988	115,863
Prepayments and accrued income	304,105	60,306

Amounts falling due after more than one year:

Amounts owned by group undertaking	<u>350,822</u>	<u>893,929</u>
	<u><u>3,793,539</u></u>	<u><u>4,541,130</u></u>

Included within other debtors, in both the Group and Charitable Company, is £9,589 (2023: £106,508) due from Kaleidoscope (Kingston) Housing Association Limited.

Kaleidoscope Project

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2024**

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.24	31.3.23 as restated
	£	£
Trade creditors	1,751,587	1,299,226
Social security and other taxes	156,638	125,571
Other creditors	2,067,469	1,480,309
Accruals and deferred income	<u>688,952</u>	<u>532,294</u>
	<u><u>4,664,646</u></u>	<u><u>3,437,400</u></u>

Charitable Company

	31.3.24	31.3.23 as restated
	£	£
Trade creditors	1,741,587	1,284,252
Social security and other taxes	156,638	125,571
Other creditors	2,067,469	1,480,309
Accruals and deferred income	<u>669,337</u>	<u>517,294</u>
	<u><u>4,635,031</u></u>	<u><u>3,407,426</u></u>

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.3.24	31.3.23 as restated
	£	£
Other creditors	<u>322,300</u>	<u>338,491</u>

Charitable Company

	31.3.24	31.3.23 as restated
	£	£
Other creditors	<u>322,300</u>	<u>338,491</u>
	<u><u>322,300</u></u>	<u><u>338,491</u></u>

20. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.3.24	31.3.23 as restated
	£	£
Within one year	89,384	84,347
Between one and five years	<u>355,920</u>	<u>335,389</u>
	<u><u>445,304</u></u>	<u><u>419,736</u></u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2024

21. PROVISIONS FOR LIABILITIES

	31.3.24	31.3.23
	£	£
Provisions	<u>61,666</u>	<u>93,667</u>

A provision of £61,666 is being carried for the amount due on the Charity's defined pension scheme. The details of the scheme are disclosed in note 21.

At the end of the year the actuarial valuation indicated that the scheme was in an asset position of £201,000. This amount has not been recognised in the accounts as it is the Charity's intention to withdraw from the scheme should a reasonable buy out position be negotiated. Current discussions have highlighted that the amount would be in the region of £42,000 to £102,000. Due to this it is felt that the current liability held is a more accurate reflection of the Charity's position than the £201,000 asset.

22. MOVEMENT IN FUNDS

	At 01.04.23	Prior year adjustment	Net movement in funds	Transfers between funds	At 31.03.24
	£	£	£	£	£
Unrestricted funds					
General fund	4,413,077	1,645,536	693,278	123,411	6,875,302
Restricted funds					
Asset Fund	1,327,860	-	(37,199)	-	1,290,661
Other restricted funds	-	161,438	(34,547)	(107,892)	18,999
Powys Counselling	-	28,057	-	-	28,057
Powys Co-Production	-	(1,377)	16,591	4,785	19,999
GDAS Harm Reduction	-	175,764	306	-	176,070
GDAS External Training	-	10,400	(8,814)	25,946	27,532
DDAS Pathways to Change	-	27,800	5,510	-	33,310
GDAS Co-occurring Pilot	-	46,225	(8,013)	-	38,212
Buvidal Funding	-	771,580	2,635	-	774,215
Powys Housing	-	33,030	-	-	33,030
Peter Harrison Foundation	-	10,000	-	-	10,000
Lighthouse – ABP/health	-	-	12,238	-	12,238
GDAS Big Lottery	-	-	18,613	-	18,613
Leases	-	-	97,300	-	97,300
	<u>1,327,860</u>	<u>1,262,917</u>	<u>64,620</u>	<u>(77,161)</u>	<u>2,578,236</u>
Endowment funds					
Wirral PCT	123,750	-	-	(46,250)	77,500
Total funds	<u><u>5,864,687</u></u>	<u><u>2,908,453</u></u>	<u><u>757,898</u></u>	<u><u>-</u></u>	<u><u>9,531,038</u></u>

See note 13 for prior year adjustment.

Kaleidoscope Project

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2024**

22. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expanded £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	15,424,890	(14,770,986)	39,374	693,278
Restricted funds				
Asset Fund	226,513	(263,712)	-	(37,199)
Other restricted funds	490,640	(525,187)	-	(34,547)
Powys Co-Production	20,000	(3,409)	-	16,591
GDAS Harm Reduction	241,995	(241,689)	-	306
GDAS External Training	-	(8,814)	-	(8,814)
DDAS Pathways to Change	31,200	(25,690)	-	5,510
GDAS Co-occurring Pilot	-	(8,013)	-	(8,013)
Buvidal Funding	2,203,428	(2,200,793)	-	2,635
Lighthouse – APB/Health	12,538	(300)	-	12,238
GDAS Big Lottery	18,613	-	-	18,613
Leases	-	97,300	-	97,300
	<u>3,244,927</u>	<u>(3,180,307)</u>	<u>-</u>	<u>64,620</u>
Endowment funds				
Wirral PCT	-	-	-	-
Total funds	<u><u>18,669,817</u></u>	<u><u>(17,951,293)</u></u>	<u><u>39,374</u></u>	<u><u>757,898</u></u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2024

22. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 01.04.22	Prior year adjustment £	Net movement in funds £	Transfers between funds £	At 31.03.23 £
Unrestricted funds					
General fund	4,269,519	1,036,201	741,643	11,250	6,058,613
Restricted funds					
Asset Fund	1,385,156	-	(57,296)	-	1,327,860
Other restricted funds	-	140,080	23,940	(2,581)	161,439
Powys Counselling	-	28,536	(480)	-	28,056
Powys Co-Production	-	-	(1,377)	-	(1,377)
GDAS Harm Reduction	-	88,056	85,126	2,581	175,763
GDAS External Training	-	-	10,400	-	10,400
DDAS Pathways to Change	-	11,134	16,666	-	27,800
GDAS Co-occurring Pilot	-	52,474	(6,249)	-	46,225
Buvidal Funding	-	440,538	331,043	-	771,581
Powys Housing	-	18,780	14,250	-	33,030
Peter Harrison Foundation	-	-	10,000	-	10,000
	<u>1,385,156</u>	<u>779,598</u>	<u>426,023</u>	<u>-</u>	<u>2,590,777</u>
Endowment funds					
Wirral PCT	135,000	-	-	(11,250)	123,750
Total funds	<u><u>5,789,675</u></u>	<u><u>1,815,799</u></u>	<u><u>1,167,666</u></u>	<u><u>-</u></u>	<u><u>8,773,140</u></u>

See note 13 for prior year adjustment.

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2024

22. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expanded £	Movement in funds £
Unrestricted funds			
General fund	13,046,751	(12,305,108)	741,643
			-
Restricted funds			
Asset Fund	333,729	(391,025)	(57,296)
Other restricted funds	280,392	(256,452)	23,940
Powys Counselling	-	(480)	(480)
Powys Co-Production	15,460	(16,837)	(1,377)
GDAS Harm Reduction	312,693	(227,567)	85,126
GDAS External Training	10,400	-	10,400
DDAS Pathways to Change	38,699	(22,033)	16,666
GDAS Co-occurring Pilot	26,949	(33,198)	(6,249)
Buvidal Funding	1,792,055	(1,461,012)	331,043
Powys Housing	14,250	-	14,250
Peter Harrison Foundation	10,000	-	10,000
	<u>2,834,627</u>	<u>(2,408,604)</u>	<u>426,023</u>
	<u>15,881,378</u>	<u>(14,713,712)</u>	<u>1,167,666</u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2024

22. MOVEMENT IN FUNDS - continued

Charitable Company

	At 1.4.23 £	Prior year adjustment £	Net movement in funds £	Transfers between funds £	At 31.3.24 £
Unrestricted funds					
General fund	4,213,051	1,645,536	667,509	77,161	6,603,257
Restricted funds					
Asset fund	1,327,860	-	(37,199)	-	1,290,661
Other restricted funds	-	161,438	(34,547)	(107,892)	18,999
Powys Counselling	-	28,057	-	-	28,057
Powys Co-Production	-	(1,377)	16,591	4,785	19,999
GDAS Harm Reduction	-	175,764	306	-	176,070
GDAS External Training	-	10,400	(8,814)	25,946	27,532
DDAS Pathways to Change	-	27,800	5,510	-	33,310
GDAS Co-occurring Pilot	-	46,225	(8,013)	-	38,212
Buvidal Funding	-	771,580	2,635	-	774,215
Powys Housing	-	33,030	-	-	33,030
Peter Harrison Foundation	-	10,000	-	-	10,000
Lighthouse - APB/Health	-	-	12,238	-	12,238
GDAS Big Lottery	-	-	18,613	-	18,613
Leases	-	-	97,300	-	97,300
	<u>1,327,860</u>	<u>1,262,917</u>	<u>64,620</u>	<u>(77,161)</u>	<u>2,578,236</u>
TOTAL FUNDS	<u>5,540,911</u>	<u>2,908,453</u>	<u>732,129</u>	<u>-</u>	<u>9,181,493</u>

Comparatives for movement in funds

	At 1.4.22 £	Prior year adjustment £	Net movement in funds £	Transfers between funds £	At 31.3.23 £
Unrestricted funds					
General fund	4,087,828	1,036,201	734,558	-	5,858,587
Restricted funds					
Asset fund	1,385,156	-	(57,296)	-	1,327,860
Other restricted funds	-	140,080	23,940	(2,581)	161,439
Powys Counselling	-	28,536	(480)	-	28,056
Powys Co-Production	-	-	(1,377)	-	(1,377)
GDAS Harm Reduction	-	88,056	85,126	2,581	175,763
GDAS External Training	-	-	10,400	-	10,400
DDAS Pathways to Change	-	11,134	16,666	-	27,800
GDAS Co-occurring Pilot	-	52,474	(6,249)	-	46,225
Buvidal Funding	-	440,538	331,043	-	771,581
Powys Housing	-	18,780	14,250	-	33,030
Peter Harrison Foundation	-	-	10,000	-	10,000
	<u>1,385,156</u>	<u>779,598</u>	<u>426,023</u>	<u>-</u>	<u>2,590,777</u>
TOTAL FUNDS	<u>5,472,984</u>	<u>1,815,799</u>	<u>1,160,581</u>	<u>-</u>	<u>8,449,364</u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2024

22. MOVEMENT IN FUNDS - continued

Arch Initiatives:-

Unrestricted funds

The unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objectives.

Endowment funds

The Wirral PCT endowment fund is a grant expressly for the purpose of purchasing and refurbishing the property known as 88-90 Argyle Street. In accordance with the grant agreement these grants will be credited to the endowment fund and likewise restricted to the purpose of the development of the property

Kaleidoscope Project:-

Unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objectives.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Restricted funds comprise:-

Asset Fund

The asset fund represents property and fixtures and fittings which have been secured with the help of grant funding. The fund increases each year with the receipt of further capital grants and reduces by an amount each year equivalent to the depreciation charges on those assets and /or by repair costs treated as revenue expenditure.

Other Restricted Funds

Other restricted funds with balances less than £5,000.

Powys Counselling

Delivery of counselling provision for Powys service users.

Powys Co-Production

Funding from APB Commissioning team to deliver peer volunteer activities and harm reduction events/groups.

GDAS Harm Reduction

Funding received from Gwent APB to purchase harm reduction equipment and delivery of harm reduction initiatives (BBV/Nalaoxone etc).

GDAS External Training

Revenue received for the delivery of training to external agencies. Utilised for training materials and purchasing of external training.

DDAS Pathways to Change

Funding received from Dyfed APB to deliver counselling to Dyfed Service Users.

GDAS Co-occurring Pilot

Funding for the delivery of co-occurring mental health and substance use service.

Buvidal Funding

Funding for the purchase of Buvidal.

Powys Housing

Funding for Powys Outreach Workers.

Peter Harrison Foundation

Grant funding subsequently cancelled and returned.

Lighthouse - APB/Health Grant

Funding from Gwent Health Services for building costs & building administration/management.

GDAS Big Lottery

Funding for Diversionary Activities (Outdoor Pursuits).

Leases

Funding for leases that relate to future periods.

Transfers between funds

Transfers between funds are due to a mis-allocation between funds in prior years. See note 13 for the prior year adjustment.

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2024

23. EMPLOYEE BENEFIT OBLIGATIONS

Arch Initiatives participates in the Mercer DB Master Trust (the scheme) formerly known as The Federation Plan.

The scheme is a multi-employer defined benefit scheme. We are now reporting the results of the 2024 actuarial valuation.

Scheme Membership

Membership of the scheme is made up of 6 deferred pensioners and 2 retired pensioners, there are no active pensioners. The data attributable by type of member is as follows:

Member	Description	5 April 2023	5 April 2020
Deferred members	Total deferred pensions revalued to valuation date - (£ p.a.)	5,845	6,808
Deferred members	Average age weighted	47	44
Pensioners	Total pensions payable (£ p.a.)	2,484	2,103
Pensioners	Average age weighted by pension	71	68

The breakdown of the liability is set out below:

Description	2023 Valuation £'000s	2020 Valuation £'000s
Assets	419	234
Liabilities – Pensioners	(42)	(54)
Liabilities - Deferred members	(176)	(332)
Overall position	201	(152)
Funding Level	192%	61%

Assets Summary	5 April 2023 Allocation £'000	5 April 2023 Allocation %	Revised Investment strategy after 5 April 2023 %
Pooled Investment Vehicles	414	99	30
Bank	5	1	0
Tailored Credit	0	0	20
UK Inflation Linked Gifts	0	0	40
Sterling Inflation Linked LDI	0	0	10
Total	419	100	100

Analysis of Experience Since Last Valuation

	£'000
Shortfall on 5 April 2023	(152)
Interest	(2)
Contributions less expenses	58
Changes in market conditions (liability impact)	183
Excess investment returns	128
Inflation experience	(40)
Impact of changes to statement of funding principles	28
Miscellaneous	(2)
Surplus on 2023 assumptions	201
Expected 2023 shortfall	(96)
Estimated shortfall at 2023 on 2020 assumptions	175

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2024

23. EMPLOYEE BENEFIT OBLIGATIONS - continued

Changes Since the Valuation Date

The return on the pension assets in the period April 1, 2023 to August 31, 2023 was estimated at - 4%. This does not take into account any contributions received or benefits paid out since the valuation date. Had the conditions at August 31, 2023 applied at the valuation date, it is estimated that the technical provision would have been 15% lower than the value in this report. Taken together the change in financial conditions would have led to an improvement in the overall funding position.

Financial Assumptions - Main Financial assumptions for Technical provisions

	2023 Valuation	2020 Valuation
Pre retirement discount rate	Gilt curve +1.4% p.a.	Gilt curve +1.5% p.a.
Post retirement discount rate	Gilt curve +0.5% p.a.	Gilt curve +0.5% p.a.
RPI inflation	Inflation curve	Inflation curve
CPI inflation	RPI -0.75% until 2030 RPI from that year	RPI - 0.75% p.a. until 2030 RPI from that year
RPI pension increases	In line with RPI assumptions	In line with RPI assumptions
CPI pension increases	In line with CPI assumptions	In line with CPI assumptions
Recovery plan return	Gilt curve +0.5% p.a.	Gilt curve +2.0% p.a.
Average Gilt Yield curve	3.65% p.a.	0.69% p.a.
Average inflation curve	3.35% p.a.	2.71% p.a.

Demographic assumptions - for Technical provisions

	2023 Valuation	2020 Valuation
Mortality - base table	115% of S3PxA	115% of S3PxA
Mortality - future improvements	CMI 2022[1.5%, S Core]	CMI 2019 [1.5%,S=7.5]
CPI inflation	RPI -0.75% until 2030 RPI from that year	RPI -0.75% until 2030 RPI from that year
Proportions married	90% married for both males and females	90% married for both males and females
Age of retirement	All members assumed to retire at normal retirement age. Members who are past their normal retirement are assumed to retire at the valuation date.	All members assumed to retire at normal retirement age. Members who are past their normal retirement are assumed to retire at the valuation date.
Commutation	Commutation No cash commutation where benefit formula includes cash. Where the benefit formula does not include cash, members are assumed to take 50% of their maximum cash entitlement, based on the current cash commutation factor. 50% of 3/80ths using current commutation factors for members without cash on top.	50% of 3/80ths using current commutation factors for members without cash on top
Expenses	No allowance (funded by separate contributions by the employer.)	No allowance (funded by separate contributions by the employer.)

Other Assumptions

	Assumed rate at last valuation p.a.	Assumed rate during inter valuation period p.a.
Investment returns - assumed for the purpose of the 2020 recovery plan	0.63%	15.73%
Revaluation up to retirement in line with RPI	2.57%	6.09%
in line with CPI	1.82%	4.49%
Pension increases in payment in line with RPI	2.57%	6.09%
in line with CPI	1.82%	4.49%

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2024

23. EMPLOYEE BENEFIT OBLIGATIONS - continued

Global Pandemics and Climate Change

For the 2023 valuation the potential impacts of global pandemics and climate change have been considered. These included the following climate change shock scenarios:

	Potential Impact (2023 and 2020 valuation)
UK long dated interest rate	-0.5% p.a.
Inflation	+0.5% p.a.
UK life expectancy -0.25 years	-0.25 years
Equity market re-pricing	-1.5%
Diversified growth fund re-pricing -7.5%	-7.5%
Investment grade credit spread widening	0.2% p.a.
Impact on high yield debt	-5%

Technical Provisions Sensitivity

	% Change in Liability
Pre retirement discount rate reduced by 0.25%p.a. at each term +2.3%	+2.3%
Post retirement discount rate reduced by 0.25% p.a. at each term	+3.2%
Inflation assumption increased by 0.25% p.a. at each term +5.5%	+5.5%
Members one year younger	+2.8%
Cash commutation assumption increased by 10%	+less than 0.1%

Summary of Benefits

Main benefits of the two underlying schemes:

	NHSPS Scheme	LGPS Scheme
Normal retirement date	60th Birthday	65th Birthday
Normal retirement pension	1/80th of final pay for each complete year of service	1/60th of final pay for each complete year of service
Normal retirement cash	Up to 3 times the members pension	Part of pension can be exchanged for a cash free sum
Increase to pension	In line with rpi	In line with cpi
Early retirement pension	Available after the age of 55 or on ill health	From age 55 to 60
Death after retirement: * lump sum	On death within 5 years of commencement of pension	On death within 10 years of commencement of pension
* dependant's pension	One half of members pension	37.5% of members pension

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2024

24. CONTINGENT LIABILITIES

The charity may be required to repay funding if it fails to comply with conditions laid down by the various funding providers.

Included in Investment properties is the purchase and refurbishment costs of a building on Argyle Street, Birkenhead. A grant of £500,000 was received from the Wirral Primary Care Trust (WPCT) towards these costs. WPCT hold a legal charge over the property dated 31 March 2009, the terms of which are that should the property be sold within 20 years a set percentage of the sales proceeds will revert back to WPCT. The percentage remittable is tapered down to 0% over 20 years. As at 31 March 2024 the amount repayable would be: £77,500 (2023 - £135,000)

25. RELATED PARTY DISCLOSURES

Kaleidoscope Project:-

During the year, Kaleidoscope Project Limited paid management fees to Kaleidoscope (Kingston) Housing Association Limited of £25,000 (2023: £nil). At the year end, included in debtors (note14) is a balance of £9,590 (2023 £106,508) which remained outstanding from Kaleidoscope (Kingston) Housing Association Limited. This amount is repayable on demand and is non-interest bearing.

There were no other related party transactions in either the year ended.

Arch Initiatives:-

The charitable company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

26. POST BALANCE SHEET EVENTS

The sale of the property at Kingston is due to be completed at September 20, 2024 £2,046,300 for an agreed sum.

27. ULTIMATE PARENT COMPANY

The charity's parent company at the balance sheet date was Kaleidoscope Project (company number 05480423, charity number 1115017), a charitable company incorporated in the UK. The parent's principal activities include the provision of holistic care and support services to those suffering due to poverty, age, infirmity, substance abuse or physical and mental hardship or distress. Copies of group accounts are available from either Companies House or from the registered office at Resolven House, St Mellons Business Park, Fortran Road, St Mellons, Cardiff CF3 0EY. The ultimate controlling party are the trustees of the parent company Kaleidoscope Project.

KALEIDOSCOPE PROJECT

England & Wales - Charity number 1115017

Accounts

REGISTERED COMPANY NUMBER: 05480423 (England and Wales)
REGISTERED CHARITY NUMBER: 1115017

**Strategic Report, Report of the Trustees and
Group Financial Statements
for the Year Ended 31 March 2023
for
Kaleidoscope Project**

Xeinadin Audit Limited
Chartered Accountants
& Statutory Auditors
Highdale House
7 Centre Court
Treforest Industrial Estate
Pontypridd
Rhondda Cynon Taff
CF37 5YR

Kaleidoscope Project

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Kaleidoscope Project
Strategic Report
for the Year Ended 31 March 2023

The Trustees present their report, incorporating the strategic report, and financial statements for the year ended March 31, 2023.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the charity's governing document, the Companies Act 2006 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

Our Purpose

We support people with drug, alcohol and mental health issues so they can have a brighter future in their communities. We believe that social justice is fundamental to a better society and are committed to being globally responsible citizens.

Our Core Values

Integrity, Engagement, Excellence and Innovation are our core values. Our objectives framework includes a focus on:

- Research development and innovation
- People development
- Sustainable business
- Globally responsible
- Co-Production
- Quality management
- Campaigning

What we do

Since 1968, Kaleidoscope has aimed to create a culture and environment where people feel valued and service users are inspired to reach their goals. We seek to tackle the stigma that people with drug, alcohol, and mental health issues face. We do this through direct campaigning and lobbying for better government policies that support, not punish, our service user community.

To deliver a successful service we recognise:

- Service users have skills and experiences that bring about change for themselves, their peers and their communities.
- Developing and investing in our people build compassionate and pioneering teams.
- Creating the right places, enables stability and creativity thrive.

We do this by recruiting and retaining high quality staff, who are critical to our success. We encourage our teams to strive for excellence and to innovate. We understand that the key to social care is engagement from people with integrity. Kaleidoscope achieves its objectives through the provision of the following services:

- Drug dependency services which take a harm reduction approach to users to enable them to reduce the risks of using drugs and to help them to stop using if that is their aim.
- Alcohol services offering support to all who are in need.
- Counselling and advice.
- Residential services catering for vulnerable adults.
- Training services to help people acquire new skills and qualifications, in order to achieve their goals in life.

PUBLIC BENEFIT

As noted in the Objectives and Activities above, we have carefully considered the Charity Commission guidance on public benefit when setting and reviewing our Aims and Objectives. We aim to benefit all those requiring services in relation to prevention and treatment of substance misuse and we are focused on successful service delivery. In order to enhance these public benefits, we work closely with organisations in the criminal justice system and other statutory bodies.

Kaleidoscope Project
Strategic Report
for the Year Ended 31 March 2023

ACHIEVEMENTS AND PERFORMANCE

Kaleidoscope provides a range of services in relation to the prevention and treatment of substance use. Services are provided in England and Wales, mainly through contracts with Area Planning Boards who decide the nature and scope of these services. We also have a Detox and Rehab facility on the Wirral called Birchwood @ Kaleidoscope House.

Kaleidoscope has had another successful year and continues to grow. We have seen increased access to all of our services. The Gwent Drug and Alcohol Service (GDAS) continues to be our largest and longest established service contract where services are provided to a growing number of users throughout Gwent. The Cardiff and Vale Drug and Alcohol Service (CAVDAS) established in 2022 is now fully operational and working with our partners we are improving and extending services provided. We have other substance use contracts throughout Wales. Our full range of services includes, engagement and counselling, interventions, Drop In, training and education, diversionary activities, and specialist services to those out of work.

We moved into our new Birchwood Detox and Rehab Centre in May 2023 and now operate 25 rooms providing an extensive range of detox packages that are tailored to individual service user needs. We also provide residential rehabilitation programmes based on a therapeutic community model. We have made a considerable investment in this facility that is set in extensive grounds where residents have the opportunity to relax and recover in peaceful surroundings. Residents are referred from a large range of healthcare providers throughout England and Wales.

We are always focused on the quality of service provided and very proud of our Platinum Investors in People award, particularly as this is recognition by an independent body.

REVIEW OF BUSINESS

Total Income has increased by 15% in 2022-23 to £12.7m from £11m in 2021-22. Margins on all contracts are tight, with underlying inflation pushing costs higher when service commissioners are looking for cost savings. We continue to focus on the efficient and effective control of costs that has enabled us to make a profit of £75k in 2022-23. A comparison of the headline financial amounts for the last three years are as follows:

	2022-23	2021-22	2020-21
	£'000	£'000	£'000
Total incoming resource	12,708	11,043	10,208
Unrestricted incoming resources	12,633	10,571	10,113
Unrestricted surplus/(deficit)	75	1,043	95

PLANS FOR FUTURE PERIODS

Our key focus remains our support of people with drug, alcohol and mental health issues so they can have a brighter future in their communities.

In so doing we plan to retain and win new service contracts to sustain the services we have noted in Objectives and Activities.

The recruitment and retention of high quality staff is required to underpin our goals. We will look to recruit and retain staff who have a desire to strive for excellence, keen to innovate and who understand that the key to social care is engagement that comes from people who have integrity. Our priority is to provide quality services that we can benchmark against recognised external standards, as well as surveys undertaken with clients and staff.

We are operating in a challenging economic environment and we recognise that we need to be cost efficient and focused on continuous improvement. Energy efficiency is critical given the increase in energy costs and we are taking advantage of opportunities to introduce electric vehicles and solar panel solutions.

Kaleidoscope is committed to harm reduction and we will continue to work with a number of bodies and partners to increase the options that are available for our service users. We are leading the way in terms of the introduction of Co-Production, involving those with lived experience in:

- Best practice in terms of service design and delivery across a range of health and social care settings;
- Setting goals in relation to supporting service users in terms of their engagement, self-actualisation, training and development; and
- Establishing ways of combatting stigma.

Kaleidoscope Project
Strategic Report
for the Year Ended 31 March 2023

Our focus on Co-Production is aligned with our commitment to research, development and innovation. We are also exploring the implementation of Drug Consumption Rooms.

EMPLOYEE RELATIONS

We aim to be a fair, equitable and provide a diverse environment where our people are supported to be healthy safe, happy and successful in their work environments.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk exists where there is uncertainty surrounding events and their outcomes that may have a significant impact on our ability to:

- achieve our aims;
- satisfy the expectations of our stakeholders; and
- operate efficiently.

Risk management is the responsibility of the Trustees and accordingly a schedule summarising principal risks together with mitigating factors and appropriate risk management procedures is formally reviewed by the Board once per year.

All of our service contracts are performing in line with budget. The Birchwood @ Kaleidoscope House Detox and Rehab Centre is a higher risk because its financial success is determined by what we achieve in terms of room occupancy, rates achieved and good management of underlying costs, mainly staff related. This has been a key focus for us whilst we are re-establishing this facility on a larger scale and on a new site.

Another key challenge is ensuring that we fill all of our staff positions but also managing costs in a highly competitive human resources market. Tight financial control of overheads and Head Office costs is an important requirement.

PRINCIPAL FUNDING SOURCES

Kaleidoscope's principal funding partners during the year were Unitary Authorities, Local Health Boards, The Ministry of Justice and Welsh Government.

INVESTMENT POLICY AND OBJECTIVES

During the year, Kaleidoscope invested its balance of cash reserves with Natwest Banking Group. The amounts invested are in separate accounts and where possible take advantage of higher interest returns on longer term notice accounts, placed on account up to a maximum of 120 days.

RESERVES

The Trustees have set a reserves policy that requires reserves to be maintained at a level that would allow continuance of core activities in the event of a period of continued unforeseen financial difficulty and that a level of readily accessible funds is retained.

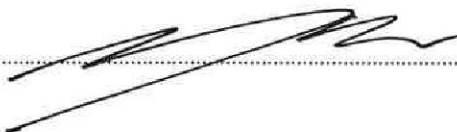
The Trustees assess the required level of Reserves on an annual basis, alongside the highlighted requirements from operating activity. This takes account of the financial environment that Kaleidoscope operates in and reviews the potential impact of risks within the annual budget. The current situation where Kaleidoscope has considerable reserves and significant amounts on deposit is considered appropriate for the time being.

The financial reserves are considered satisfactory for:

- protection against financial risks;
- expansion of the charity's business;
- providing necessary funds for investment in fixed assets;
- providing funds for special projects such as Co-Production, RD &I and other potential new initiatives such as Drug Consumption Rooms.

Key risks were assumed to include: risks identified in the financial risk review including pandemics such as Covid; delayed contract payments, loss of contracts, maintenance of property base.

Approved by order of the board of trustees on December 18 2023 and signed on its behalf by:

 Trustee

Kaleidoscope Project (Registered number: 05480423)

**Report of the Trustees
for the Year Ended 31 March 2023**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2023. The trustees have adopted the provisions of 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).

OBJECTIVES AND ACTIVITIES

The Charity's objectives and activities are included in the Strategic Report.

PUBLIC BENEFIT

Our objectives and activities as detailed above focus on the prevention and treatment of substance misuse. We work with individuals in both England and Wales and our activities are undertaken to further our charitable purposes for the public benefit. To enhance these public benefits, we work closely with organisations in the Criminal Justice system and other statutory bodies.

ACHIEVEMENT AND PERFORMANCE

The Charity's achievements and performance have been outlined in the Strategic Report.

FINANCIAL REVIEW

A financial review is included in the Strategic Report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Kaleidoscope is a registered charity (number 115017) and is also a company limited by guarantee (number 05480423) which was incorporated on June 14, 2005. The governing documents are our memorandum and articles of association amended by special resolution April 5, 2006.

Recruitment and appointment of new trustees

Kaleidoscope has an independent Board of Trustees drawn from a variety of backgrounds thus ensuring a diverse Board with a strong mix of skills and experience to take the Charity forward. When appropriate, vacancies on the Board are advertised through media outlets and interviews conducted, to ensure new appointments will add to the skills and experience of the Board.

Organisational Structure

The Board of Trustees aims to meet at least quarterly. Board members are proactive and undertake specific responsibilities for the governance of the Charity. The day to day running of the charity is through a structure of delegation from the Board, to the Chief Executive and on to its Business and Service Managers.

Induction and training of new Trustees

All new Trustees are provided with historical and current information to enable them to appreciate the work and ethos of the charity.

Key Management Remuneration

In order to achieve our ambitious goals, the Trustees recognise it needs to attract and retain key management personnel who have the expertise, enthusiasm and ability to lead by example and contribute to the charity's success. Consequently, the ability to offer a compelling value proposition to staff is regarded as a critical success factor.

In common with other small entrepreneurial companies in the charity sector, Kaleidoscope's value proposition to staff includes supportive teamwork, personal development and significant job satisfaction from the social impact that the charity helps to generate. Remuneration is of course important, and we recognise that we also need to set pay and benefits at levels that are competitive for the sector, and which recognises an individual's abilities, responsibilities and experience. In most cases this results in remuneration that tends to be lower than the people concerned would be able to earn in the commercial sector.

The remuneration of key management is summarised in Note 12 to the financial statements. Kaleidoscope's highest paid employee is the Chief Executive and in the year ended March 31, 2023 his remuneration was £85,118.

Kaleidoscope Project (Registered number: 05480423)

**Report of the Trustees
for the Year Ended 31 March 2023**

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

05480423 (England and Wales)

Registered Charity number

1115017

Registered office

1 Resolven House
St Mellons Business Park
Fortran road
St Mellons
CF3 0EY

Trustees

Pamela Frances Rutter
Stephen Paul Davison
Catherine Pepinster
Daniel Leo Antebi (Chair)
Julian Mark Quentin Knight
Jeremy Ross
Ann Marie Procter
Kasim Aleem Ali
George Blackwood Charlton (appointed June 28, 2022)
Mark Alan Tudor

Auditors

Xeinadin Audit Limited
Chartered Accountants
& Statutory Auditors
Highdale House
7 Centre Court
Treforest Industrial Estate
Pontypridd
Rhondda Cynon Taff
CF37 5YR

Solicitors

Clarks Legal
5th Floor
Thames Tower
Station Road
Reading
RG1 1LX

Kaleidoscope Project (Registered number: 05480423)

**Report of the Trustees
for the Year Ended 31 March 2023**

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

KEY MANAGEMENT PERSONNEL

Chief Executive - Martin Blakebrough

Executive team – Emma O’Donovan, Lisa Kieh, Geoff Thomas

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Kaleidoscope Project for the purposes of company law) are responsible for preparing the Strategic Report, the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

Approved by order of the board of trustees on December 18 2023 and signed on its behalf by:



Daniel Leo Antebi - Trustee

**Report of the Independent Auditors to the Members of
Kaleidoscope Project (Registered number: 05480423)**

Opinion

We have audited the financial statements of Kaleidoscope Project Group (and the 'Parent charitable company') for the year ended 31 March 2023 which comprise the consolidated Statement of Financial Activities, the consolidated Balance Sheet, the Parent charitable company 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable group's and company's affairs as at 31 March 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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 Auditors' 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 charitable group's and 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 Annual Report, other than the financial statements and our Report of the Independent Auditors 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 this gives rise to a material misstatement in the financial statements themselves. 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 Group Strategic Report and the Group Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Group Report of the Trustees has been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Kaleidoscope Project (Registered number: 05480423)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable group and company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report and the Group Report of the Trustees.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable group and 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 charitable group and 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities including fraud and non-compliance with laws and regulations we have considered the following:

- (a) The nature of the industry and sector, control environment and business performance;
- (b) Results of the enquiries of management about their own identification and assessment of the risks of irregularities;
- (c) Any matters we have identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - (i) identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - (ii) detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - (iii) the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
 - (iv) the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- (a) Timing of recognition of income

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override

**Report of the Independent Auditors to the Members of
Kaleidoscope Project (Registered number: 05480423)**

We also obtained an understanding of the legal and regulatory frameworks that the charitable company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Companies Act, employment law, health and safety, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty.

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- (a) Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- (b) Enquiring of management concerning actual and potential litigation and claims;
- (c) Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- (d) In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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 Report of the Auditors.

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 Report of the Independent Auditors.

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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

G. Francis.

Gareth Francis FCCA (Senior Statutory Auditor)
for and on behalf of Xeinadin Audit Limited
Chartered Accountants
& Statutory Auditors
Highdale House
7 Centre Court
Treforest Industrial Estate
Pontypridd
Rhondda Cynon Taff
CF37 5YR

Date: December 18, 2023

Kaleidoscope Project

Consolidated Statement of Financial Activities (Incorporating an Income and Expenditure Account) for the Year Ended 31 March 2023

	Notes	Unrestricted fund £	Restricted funds £	Endowment fund £	31.3.23 Total funds £	31.3.22 Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and legacies	2	1,342	325,469	-	326,811	241,709
Charitable activities						
Drug and alcohol treatment services	5	10,795,818	-	-	10,795,818	9,105,805
Residential Services		1,351,756	-	-	1,351,756	1,272,785
Elderly		-	-	-	-	56,484
Other trading activities	3	52,181	-	-	52,181	194,661
Investment income	4	174,104	8,260	-	182,364	172,534
Total		<u>12,375,201</u>	<u>333,729</u>	<u>-</u>	<u>12,708,930</u>	<u>11,043,978</u>
EXPENDITURE ON Charitable activities						
Drug and alcohol treatment services	6	10,908,024	-	-	10,908,024	8,817,799
Residential Services		1,281,086	-	-	1,281,086	1,555,568
Elderly		-	-	-	-	61,924
Capital Grants		-	391,025	-	391,025	-
Drug Treatments		53,783	-	-	58,783	135,602
Total		<u>12,242,893</u>	<u>391,025</u>	<u>-</u>	<u>12,633,918</u>	<u>10,570,893</u>
Net gains on investments		-	-	-	-	570,000
NET INCOME/(EXPENDITURE)		132,308	(57,296)	-	75,012	1,043,085
Transfers		11,250	-	(11,250)	-	-
NET MOVEMENT IN FUNDS		143,558	-	(11,250)	-	-
RECONCILIATION OF FUNDS						
Total funds brought forward		4,269,519	1,385,156	135,000	5,789,675	4,746,590
TOTAL FUNDS CARRIED FORWARD		<u>4,413,077</u>	<u>1,327,860</u>	<u>123,750</u>	<u>5,864,687</u>	<u>5,789,675</u>

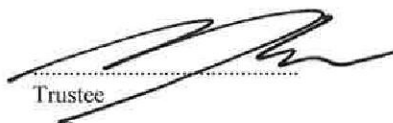
The notes form part of these financial statements

Kaleidoscope Project

**Consolidated Balance Sheet
31 March 2023**

	Notes	Unrestricted fund £	Restricted funds £	Endowment fund £	31.3.23 Total funds £	31.3.22 Total funds £
FIXED ASSETS						
Tangible assets	14	2,614,372	1,062,282	-	3,676,654	1,304,052
Investment property	15	<u>2,418,176</u>	-	<u>123,750</u>	<u>2,541,926</u>	<u>2,541,926</u>
		5,032,548	1,062,282	123,750	6,218,580	3,845,978
CURRENT ASSETS						
Debtors	16	3,656,951	-	-	3,656,951	2,037,370
Cash at bank		<u>2,501,590</u>	<u>265,578</u>	-	<u>2,767,168</u>	<u>5,008,763</u>
		6,158,541	265,578	-	6,424,119	7,046,133
CREDITORS						
Amounts falling due within one year	17	(6,345,853)	-	-	(6,345,853)	(4,519,530)
NET CURRENT ASSETS						
		<u>(187,312)</u>	<u>265,578</u>	-	<u>78,266</u>	<u>2,526,603</u>
TOTAL ASSETS LESS CURRENT LIABILITIES						
		4,845,236	1,327,860	123,750	6,296,846	6,372,581
CREDITORS						
Amounts falling due after more than one year	18	(338,492)	-	-	(338,492)	(430,906)
PROVISIONS FOR LIABILITIES						
	20	(93,667)	-	-	(93,667)	(152,000)
NET ASSETS						
		<u>4,413,077</u>	<u>1,327,860</u>	<u>123,750</u>	<u>5,864,687</u>	<u>5,789,675</u>
FUNDS						
Unrestricted funds					4,413,077	4,269,519
Restricted funds					1,327,860	1,385,156
Endowment funds					<u>123,750</u>	<u>135,000</u>
TOTAL FUNDS						
	21				<u>5,864,687</u>	<u>5,789,675</u>

The financial statements were approved by the Board of Trustees and authorised for issue on December 18 2023 and were signed on its behalf by:


Trustee

The notes form part of these financial statements

Kaleidoscope Project (Registered number: 05480423)

Balance Sheet
31 March 2023

	Notes	Unrestricted fund £	Restricted funds £	31.3.23 Total funds £	31.3.22 Total funds £
FIXED ASSETS					
Tangible assets	14	2,614,372	1,062,282	3,676,654	1,304,052
Investment property	15	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>
		4,614,372	1,062,282	5,676,654	3,304,052
CURRENT ASSETS					
Debtors	16	4,541,130	-	4,541,130	2,915,991
Cash at bank		<u>1,711,920</u>	<u>265,578</u>	<u>1,977,498</u>	<u>4,195,956</u>
		6,253,050	265,578	6,518,628	7,111,947
CREDITORS					
Amounts falling due within one year	17	<u>(6,315,879)</u>	<u>-</u>	<u>(6,315,879)</u>	<u>(4,512,109)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(62,829)</u>	<u>265,578</u>	<u>202,749</u>	<u>2,599,838</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,551,543	1,327,860	5,879,403	5,903,890
CREDITORS					
Amounts falling due after more than one year	18	<u>(338,492)</u>	<u>-</u>	<u>(338,492)</u>	<u>(430,906)</u>
NET ASSETS		<u>4,213,051</u>	<u>1,327,860</u>	<u>5,540,911</u>	<u>5,472,984</u>
FUNDS					
Unrestricted funds				4,213,051	4,087,828
Restricted funds				<u>1,327,860</u>	<u>1,385,156</u>
TOTAL FUNDS	21			<u>5,540,911</u>	<u>5,472,984</u>

The financial statements were approved by the Board of Trustees and authorised for issue on December 18 2023 and were signed on its behalf by:


Daniel Leo Antebi - Trustee

The notes form part of these financial statements

Kaleidoscope Project

**Consolidated Cash Flow Statement
for the Year Ended 31 March 2023**

	Notes	31.3.23 £	31.3.22 £
Cash flows from operating activities			
Cash generated from operations	1	<u>93,823</u>	<u>409,398</u>
Net cash provided by operating activities		<u>93,823</u>	<u>409,398</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(2,404,698)	-
Interest received		69,280	-
Sale of tangible fixed assets		-	(28,399)
Sale of investment property		<u>-</u>	<u>579,787</u>
Net cash (used in)/provided by investing activities		<u>(2,335,418)</u>	<u>551,388</u>
Change in cash and cash equivalents in the reporting period			
		(2,241,595)	960,786
Cash and cash equivalents at the beginning of the reporting period		<u>5,008,763</u>	<u>4,047,977</u>
Cash and cash equivalents at the end of the reporting period	2	<u>2,767,168</u>	<u>5,008,763</u>

The notes form part of these financial statements

Kaleidoscope Project

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 March 2023**

1.	RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES	31.3.22	31.3.22	
		£	£	
	Net income for the reporting period (as per the Statement of Financial Activities)	75,012	1,043,085	
	Adjustments for:			
	Depreciation charges	32,096	44,318	
	Interest received	(69,280)		
	Losses on investments	-	(570,000)	
	Loss on disposal of fixed assets	-	28,399	
	Provisions movement	(58,333)		
	(Increase)/decrease in debtors	(1,619,581)	128,108	
	Increase/(decrease) in creditors	<u>1,733,909</u>	<u>(264,512)</u>	
	Net cash provided by operations	<u>93,823</u>	<u>409,398</u>	
2.	ANALYSIS OF CHANGES IN NET FUNDS			
		At 1.4.22	Cash flow	At 31.3.23
		£	£	£
	Net cash			
	Cash at bank	<u>5,008,763</u>	<u>(2,241,595)</u>	<u>2,767,168</u>
		<u>5,008,763</u>	<u>(2,241,595)</u>	<u>2,767,168</u>
	Total	<u>5,008,763</u>	<u>(2,241,595)</u>	<u>2,767,168</u>

The notes form part of these financial statements

Kaleidoscope Project

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2023

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

The Group's functional and presentational currency is the pound sterling (£), and balances are rounded to the nearest £1.

Basis of consolidation

The Group financial statements include the results of the Charitable Company and of its wholly controlled subsidiary. The consolidated entity is known as the 'Group'. The subsidiary undertakings are consolidated on a line by line basis within the Consolidated Statement of Financial Activities.

No separate Statement of Financial Activities (SOFA) has been prepared for the Charitable Company as permitted by Section 408 of the Companies Act 2006.

The subsidiary is Arch initiative, Company number 02812012, charity number 1024945. Their results for 31 March 2023 were turnover of £60,868, expenditure of £53,783 giving a net result for this year of £7,085 surplus. The overall balance sheet year end position of £323,776 which is made up of assets of £1,341,346 less liabilities of £1,017,570.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Income from grants, whether 'capital' or 'revenue' grants, is recognised when the group has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

Cash donations are recognised on receipt. Other donations are recognised once the group has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income from charitable activities includes amounts received under contract, and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when the contract specified that they must be used in future accounting periods.

Rental income is recognised in the period to which it relates.

Other income consist of monies/assets received from subsidiary entities. This is recognised when the risks and rewards have been transferred.

Legacies are recognised either when the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor (s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt from a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2023

I. ACCOUNTING POLICIES - continued

Expenditure

Employee benefits

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

Termination benefits are recognised immediately as an expense when the charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Allocation and apportionment of costs

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. As the charitable company has only one charitable activity all costs are allocated directly to this activity.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property - 2% to 33.33% on cost

Long leasehold - 1% on cost

Fixtures and Fittings - 10-50% on cost and 20% reducing balance

Motor Vehicles - 33% on cost

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Investments

Fixed asset investments in subsidiaries are held at cost.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in the Statement of Financial Activities.

Debtors

Amounts recoverable on contracts are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

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

Taxation

The charity is exempt from corporation tax on its charitable activities.

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2023

1. ACCOUNTING POLICIES - continued

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Restricted funds comprise:

Residential Services Fund

This is a fund for which is specifically set up to provide services which provides a safe environment for adults with multiple support needs.

Elderly Fund

This is a fund which is specifically set up to provide services in respect of the Alfriston Daycare Centre to provide day care for senior citizens in Kingston and Surbiton.

Asset Fund

The asset fund represents property and fixtures and fittings which have been secured with the help of grant funding. The fund increases each year with the receipt of further capital grants and reduces by an amount each year equivalent to the depreciation charges on those assets and /or by repair costs treated as revenue expenditure.

Legacy Fund

The legacy fund represents donations received from donors who have specified the charity as a beneficiary who can administer the funds to promote their services.

Restricted funds comprise:-

Public Health England Grant

This grant was awarded to pay for building refurbishment and other fixed assets purchased. Expenditure has been capitalised and the grant is being amortised over the life of the respective assets.

Endowment funds

The Wirral PCT endowment fund is a grant expressly for the purpose of purchasing and refurbishing the property known as 88-90 Argyle Street. In accordance with the grant agreement these grants will be credited to the endowment fund and likewise restricted to the purpose of the development of the property.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Leasing commitments

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

Pension costs and other post-retirement benefits

The subsidiary of the group has a defined benefit pension scheme. The full details of this scheme are included in the notes to the accounts which shows the calculation and assumption provided by the actuary to include the amounts in the financial statements.

The parent operates a defined contribution pension scheme. Contributions payable to the scheme are charged to the statement of financial activities in the period to which they relate.

Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are detailed below:

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2023

1. ACCOUNTING POLICIES - continued

Critical accounting estimates and judgements

(i) The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimates useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimate, based on the current estimate and the physical condition of the assets.

Related Organisation

The Kaleidoscope Project has a management agreement with a related organisation, the Kaleidoscope (Kingston) Housing Association Limited. This agreement was significantly revised during the year. Under the current agreement, the Housing Association maintains and insures its hostel property in Kingston while the Project takes responsibility for the day to day management of the hostel and for providing residents with residential care and with the appropriate social, educational and medical amenities. In return for access to the Hostel, the Project pays an annual management fee to the Association that is based on the costs incurred during the year by the Association. The Project also leases a floor of its K2 building in Kingston to the Housing Association on a 99 year lease from 27 February 2003 and takes responsibility for the services provided to the users of that floor on behalf of the Association.

The separation of the Association's and Project's accounts (which should be read together) reflects this structure and the distinct services provided by the Association and the Project.

2. DONATIONS AND LEGACIES

	31.3.23	31.3.22
	£	£
Donations	1,342	1,334
Capital grants	<u>325,469</u>	<u>240,375</u>
	<u>326,811</u>	<u>241,709</u>

Included in the above is a specific grant from Newport City Council to cover dilapidation at locations at which the charity undertakes their services.

Grants received, included in the above, are as follows:

	31.3.23	31.3.22
	£	£
Capital Grants	<u>325,469</u>	<u>240,375</u>

3. OTHER TRADING ACTIVITIES

	31.3.23	31.3.22
	£	£
Miscellaneous income	<u>52,181</u>	<u>194,661</u>

Kaleidoscope Project

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2023**

4. INVESTMENT INCOME		31.3.23 £ <u>182,364</u>	31.3.22 £ <u>172,532</u>
Rents received			
5. INCOME FROM CHARITABLE ACTIVITIES		31.3.23 £ 10,795,818 1,351,756 <u>-</u> <u>12,147,574</u>	31.3.22 £ 9,105,805 1,272,785 <u>56,484</u> <u>10,435,074</u>
Service Level Agreements	Activity Drug and alcohol treatment services		
Service Level Agreements	Residential Services		
Alfriston day centre	Elderly		
6. CHARITABLE ACTIVITIES COSTS			
		Direct Costs (see note 7) £	Support costs (see note 8) £
Drug and alcohol treatment services		10,131,552	776,472
Residential Services		1,201,984	79,102
Capital Grants		391,025	-
Drug Treatments		<u>4,702</u>	<u>49,081</u>
		<u>11,729,263</u>	<u>904,655</u>
			<u>12,633,918</u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2023

7. DIRECT COSTS OF CHARITABLE ACTIVITIES

	31.3.23	31.3.22
	£	£
Staff costs	6,092,568	5,704,341
Leasing of premises and equipment	5,111	3,197
Premises costs	1,108,933	746,680
Medical supplies	1,001,966	1,015,296
Catering costs	93,357	67,618
Training and staff costs	98,168	41,868
Office expenses	481,912	240,340
Travel & subsistence	123,346	88,853
Partners, Agency workers and Sub-contractors	2,650,353	1,770,318
Client related costs	60,680	21,081
Bad debts	(30,974)	3,458
Legal and professional	38,878	43,744
Finance costs	4,965	(753)
Depreciation		41,310
	<u>11,729,263</u>	<u>9,787,352</u>

8. SUPPORT COSTS

	Management	Finance	Governance costs	Totals
	£	£	£	£
Drug and alcohol treatment services	776,472	-	-	776,472
Residential Services	79,102	-	-	79,102
Drug Treatments	<u>24,168</u>	<u>22,413</u>	<u>2,500</u>	<u>49,081</u>
	<u>879,742</u>	<u>22,413</u>	<u>2,500</u>	<u>904,655</u>

Support costs, included in the above, are as follows:

	Drug and alcohol treatment services	Residential Services	Drug Treatments	Total activities	Total activities
	£	£	£	£	£
Wages	430,730	59,221	-	489,951	412,522
Hire of plant and machinery	-	-	-	-	2,111
Licences & registration	70,527	1,168	-	71,695	30,346
Office expenses	14,810	3,720	-	18,530	26,056
Legal & professional fees	50,143	-	11,244	61,387	80,970
Audit & accountancy	11,880	-	2,924	14,804	14,012
Management charge	-	-	10,000	10,000	-
Insurance, health & safety	74,215	14,945	-	89,160	77,566
Finance Charges	4,793	48	-	4,841	4,420
Travel & subsistence	40,532	-	-	40,532	21,414
Training	14,709	-	-	14,709	-1,920
Premises cost	32,037	-	-	32,037	33,630
Depreciation	32,096	-	-	32,096	3,008
Pensions	-	-	22,413	22,413	77,012
Auditors' remuneration	-	-	<u>2,500</u>	<u>2,500</u>	<u>2,395</u>
	<u>776,472</u>	<u>79,102</u>	<u>49,081</u>	<u>904,655</u>	<u>783,541</u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2023

9. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	31.3.23	31.3.22
	£	£
Auditors' remuneration	2,500	2,395
Depreciation - owned assets	32,096	44,318
Hire of plant and machinery	5,111	3,197
Deficit on disposal of fixed assets	<u>-</u>	<u>28,399</u>
	31.03.23	31.03.22
	£	£
Depreciation - owned assets	32,096	44,318
Loss on assets	-	28,399
Leasing of premises and equipment	3,197	175,784
Auditor's remuneration	17,304	16,407
Pensions	191,521	181,492
Interest payable and other charges	<u>9,806</u>	<u>3,667</u>

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2023 (2022: £nil).

Trustees' expenses

During the year, none of the 5 trustees were reimbursed travel expenses £582 (2022: £128).

11. STAFF COSTS

	31.3.2023	31.3.2022
	£	£
Wages & salaries	5,867,500	5,471,888
Social security costs	523,498	463,483
Other pension costs	<u>191,521</u>	<u>181,492</u>
	<u>6,582,519</u>	<u>6,116,863</u>

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

	31.3.23	31.3.22
Charitable activities	224	230
Management and administration	<u>25</u>	<u>31</u>
	<u>249</u>	<u>261</u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2023

11. STAFF COSTS - continued

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	31.3.23	31.3.22
£60,001 - £70,000	-	1
£70,001 - £80,000	<u>1</u>	<u>-</u>
	<u><u>1</u></u>	<u><u>1</u></u>

The total employee benefits including pension contributions of the key management personnel were £303,975 (2022: £332,907).

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Endowment fund £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and legacies	1,334	240,375	-	241,709
Charitable activities				
Drug and alcohol treatment services	9,105,805	-	-	9,105,805
Residential Services	1,272,785	-	-	1,272,785
Elderly	56,484	-	-	56,484
Other trading activities	194,661	-	-	194,661
Investment income	<u>172,534</u>	<u>-</u>	<u>-</u>	<u>172,534</u>
Total	<u><u>10,803,603</u></u>	<u><u>240,375</u></u>	<u><u>-</u></u>	<u><u>11,043,978</u></u>
Charitable activities				
Drug and alcohol treatment services	8,628,562	189,237	-	8,817,799
Residential Services	1,555,568	-	-	1,555,568
Elderly	61,924	-	-	61,924
Drug Treatments	<u>135,602</u>	<u>-</u>	<u>-</u>	<u>135,602</u>
Total	<u><u>10,381,656</u></u>	<u><u>189,237</u></u>	<u><u>-</u></u>	<u><u>10,570,893</u></u>
Net gains on investments	<u>570,000</u>	<u>-</u>	<u>-</u>	<u>570,000</u>
NET INCOME	991,947	51,138	-	1,043,085
Transfers between funds	<u>45,639</u>	<u>(34,389)</u>	<u>(11,250)</u>	<u>-</u>
Net movement in funds	1,037,586	16,749	(11,250)	1,043,085
RECONCILIATION OF FUNDS				
Total funds brought forward	3,231,933	1,368,407	146,250	4,746,590

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2023

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund £	Restricted funds £	Endowment fund £	Total funds £
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
TOTAL FUNDS CARRIED FORWARD	4,269,519	1,385,156	135,000	5,789,675

13. CHARITABLE COMPANY RESULTS

The Charitable Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own income and expenditure in these financial statements. The results of Kaleidoscope Project (the Charitable Company) are:

	Total 2023 £	Total 2022 £
Total income resources	12,648,062	10,984,977
Total resources expended	(12,580,135)	(10,435,291)
Net gains on investments	-	570,000
Net surplus/(deficit)	67,927	1,119,686
Funds:		
At 1 April 2022	<u>5,472,984</u>	<u>4,353,298</u>
At 31 March 2023	<u>5,540,911</u>	<u>5,472,984</u>

14. TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold £	Fixtures and fittings £	Totals £
COST				
At 1 April 2022	1,464,433	245,481	843,388	2,553,302
Additions	<u>2,287,796</u>	<u>-</u>	<u>116,902</u>	<u>2,404,698</u>
At 31 March 2023	<u>3,752,229</u>	<u>245,481</u>	<u>960,290</u>	<u>4,958,000</u>
DEPRECIATION				
At 1 April 2022	393,829	12,033	843,388	1,249,250
Charge for year	<u>28,370</u>	<u>3,008</u>	<u>718</u>	<u>32,096</u>
At 31 March 2023	<u>422,199</u>	<u>15,041</u>	<u>844,106</u>	<u>1,281,346</u>
NET BOOK VALUE				
At 31 March 2023	<u>3,330,030</u>	<u>230,440</u>	<u>116,184</u>	<u>3,676,654</u>
At 31 March 2022	<u>1,070,604</u>	<u>233,448</u>	<u>-</u>	<u>1,304,052</u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2023

14. TANGIBLE FIXED ASSETS - continued

CHARITABLE FIXED ASSETS (CHARITABLE COMPANY)

	Freehold Property £	Long Leasehold £	Fixtures and fixtures £	Total £
Cost or Valuation				
At 1 April 2022	1,464,433	245,481	558,623	2,268,537
Additions	2,287,796	-	116,902	2,404,698
Disposals	-	-	-	-
At 31 March 2023	<u>3,752,229</u>	<u>245,481</u>	<u>675,525</u>	<u>4,673,235</u>
Depreciation				
At 1 April 2022	393,829	12,033	558,623	964,485
Charge	28,370	3,008	718	32,096
Eliminated	-	-	-	-
At 31 March 2023	<u>422,199</u>	<u>15,041</u>	<u>559,341</u>	<u>996,581</u>
Net Book Value				
At 31 March 2023	<u>3,330,030</u>	<u>230,440</u>	<u>116,184</u>	<u>3,676,654</u>
At 31 March 2022	<u>1,070,604</u>	<u>233,448</u>	<u>-</u>	<u>1,304,052</u>

Charitable Company DEPRECIATION

The Group, and Charitable Company, received grants of £423,684 and £66,697 in prior years for property and fixtures and fittings expenditure respectively. These grants have been deducted from the cost of the assets brought forward.

The Welsh Assembly Government has a legal charge over the property at Powells Place, Newport which has a net book value of £540,881 (2022: £555,793) at the balance sheet date.

15. INVESTMENT PROPERTY

FAIR VALUE

At 1 April 2022
and 31 March 2023

£

2,541,926

NET BOOK VALUE

At 31 March 2023

2,541,926

At 31 March 2022

2,541,926

Kaleidoscope Project

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2023**

15. INVESTMENT PROPERTY - continued

Charitable Company

MARKET VALUE

As at 1 April 2022

£
2,000,000

As at 31 March 2023

2,000,000

NET BOOK VALUE

At 31 March 2023

2,000,000

At 31 March 2022

2,000,000

Fair value at 31 March 2023 is represented by:

Valuation in 2022

£
570,000

Cost

1,971,926

2,541,926

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.23	31.3.22
	£	£
Trade debtors	3,480,782	1,839,991
Other debtors	115,863	149,003
Prepayments and accrued income	60,306	45,246
Prepayments	-	3,130
	<u>3,656,951</u>	<u>2,037,370</u>

Charitable Company

	31.3.23	31.3.22
	£	£
Trade debtors	3,471,032	1,820,491
Amounts owed by group undertakings	893,929	901,251
Other debtors	115,863	149,003
Prepayments and accrued income	60,306	45,246
	<u>4,541,130</u>	<u>2,915,991</u>

Included within other debtors, in both the Group and Charitable Company, is £106,975 (2022: £81,541) due from Kaleidoscope (Kingston) Housing Association Limited.

Kaleidoscope Project

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2023**

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.23	31.3.22
	£	£
Trade creditors	1,299,227	810,816
Social security and other taxes	125,571	110,444
Other creditors	1,480,308	1,477,438
Accruals and deferred income	<u>3,440,747</u>	<u>2,120,832</u>
	<u><u>6,345,853</u></u>	<u><u>4,519,530</u></u>

Charitable Company

	31.3.2023	31.3.2022
	£	£
Trade creditors	1,284,253	810,195
Social security and other taxes	125,571	110,444
other creditors	1,480,308	1,477,438
Accruals and deferred income	<u>3,425,747</u>	<u>2,114,032</u>
	<u><u>6,315,879</u></u>	<u><u>4,512,109</u></u>

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.3.23	31.3.22
	£	£
Other creditors	<u>338,492</u>	<u>430,906</u>

Charitable Company

	31.3.2023	31.3.2022
	£	£
Other creditors	<u>338,492</u>	<u>430,906</u>
	<u><u>338,492</u></u>	<u><u>430,906</u></u>

19. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.3.23	31.3.22
	£	£
Within one year	84,347	131,100
Between one and five years	<u>335,389</u>	<u>406,775</u>
	<u><u>419,736</u></u>	<u><u>537,875</u></u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2023

20. PROVISIONS FOR LIABILITIES

	31.3.23	31.3.22
	£	£
Provisions	<u>93,667</u>	<u>152,000</u>

A provision of £93,667 (2022 - £152,000) is being carried for the amount due on the subsidiary's defined benefit pension scheme. The details of the scheme are disclosed in the notes to the accounts.

At the end of the year the actuarial valuation indicated that the scheme was in an asset position of £201,000. This amount has not been recognised in the accounts as it is the Charity's intention to withdraw from the scheme should a reasonable buy out position be negotiated. Current discussions have highlighted that the amount would be in the region of £42,000 to £102,000. Due to this it is felt that the current liability held is a more accurate reflection of the Charity's position than the £201,000 asset.

21. MOVEMENT IN FUNDS

	At 1.4.22	Net movement in funds	At 31.3.23
	£	£	£
Unrestricted funds			
General fund	4,269,519	132,308	4,401,827
Transfer		11,250	<u>11,250</u>
Total			4,413,077
Restricted funds			
Asset Fund	1,385,156	(57,296)	1,327,860
Endowment funds			
Wirral PCT	135,000	-	135,000
Transfer		(11,250)	<u>(11,250)</u>
Total			<u>123,750</u>
TOTAL FUNDS	<u>5,789,675</u>	<u>75,012</u>	<u>5,864,687</u>

Net movement in funds, included in the above are as follows:

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted funds			
General fund	12,375,201	(12,242,893)	132,308
Restricted funds			
Asset Fund	333,729	(391,025)	(57,296)
TOTAL FUNDS	<u>12,708,930</u>	<u>(12,633,918)</u>	<u>75,012</u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2023

21. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.4.21 £	Net movement in funds £	Transfers between funds £	At 31.3.22 £
Unrestricted funds				
General fund	3,231,933	991,947	45,639	4,269,519
Restricted funds				
Asset Fund	1,340,757	51,138	(6,739)	1,385,156
Legacy Income	<u>27,650</u>	<u>-</u>	<u>(27,650)</u>	<u>-</u>
	1,368,407	51,138	(34,389)	1,385,156
Endowment funds				
Wirral PCT	146,250	-	(11,250)	135,000
TOTAL FUNDS	<u>4,746,590</u>	<u>1,043,085</u>	<u>-</u>	<u>5,789,675</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	10,803,603	(10,381,656)	570,000	991,947
Restricted funds				
Asset Fund	240,375	(189,237)	-	51,138
TOTAL FUNDS	<u>11,043,978</u>	<u>(10,570,893)</u>	<u>570,000</u>	<u>1,043,085</u>

Charitable Company

	At 1.4.22 £	Net movement in funds £	Transfers between funds £	At 31.3.23 £
Unrestricted funds				
General fund	4,087,828	125,223	-	4,213,051
Restricted funds				
Asset fund	<u>1,385,156</u>	<u>(57,296)</u>	<u>-</u>	<u>1,327,860</u>
TOTAL FUNDS	<u>5,472,984</u>	<u>67,927</u>	<u>-</u>	<u>5,540,911</u>

Unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objectives.

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2023

21. MOVEMENT IN FUNDS - continued

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Restricted funds comprise:-

Asset Fund

The asset fund represents property and fixtures and fittings which have been secured with the help of grant funding. The fund increases each year with the receipt of further capital grants and reduces by an amount each year equivalent to the depreciation charges on those assets and /or by repair costs treated as revenue expenditure.

Legacy Fund

The legacy fund represents donations received from donors who have specified the charity as a beneficiary who can administer the funds to promote their services.

Public Health England Grant

The restricted funds relate to the public Health England grant. This grant was awarded to pay for building refurbishment and other fixed assets purchased for Birchwood and Argyle Street. Expenditure has been capitalised and the grant is being amortised over the life of the respective assets.

Endowment funds

The Wirral PCT endowment fund is a grant expressly for the purpose of purchasing and refurbishing the property known as 88-90 Argyle Street. In accordance with the grant agreement these grants will be credited to the endowment fund and likewise restricted to the purpose of the development of the property.

22. EMPLOYEE BENEFIT OBLIGATIONS

Arch Initiatives participates in the Mercer DB Master Trust (the scheme) formerly known as The Federation Plan.

The scheme is a multi-employer defined benefit scheme. We are now reporting the results of the 2023 actuarial valuation.

Scheme Membership

Membership of the scheme is made up of 6 deferred pensioners and 2 retired pensioners, there are no active pensioners. The data attributable by type of member is as follows:

Member	Description	5 April 2023	5 April 2020
Deferred members	Total deferred pensions revalued to valuation date - (£ p.a.)	5,845	6,808
Deferred members	Average age weighted	47	44
Pensioners	Total pensions payable (£ p.a.)	2,484	2,103
Pensioners	Average age weighted by pension	71	68

The breakdown of the liability is set out below:

Description	2023 Valuation	2020 Valuation
	£'000s	£'000s
Assets	419	234
Liabilities – Pensioners	(42)	(54)
Liabilities - Deferred members	(176)	(332)
Overall position	201	(152)
Funding Level	192%	61%

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2023

22. EMPLOYEE BENEFIT OBLIGATIONS - continued

Assets Summary	5 April 2023 Allocation £'000	5 April 2023 Allocation %	Revised Investment strategy after 5 April 2023 %
Pooled Investment Vehicles	414	99	30
Bank	5	1	0
Tailored Credit	0	0	20
UK Inflation Linked Gifts	0	0	40
Sterling Inflation Linked LDI	0	0	10
Total	419	100	100

Analysis of Experience Since Last Valuation

	£'000
Shortfall on 5 April 2023	(152)
Interest	(2)
Contributions less expenses	58
Changes in market conditions (liability impact)	183
Excess investment returns	128
Inflation experience	(40)
Impact of changes to statement of funding principles	28
Miscellaneous	(2)
Surplus on 2023 assumptions	201
Expected 2023 shortfall	(96)
Estimated shortfall at 2023 on 2020 assumptions	175

Changes Since the Valuation Date

The return on the pension assets in the period April 1, 2023 to August 31, 2023 was estimated at - 4%. This does not take into account any contributions received or benefits paid out since the valuation date. Had the conditions at August 31, 2023 applied at the valuation date, it is estimated that the technical provision would have been 15% lower than the value in this report. Taken together the change in financial conditions would have led to an improvement in the overall funding position.

Financial Assumptions - Main Financial assumptions for Technical provisions

	2023 Valuation	2020 Valuation
Pre retirement discount rate	Gilt curve +1.4% p.a.	Gilt curve +1.5% p.a.
Post retirement discount rate	Gilt curve +0.5% p.a.	Gilt curve +0.5% p.a.
RPI inflation	Inflation curve	Inflation curve
CPI inflation	RPI -0.75% until 2030 RPI from that year	RPI - 0.75% p.a. until 2030 RPI from that year
RPI pension increases	In line with RPI assumptions	In line with RPI assumptions
CPI pension increases	In line with CPI assumptions	In line with CPI assumptions
Recovery plan return	Gilt curve +0.5% p.a.	Gilt curve +2.0% p.a.
Average Gilt Yield curve	3.65% p.a.	0.69% p.a.
Average inflation curve	3.35% p.a.	2.71% p.a.

Demographic assumptions - for Technical provisions

	2023 Valuation	2020 Valuation
Mortality - base table	115% of S3PxA	115% of S3PxA
Mortality - future improvements	CMI 2022 [1.5%, S Core]	CMI 2019 [1.5%, S=7.5]
CPI inflation	RPI -0.75% until 2030 RPI from that year	RPI -0.75% until 2030 RPI from that year
Proportions married	90% married for both males and females	90% married for both males and females

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2023

22. EMPLOYEE BENEFIT OBLIGATIONS - continued

Age of retirement	All members assumed to retire at normal retirement age. Members who are past their normal retirement are assumed to retire at the valuation date.	All members assumed to retire at normal retirement age. Members who are past their normal retirement are assumed to retire at the valuation date.
Commutation	Commutation No cash commutation where benefit formula includes cash. Where the benefit formula does not include cash, members are assumed to take 50% of their maximum cash entitlement, based on the current cash commutation factor. 50% of 3/80ths using current commutation factors for members without cash on top.	50% of 3/80ths using current commutation factors for members without cash on top
Expenses	No allowance (funded by separate contributions by the employer.)	No allowance (funded by separate contributions by the employer.)

Other Assumptions

	Assumed rate at last valuation p.a.	Assumed rate during inter valuation period p.a.
Investment returns - assumed for the purpose of the 2020 recovery plan	0.63%	15.73%
Revaluation up to retirement		
in line with RPI	2.57%	6.09%
in line with CPI	1.82%	4.49%
Pension increases in payment		
in line with RPI	2.57%	6.09%
in line with CPI	1.82%	4.49%

Global Pandemics and Climate Change

For the 2023 valuation the potential impacts of global pandemics and climate change have been considered. These included the following climate change shock scenarios:

	Potential Impact (2023 and 2020 valuation)
UK long dated interest rate	-0.5% p.a.
Inflation	+0.5% p.a.
UK life expectancy -0.25 years	-0.25 years
Equity market re-pricing	-15%
Diversified growth fund re-pricing -7.5%	-7.5%
Investment grade credit spread widening	0.2% p.a.
Impact on high yield debt	-5%

Technical Provisions Sensitivity

	% Change in Liability
Pre retirement discount rate reduced by 0.25% p.a. at each term	+2.3%
Post retirement discount rate reduced by 0.25% p.a. at each term	+3.2%
Inflation assumption increased by 0.25% p.a. at each term	+5.5%
Members one year younger	+2.8%
Cash commutation assumption increased by 10%	+less than 0.1%

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2023

22. EMPLOYEE BENEFIT OBLIGATIONS - continued

Summary of Benefits

Main benefits of the two underlying schemes:

	NHSPS Scheme	LGPS Scheme
Normal retirement date	60th Birthday	65th Birthday
Normal retirement pension	1/80th of final pay for each complete year of service	1/60th of final pay for each complete year of service
Normal retirement cash	Up to 3 times the members pension	Part of pension can be exchanged for a cash free sum
Increase to pension	In line with rpi	In line with cpi
Early retirement pension	Available after the age of 55 or on ill health	From age 55 to 60
Death after retirement: * lump sum	On death within 5 years of commencement of pension	On death within 10 years of commencement of pension
* dependant's pension	One half of members pension	37.5% of members pension

23. CONTINGENT LIABILITIES

The Group may be required to repay funding if it fails to comply with conditions laid down by the various funding providers.

Included in Investment properties is the purchase and refurbishment costs of a building on Argyle Street, Birkenhead. A grant of £500,000 was received from the Wirral Primary Care Trust (WPCT) towards these costs. WPCT hold a legal charge over the property dated 31 March 2009, the terms of which are that should the property be sold within 20 years a set percentage of the sales proceeds will revert back to WPCT. The percentage remittable is tapered down to 0% over 20 years. As at 31 March 2023 the percentage repayable would be 50% of the sale proceeds: £123,750 (2022: £135,000).

24. RELATED PARTY DISCLOSURES

During the year, Kaleidoscope Project Limited paid management fees to Kaleidoscope (Kingston) Housing Association Limited of £nil (2022: £22,500). At the year end, included in debtors is a balance of £106,975 (2022: £81,541) which remained outstanding from Kaleidoscope (Kingston) Housing Association Limited. This amount is repayable on demand and is non-interest bearing.

There were no other related party transactions in either the year ended 31 March 2023 (2022: £nil).

Kaleidoscope Project

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2023**

25. POST BALANCE SHEET EVENTS

The sale of the property at Kingston is due to be completed at September 20, 2024 for an agreed sum.

26. LEGAL STATUS OF THE CHARITABLE COMPANY

The Charitable Company is a private company limited by guarantee, incorporated in England and Wales, and consequently does not have any share capital. In the event of the company being wound up, the members of the company are required to contribute an amount not exceeding £10.

KALEIDOSCOPE PROJECT

England & Wales - Charity number 1115017

Accounts

REGISTERED COMPANY NUMBER: 05480423 (England and Wales)
REGISTERED CHARITY NUMBER: 1115017

**Strategic Report, Report of the Trustees and
Group Financial Statements
for the Year Ended 31 March 2022
for
KALEIDOSCOPE PROJECT**

Xeinadin Audit Limited
Chartered Accountants
& Statutory Auditors
Highdale House
7 Centre Court
Treforest Industrial Estate
Pontypridd
Rhondda Cynon Taff
CF37 5YR

KALEIDOSCOPE PROJECT

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KALEIDOSCOPE PROJECT

Strategic Report for the Year Ended 31 March 2022

The trustees present their strategic report for the year ended 31 March 2022.

ACHIEVEMENTS AND PERFORMANCE

Kaleidoscope continues to perform well and has emerged strongly out of the shadow of COVID. What has been a particular highlight has been the improved Investors in People Award to Platinum from Gold. The value of such an award is that there is an independent evaluation of our leadership and support of staff.

Kaleidoscope has invested in its central services and of particular importance has been the appointment of an executive PA who serves both the CEO and the Board. The support of the Board has meant we can maximise the skills of the Trustees and this is demonstrated by three working groups being established in the areas of sustainability, co-production and research.

Kaleidoscope continues to perform well in terms of contracts. The highlight was the success in winning the Drug and Alcohol contract in Cardiff (CAVDAS) with our Alliance partners Barod and Recovery Cymru. This contract is worth approximately £2m and commenced on 1st August 2022. We were also successful in our re-tendering for our Powys Service.

In terms of the Out of Work Service (Cyfle Cymru) which we bid in partnership, we were successful in retaining Powys and adding Cardiff & Vale, but unsuccessful in Gwent. We withdrew from our partnership with the Forward Trust to deliver advice to people on probation on accommodation issues.

Kaleidoscope has performed well with its other key contracts and continues to be a highly regarded service.

Birchwood Service (Detox) still provides a challenge to provide. It was the most impacted service from COVID but it also has been impacted by the Cost of Living crisis where staffing has become more expensive. Since the year end, Kaleidoscope has purchased a new property in Dee House as a replacement for Birchwood. This will remove the constraints of the previous building and provide more opportunities for growth.

Kaleidoscope continues to work in a collaborative way as demonstrated by the CAVDAS contract. We are in partnership with Adferiad in North Wales, Powys and with the Cyfle Service. We work with Barod in Gwent, Dyfed and Cardiff.

PLANS FOR FUTURE PERIODS

The new strategy is now being embedded. Key to the strategy has been an awareness of energy efficiency which has further been highlighted by the Cost of Living Crisis. Our pool cars are now electric and we have undertaken a review of how solar panels could be used as a long-term investment. The plan is to look at all our estates to evaluate our energy efficiency.

The Newport Hub is a building that hosts our recovery work, our alcohol service and GDAS training as well as our service user engagement services. We are aware this building is currently on the market and so we are currently in the process of making an offer, the approximate cost being £245,000.

We recognise the importance of greater service user engagement. We have appointed George Charlton as a service user representative and chair of our co-production group. The importance of such work is critical where we have led with a peer2peer naloxone programme which is now in place across Wales. The plan is to run more service-user led services across Wales and to manage this we have appointed a co-production lead.

We have purchased Dee House but the costs of development have stalled the work needed to open it. This has been further impacted by the ongoing sale of the Kingston site which has still not been completed. There does now seem to be in place the full planning the developers need to finish the purchase and we are optimistic this will now be concluded by April 2023.

In terms of geography, we will continue to focus on the development of Welsh services. We will continue to offer a range of treatment options and will continue to innovate with new treatment options as they become available and show promise in terms of meeting service user needs. Buvidal has demonstrated this flexibility and is now funded for a further 3 years by the Welsh Government.

Kaleidoscope is committed to Harm Reduction and will continue to work with a number of bodies to increase the options that are available to our service users. This will include campaigning for enhanced harm reduction spaces and looking at a feasibility for Heroin assisted treatment. The work in this area is enhanced by the cross party review on drug policy led by Peredur Griffiths which continues to look at better harm reduction options. We are also delighted to see the development of the Welsh Centre for Drugs and Alcohol which again is about informing policy to the Welsh Government and again looks at models of Harm Reduction that could be used in Wales.

KALEIDOSCOPE PROJECT

Strategic Report for the Year Ended 31 March 2022

REVIEW OF BUSINESS

Total incoming resources increased to £11,043,978 from £10,208,854, an increase of £835,214.

Total expenditure also increased to £10,570,893 from £10,113,871 which was only an increase of £457,022.

Margins on all contracts remained very tight but measures have been put in place to ensure an effective control over costs. A comparison of the last three years is noted below:

	2022 £	2021 £	2020 £
Total incoming resources	11,043,978	10,208,854	9,889,666
Unrestricted incoming resources	10,803,603	8,559,240	8,343,941
Net gains on investments	570,000	-	-
Unrestricted surplus	991,947	179,618	156,331

PRINCIPAL RISKS AND UNCERTAINTIES

Risk exists when there is uncertainty surrounding events and their outcomes that may have a significant impact on Kaleidoscope's ability to :

- achieve its aims
- satisfy the expectations of its stakeholders
- operate efficiently

Risk management is the responsibility of the trustees and, in recognition of this, a schedule summarising principal risks together with mitigating factors and appropriate risk management procedures is formally reviewed by the Board at least once a year.

From a financial perspective, the only service to be negatively impacted by Covid was Birchwood. This highlighted that this service remains susceptible to risks that our other contracts are protected from, and so a different risk management process is required.

The cost of living has increased to a very high level and this causes recruitment problems due to a more competitive market place, especially in the area of nurse recruitment. In addition, there is pressure for all staff to be paid a higher salary but this is extremely difficult as contracts are always based on a fixed price year on year. The problem therefore is both finding additional money but also recruitment when other businesses with different contracts can pay more.

The impact of inflation on our overheads and running costs will also have an impact, in particular the higher energy costs as we own and lease a number of properties.

In terms of new business, we need to be aware of TUPE and any conditions of employment that could jeopardise our tender submission such as pension schemes.

Financial risks have been detailed below as part of the description of the charity's reserve policy.

PRINCIPAL FUNDING SOURCES

Kaleidoscope's principal funding partners during the year were Local Authorities and Welsh Government.

INVESTMENT POLICY AND OBJECTIVES

The Board of Trustees will consider the charity's investment policy when the level of reserves makes this relevant.

KALEIDOSCOPE PROJECT

Strategic Report for the Year Ended 31 March 2022

RESERVES POLICY

It is the opinion of the directors that the charity should hold financial reserves in order to:

- (i) provide protection against financial risks, as identified by its financial risk review;
- (ii) provide for expansion of the charity's business;
- (iii) provide funds for investment in fixed assets;
- (iv) provide funds for unfunded 'board approved' special projects which enhance services and meet charitable objectives.

The definition of financial reserves for this purpose is the amount of unrestricted reserves not invested in fixed or other long-term assets (net current assets excluding long term debtors).

The charity has carried out a financial risk review which has identified that the charity requires reserves to protect itself against the following principal risks:

- Delayed payment of amounts due on major contracts causing unanticipated operational cash flow requirements
- Loss of major contracts and a resulting reduction in the contribution to central fixed costs
- Loss of contracts where TUPE does not apply
- Unforeseen cost pressures on contracts
- Properties requiring urgent repairs or refurbishment

In the light of the financial risk review, the trustees concluded that the charity should hold a minimum level of reserves of £1m in order to provide protection against its financial risks. At the balance sheet date, the charity's reserves, as calculated by the above definition, amounted to just over £1m. However, in the light of the above risks, the Sustainability Sub-Committee will be reviewing the reserves policy requirements in the first quarter of 2023.

Approved by order of the board of trustees on 25th / Dec / 2022 and signed on its behalf by:



Trustee

**Report of the Trustees
for the Year Ended 31 March 2022**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2022. The trustees have adopted the provisions of 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).

OBJECTIVES AND ACTIVITIES

Objectives, aims and services

Kaleidoscope supports people with drug, alcohol and mental health issues so that they can have a brighter future in their communities.

We also seek to tackle the stigma that our clients face. This can be through direct campaigning for better governmental policies that support (not punish) service users or by advocating for individuals to be treated with compassion and imagination.

We create a culture and environment where people feel valued and we inspire people to reach their own personal goals.

To be a successful service we recognise:

- That service users have skills and experiences that bring about change for themselves, their peers and their communities.
- Investing in our people builds compassionate and pioneering teams.
- In our places, stability and creativity thrive.

The organisation achieves its objectives through the provision of the following services:

- Drug dependency services which take a harm reduction approach to users to enable them to reduce the risks of using drugs and to help them to stop using if that is their aim.
- Alcohol services offering support to all who are in need.
- Counselling and advice.
- Residential services catering for vulnerable adults.
- A training department to help people acquire new skills and qualifications, in order to achieve their goals in life.

Recruiting and retaining high quality staff is critical to a successful business. We look to staff who strive for excellence, are keen to innovate and who understand the key to social care is engagement that comes from people who have integrity.

Our priority is delivering quality services which we benchmark against recognised external accreditation, as well as anonymous surveys for clients and staff.

Our commitment to providing cost effective services means that we constantly review our own procurement of services and ensure that our management charges are fair. Similarly, our focus on partnership working ensures that we make best use of all the resources available to us.

Kaleidoscope has a core belief in continuous improvement which requires us to be person centred and transparent with those receiving and buying our services.

We seek only to work in areas where we can make a real difference and have an ethos of partnership working where at all possible.

Public benefit

Our objectives and activities as detailed above focus on the prevention and treatment of substance misuse. We work with individuals in both England and Wales and our activities are undertaken to further our charitable purposes for the public benefit. To enhance these public benefits, we work closely with organisations in the Criminal Justice system and other statutory bodies.

KALEIDOSCOPE PROJECT

Report of the Trustees for the Year Ended 31 March 2022

Achievement and performance

Charitable activities

Kaleidoscope continues to perform well and has emerged strongly out of the shadow of COVID. What has been a particular highlight has been the improved Investors in People Award to Platinum from Gold. The value of such an award is that there is an independent evaluation of our leadership and support of staff.

Kaleidoscope has invested in its central services and of particular importance has been the appointment of an executive PA who serves both the CEO and the Board. The support of the Board has meant we can maximise the skills of the Trustees and this is demonstrated by three working groups being established in the areas of sustainability, co-production and research.

Kaleidoscope continues to perform well in terms of contracts. The highlight was the success in winning the Drug and Alcohol contract in Cardiff (CAVDAS) with our Alliance partners Barod and Recovery Cymru. This contract is worth approximately £2m and commenced on 1st August 2022. We were also successful in our re-tendering for our Powys Service.

In terms of the Out of Work Service (Cyfle Cymru) which we bid in partnership, we were successful in retaining Powys and adding Cardiff & Vale, but unsuccessful in Gwent. We withdrew from our partnership with the Forward Trust to deliver advice to people on probation on accommodation issues.

Kaleidoscope has performed well with its other key contracts and continues to be a highly regarded service.

Birchwood Service (Detox) still provides a challenge to provide. It was the most impacted service from COVID but it also has been impacted by the Cost of Living crisis where staffing has become more expensive. Since the year end, Kaleidoscope has purchased a new property in Dee House as a replacement for Birchwood. This will remove the constraints of the previous building and provide more opportunities for growth.

Kaleidoscope continues to work in a collaborative way as demonstrated by the CAVDAS contract. We are in partnership with Adferiad in North Wales, Powys and with the Cyfle Service. We work with Barod in Gwent, Dyfed and Cardiff.

GOING CONCERN

The trustees consider that, having regard to the current level of reserves and to the nature and duration of existing contracts, there are no material uncertainties about the charitable company's ability to continue as a going concern. Furthermore, whilst the Covid Pandemic has impacted operations, there has been only a small financial impact on the finances of the business as most services are paid by contract which has continued unaffected.

FINANCIAL REVIEW

Financial position

A Financial review is included in the strategic report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

The Project is a registered charity (number 1115017) and is also a company limited by guarantee (number 05480423) which was incorporated on 14 June 2005. The project governing document is its memorandum and articles of association as amended by special resolution dated 5 April 2006.

Recruitment and appointment of new trustees

The Project has an independent Board of Trustees drawn from a variety of backgrounds thus ensuring a diverse Board with a strong mix of skills and experience to take the charity forward. When appropriate, vacancies on the Board are advertised through media outlets and interviews conducted, to ensure new appointments will add to the skills and experience of the existing Board.

Organisational structure

The Board of Trustees aims to meet at least on a quarterly basis. Board members are proactive and undertake specific responsibilities for the governance of the Project.

The day to day running of the charity is through a structure of delegation from the Board, to the Chief Executive and to its business and service managers.

Induction and training of new trustees

All new trustees are provided with historical and current information to enable them to appreciate the work and ethos of the charity. The Board is currently developing an induction and training programme for trustees as part of its governance strategy.

KALEIDOSCOPE PROJECT

Report of the Trustees for the Year Ended 31 March 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT

Key management remuneration

The trustees recognise that the charity will not achieve its ambitious goals unless it is possible to attract and retain key management personnel who have the experience, enthusiasm and ability to lead by example and to contribute to the Project's continuing success. Consequently, the ability to offer a compelling value proposition to staff is regarded as a critical success factor.

In common with other small, entrepreneurial companies in the charitable sector, Kaleidoscope's value proposition to staff includes supportive teamwork, personal development and significant job satisfaction from the social impact that the Project is helping to generate. However, remuneration is also important and, for this element of the overall reward package, our policy is to set pay and benefits at levels that are competitive for the sector and which recognise an individual's abilities, responsibilities and experience. In most cases, in the opinion of the trustees, this results in remuneration that is lower than the people concerned would be able to earn in the commercial sector.

The remuneration of key management personnel is summarised in the staff costs note of the financial statements. Kaleidoscope's highest paid employee is the Chief Executive and, in the year to 31 March 2022, his salary was £69,469. This is approximately 3 times the average salary paid to other employees.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

05480423 (England and Wales)

Registered Charity number

1115017

Registered office

1 Resolven House
Fortran Road
St. Mellons
Cardiff
Cardiff
CF3 0EY

Trustees

C Freegard (resigned 16.12.21)
P F Rutter
S P Davison
C Pepinster
D L Antebi
J M Q Knight
J Ross
A C Ormond (resigned 23.1.22)
A M Procter
V Shanmuganathan
M A Tudor
O A Jones (appointed 17.6.21) (resigned 20.10.21)

Company Secretary

Auditors

Xeinadin Audit Limited
Chartered Accountants
& Statutory Auditors
Highdale House
7 Centre Court
Treforest Industrial Estate
Pontypridd
Rhondda Cynon Taff
CF37 5YR

Solicitors

Clarks Legal, 5th Floor, Thames Tower, Station Road, Reading, RG1 1LX.

KALEIDOSCOPE PROJECT

Report of the Trustees for the Year Ended 31 March 2022

REFERENCE AND ADMINISTRATIVE DETAILS

Key Management Personnel

Chief-Executive - Martin Blakeborough

Executive Team - Sian Chicken, Emma Patey, David Vickery, Rondine Molinaro and Gemma Henton.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Kaleidoscope Project for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

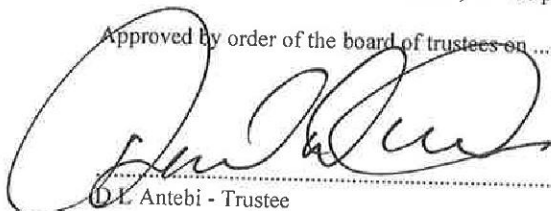
In so far as the trustees are aware:

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

AUDITORS

The auditors, Xeinadin Audit Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 15th DEC 2022 and signed on its behalf by:



.....
D.L. Antebi - Trustee

Report of the Independent Auditors to the Members of Kaleidoscope Project

Opinion

We have audited the financial statements of Kaleidoscope Project Group (and the 'Parent charitable company') for the year ended 31 March 2022 which comprise the consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Parent charitable company 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; 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 Auditors' 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 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 Annual Report, other than the financial statements and our Report of the Independent Auditors 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 this gives rise to a material misstatement in the financial statements themselves. 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 Group Strategic Report and the Group Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Group Report of the Trustees has been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Kaleidoscope Project

Matters on which we are required to report by exception

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

Matters on which we are required to report by exception

In the light of the 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 Group Report of the Trustees.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, 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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Report of the Independent Auditors to the Members of Kaleidoscope Project

Our 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 a Report of the Independent Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities including fraud and non-compliance with laws and regulations we have considered the following:

- (a) The nature of the industry and sector, control environment and business performance;
- (b) Results of the enquiries of management about their own identification and assessment of the risks of irregularities;
- (c) Any matters we have identified having obtained and reviewed the charity's documentation of their policies and procedures relating to:
 - (i) identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - (ii) detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - (iii) the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
 - (iv) the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- (a) Timing of recognition of income

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the charity operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Companies Act, employment law, health and safety, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- (a) Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- (b) Enquiring of management concerning actual and potential litigation and claims;
- (c) Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- (d) In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.fc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

**Report of the Independent Auditors to the Members of
Kaleidoscope Project**

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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

G. Francis.

Gareth Francis FCCA (Senior Statutory Auditor)
for and on behalf of Xeinadin Audit Limited
Chartered Accountants
& Statutory Auditors
Highdale House
7 Centre Court
Treforest Industrial Estate
Pontypridd
Rhondda Cynon Taff
CF37 5YR

Date: *21/12/22*.....

KALEIDOSCOPE PROJECT

Consolidated Statement of Financial Activities (Incorporating an Income and Expenditure Account) for the Year Ended 31 March 2022

	Notes	Unrestricted fund £	Restricted funds £	Endowment fund £	31.3.22 Total funds £	31.3.21 Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and legacies	2	1,334	240,375	-	241,709	49,778
Charitable activities						
Drug and alcohol treatment services		9,105,805	-	-	9,105,805	8,197,178
Residential Services		1,272,785	-	-	1,272,785	1,475,097
Elderly		56,484	-	-	56,484	116,515
Other trading activities	3	194,663	-	-	194,663	124,040
Investment income	4	172,532	-	-	172,532	240,221
Other income		-	-	-	-	6,025
Total		<u>10,803,603</u>	<u>240,375</u>	<u>-</u>	<u>11,043,978</u>	<u>10,208,854</u>
EXPENDITURE ON						
Raising funds	6	120,172	-	-	120,172	46,737
Charitable activities						
Drug and alcohol treatment services	7	8,508,390	189,237	-	8,697,627	8,404,468
Residential Services		1,555,568	-	-	1,555,568	1,545,522
Elderly		61,924	-	-	61,924	117,144
Drug Treatments		135,602	-	-	135,602	-
Total		<u>10,381,656</u>	<u>189,237</u>	<u>-</u>	<u>10,570,893</u>	<u>10,113,871</u>
Net gains on investments		<u>570,000</u>	<u>-</u>	<u>-</u>	<u>570,000</u>	<u>-</u>
NET INCOME		991,947	51,138	-	1,043,085	94,983
Transfers between funds	22	<u>45,639</u>	<u>(34,389)</u>	<u>(11,250)</u>	<u>-</u>	<u>-</u>
Net movement in funds		1,037,586	16,749	(11,250)	1,043,085	94,983
RECONCILIATION OF FUNDS						
Total funds brought forward		<u>3,231,933</u>	<u>1,368,407</u>	<u>146,250</u>	<u>4,746,590</u>	<u>4,651,606</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>4,269,519</u></u>	<u><u>1,385,156</u></u>	<u><u>135,000</u></u>	<u><u>5,789,675</u></u>	<u><u>4,746,589</u></u>

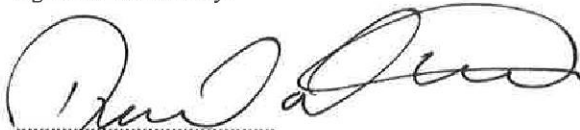
The notes form part of these financial statements

KALEIDOSCOPE PROJECT

**Consolidated Balance Sheet
31 March 2022**

	Notes	Unrestricted fund £	Restricted funds £	Endowment fund £	31.3.22 Total funds £	31.3.21 Total funds £
FIXED ASSETS						
Tangible assets	15	216,263	1,087,789	-	1,304,052	1,348,370
Investment property	16	<u>2,406,926</u>	<u>-</u>	<u>135,000</u>	<u>2,541,926</u>	<u>2,551,713</u>
		2,623,189	1,087,789	135,000	3,845,978	3,900,083
CURRENT ASSETS						
Debtors	17	2,037,370	-	-	2,037,370	2,165,478
Cash at bank		<u>4,711,396</u>	<u>297,367</u>	<u>-</u>	<u>5,008,763</u>	<u>4,047,977</u>
		6,748,766	297,367	-	7,046,133	6,213,455
CREDITORS						
Amounts falling due within one year	18	(4,519,530)	-	-	(4,519,530)	(4,764,055)
NET CURRENT ASSETS		<u>2,229,236</u>	<u>297,367</u>	<u>-</u>	<u>2,526,603</u>	<u>1,449,400</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,852,425	1,385,156	135,000	6,372,581	5,349,483
CREDITORS						
Amounts falling due after more than one year	19	(430,906)	-	-	(430,906)	(501,894)
PROVISIONS FOR LIABILITIES	21	(152,000)	-	-	(152,000)	(101,000)
NET ASSETS		<u>4,269,519</u>	<u>1,385,156</u>	<u>135,000</u>	<u>5,789,675</u>	<u>4,746,589</u>
FUNDS						
Unrestricted funds	22				4,269,519	3,231,932
Restricted funds					1,385,156	1,368,407
Endowment funds					<u>135,000</u>	<u>146,250</u>
TOTAL FUNDS					<u>5,789,675</u>	<u>4,746,589</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 15/12/2022 and were signed on its behalf by:



D. Antebi - Trustee

KALEIDOSCOPE PROJECT (REGISTERED NUMBER: 05480423)

**Company Balance Sheet
31 March 2022**

	Notes	Unrestricted fund £	Restricted funds £	31.3.22 Total funds £	31.3.21 Total funds £
FIXED ASSETS					
Tangible assets	13	216,262	1,087,790	1,304,052	1,348,370
Investment property	14	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>1,430,000</u>
		2,216,262	1,087,790	3,304,052	2,778,370
CURRENT ASSETS					
Debtors	15	2,915,991	-	2,915,991	3,071,755
Cash at bank		<u>3,898,590</u>	<u>297,366</u>	<u>4,195,956</u>	<u>3,763,381</u>
		6,814,581	297,366	7,111,947	6,835,136
CREDITORS					
Amounts falling due within one year	16	<u>(4,512,109)</u>	<u>-</u>	<u>(4,512,109)</u>	<u>(4,758,314)</u>
NET CURRENT ASSETS		<u>2,302,472</u>	<u>297,366</u>	<u>2,599,838</u>	<u>2,076,822</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,518,734	1,385,156	5,903,890	4,855,192
CREDITORS					
Amounts falling due after more than one year	17	<u>(430,906)</u>	<u>-</u>	<u>(430,906)</u>	<u>(501,894)</u>
NET ASSETS		<u>4,087,828</u>	<u>1,385,156</u>	<u>5,472,984</u>	<u>4,353,298</u>
FUNDS	19				
Unrestricted funds				4,087,828	2,984,891
Restricted funds				<u>1,385,156</u>	<u>1,368,407</u>
TOTAL FUNDS				<u>5,472,984</u>	<u>4,353,298</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 15th Dec 2022 and were signed on its behalf by:



D L Antebi - Trustee

The notes form part of these financial statements

KALEIDOSCOPE PROJECT

**Consolidated Cash Flow Statement
for the Year Ended 31 March 2022**

	Notes	31.3.22 £	31.3.21 £
Cash flows from operating activities			
Cash generated from operations	1	<u>409,398</u>	<u>2,176,982</u>
Net cash provided by operating activities		<u>409,398</u>	<u>2,176,982</u>
Cash flows from investing activities			
Sale of tangible fixed assets		(28,399)	-
Sale of investment property		<u>579,787</u>	<u>-</u>
Net cash provided by investing activities		<u>551,388</u>	<u>-</u>
Change in cash and cash equivalents in the reporting period			
Cash and cash equivalents at the beginning of the reporting period		960,786	2,176,982
		<u>4,047,977</u>	<u>1,870,995</u>
Cash and cash equivalents at the end of the reporting period		<u>5,008,763</u>	<u>4,047,977</u>

The notes form part of these financial statements

KALEIDOSCOPE PROJECT

Notes to the Consolidated Cash Flow Statement for the Year Ended 31 March 2022

1.	RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES	31.3.22 £	31.3.21 £
	Net income for the reporting period (as per the Statement of Financial Activities)	1,043,085	94,983
	Adjustments for:		
	Depreciation charges	44,318	37,166
	Losses on investments	(570,000)	-
	Loss on disposal of fixed assets	28,399	-
	Decrease in debtors	128,108	33,346
	(Decrease)/increase in creditors	<u>(264,512)</u>	<u>2,011,487</u>
	Net cash provided by operations	<u>409,398</u>	<u>2,176,982</u>
2.	ANALYSIS OF CHANGES IN NET FUNDS		
		At 1.4.21 £	Cash flow £
	Net cash		At 31.3.22 £
	Cash at bank and in hand	<u>4,047,977</u>	<u>960,786</u>
		<u>4,047,977</u>	<u>5,008,763</u>
		<u>4,047,977</u>	<u>960,786</u>
	Total	<u>4,047,977</u>	<u>5,008,763</u>

The notes form part of these financial statements

KALEIDOSCOPE PROJECT

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2022

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

The Group's functional and presentational currency is the pound sterling (£), and balances are rounded to the nearest £1.

Basis of consolidation

The Group financial statements include the results of the Charitable Company and of its wholly controlled subsidiary. The consolidated entity is known as the 'Group'. The subsidiary undertakings are consolidated on a line by line basis within the Consolidated Statement of Financial Activities.

No separate Statement of Financial Activities (SOFA) has been prepared for the Charitable Company as permitted by Section 408 of the Companies Act 2006.

The subsidiary is Arch initiative, Company number 02812012, charity number 1024945. Their results for 31 March 2021 were turnover of £59,001, expenditure of £135,602 giving a net result for this year of £76,601 deficit. The overall balance sheet year end position of £316,691 which is made up of assets of £1,377,363 less liabilities of £1,060,672.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Income from grants, whether 'capital' or 'revenue' grants, is recognised when the group has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

Cash donations are recognised on receipt. Other donations are recognised once the group has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income from charitable activities includes amounts received under contract, and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when the contract specified that they must be used in future accounting periods.

Rental income is recognised in the period to which it relates.

Other income consist of monies/assets received from subsidiary entities. This is recognised when the risks and rewards have been transferred.

Legacies are recognised either when the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor (s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt from a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Employee benefits

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

Termination benefits are recognised immediately as an expense when the charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

KALEIDOSCOPE PROJECT

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2022

1. ACCOUNTING POLICIES - continued

Allocation and apportionment of costs

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. As the charitable company has only one charitable activity all costs are allocated directly to this activity.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property - 2% to 33.33% on cost
Long leasehold - 1% on cost
Fixtures and Fittings - 10-50% on cost and 20% reducing balance
Motor Vehicles - 33% on cost

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Investments

Fixed asset investments in subsidiaries are held at cost.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in the Statement of Financial Activities.

Debtors

Amounts recoverable on contracts are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

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

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Restricted funds comprise:

Residential Services Fund

This is a fund for which is specifically set up to provide services which provides a safe environment for adults with multiple support needs.

KALEIDOSCOPE PROJECT

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2022

1. ACCOUNTING POLICIES - continued

Fund accounting

Elderly Fund

This is a fund which is specifically set up to provide services in respect of the Alfriston Daycare Centre to provide day care for senior citizens in Kingston and Surbiton.

Asset Fund

The asset fund represents property and fixtures and fittings which have been secured with the help of grant funding. The fund increases each year with the receipt of further capital grants and reduces by an amount each year equivalent to the depreciation charges on those assets and /or by repair costs treated as revenue expenditure.

Legacy Fund

The legacy fund represents donations received from donors who have specified the charity as a beneficiary who can administer the funds to promote their services.

Restricted funds comprise:-

Public Health England Grant

This grant was awarded to pay for building refurbishment and other fixed assets purchased. Expenditure has been capitalised and the grant is being amortised over the life of the respective assets.

Endowment funds

The Wirral PCT endowment fund is a grant expressly for the purpose of purchasing and refurbishing the property known as 88-90 Argyle Street. In accordance with the grant agreement these grants will be credited to the endowment fund and likewise restricted to the purpose of the development of the property.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Leasing commitments

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

Pension costs and other post-retirement benefits

The subsidiary of the group has a defined benefit pension scheme. The full details of this scheme are included in the notes to the accounts which shows the calculation and assumption provided by the actuary to include the amounts in the financial statements.

The parent operates a defined contribution pension scheme. Contributions payable to the scheme are charged to the statement of financial activities in the period to which they relate.

Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are detailed below:

(i) The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimates useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimate, based on the current estimate and the physical condition of the assets.

Related Organisation

The Kaleidoscope Project has a management agreement with a related organisation, the Kaleidoscope (Kingston) Housing Association Limited. This agreement was significantly revised during the year. Under the current agreement, the Housing Association maintains and insures its hostel property in Kingston while the Project takes responsibility for the day to day management of the hostel and for providing residents with residential care and with the appropriate social, educational and medical amenities. In return for access to the Hostel, the Project pays an annual management fee to the Association that is based on the costs incurred during the year by the Association. The Project also leases a floor of its K2 building in Kingston to the Housing Association on a 99 year lease from 27 February 2003 and takes responsibility for the services provided to the users of that floor on behalf of the Association.

The separation of the Association's and Project's accounts (which should be read together) reflects this structure and the distinct services provided by the Association and the Project.

KALEIDOSCOPE PROJECT

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2022

2.	DONATIONS AND LEGACIES	31.3.22	31.3.21
		£	£
	Donations	1,334	1,737
	Capital grants	<u>240,375</u>	<u>48,041</u>
		<u>241,709</u>	<u>49,778</u>
<p>Included in the above is a specific grant from Newport City Council to cover dilapidation at locations at which the charity undertakes their services.</p> <p>Grants received, included in the above, are as follows:</p>			
		31.3.22	31.3.21
		£	£
	Capital Grants	<u>240,375</u>	<u>48,041</u>
3.	OTHER TRADING ACTIVITIES	31.3.22	31.3.21
		£	£
	Miscellaneous income	<u>194,663</u>	<u>124,040</u>
4.	INVESTMENT INCOME	31.3.22	31.3.21
		£	£
	Rents received	<u>172,532</u>	<u>240,221</u>
5.	INCOME FROM CHARITABLE ACTIVITIES	31.3.22	31.3.21
		£	£
	Service Level Agreements	9,105,805	8,197,178
	Cairn House	1,193,950	1,392,251
	Service Level Agreements	78,835	82,846
	Alfriston day centre	<u>56,484</u>	<u>116,515</u>
		<u>10,435,074</u>	<u>9,788,790</u>
6.	RAISING FUNDS		
	Raising donations and legacies	31.3.22	31.3.21
		£	£
	Staff costs	13,250	12,750
	Premises costs	104,954	32,077
	Telephone	<u>1,968</u>	<u>1,910</u>
		<u>120,172</u>	<u>46,737</u>

KALEIDOSCOPE PROJECT

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2022**

7. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 8) £	Support costs (see note 9) £	Totals £
Drug and alcohol treatment services	8,552,433	145,194	8,697,627
Residential Services	1,528,987	26,581	1,555,568
Elderly	59,296	2,628	61,924
Drug Treatments	<u>31,504</u>	<u>104,098</u>	<u>135,602</u>
	<u>10,172,220</u>	<u>278,501</u>	<u>10,450,721</u>

8. DIRECT COSTS OF CHARITABLE ACTIVITIES

	31.3.22 £	31.3.21 £
Staff costs	7,999,914	7,635,069
Leasing of premises and equipment	175,784	3,197
Premises costs	663,014	682,929
Medical supplies	1,015,296	1,160,329
Catering costs	72,500	77,355
Training and staff costs	8,386	22,187
Office expenses	152,856	108,170
Travel & subsistence	11,753	9,705
Depreciation	44,318	37,166
Loss on sale of assets	<u>28,399</u>	<u>-</u>
	<u>10,172,220</u>	<u>9,736,107</u>

9. SUPPORT COSTS

	Management £	Finance £	Governance costs £	Totals £
Drug and alcohol treatment services	145,194	-	-	145,194
Residential Services	26,581	-	-	26,581
Elderly	2,628	-	-	2,628
Drug Treatments	<u>24,691</u>	<u>77,012</u>	<u>2,395</u>	<u>104,098</u>
	<u>199,094</u>	<u>77,012</u>	<u>2,395</u>	<u>278,501</u>

Support costs, included in the above, are as follows:

	Drug and alcohol treatment services £	Residential Services £	Elderly £
Wages	6,250	-	-
Hire of plant and machinery	-	-	-
Licences & registration	11,011	1,635	14
Office expenses	19,409	6,370	1,828
Legal & professional fees	29,640	-	-
Audit & accountancy	10,207	(995)	-
Insurance, health & safety	63,221	19,559	786
Finance Charges	4,599	12	-
Travel & subsistence	857	-	-
Pensions	-	-	-
Auditors' remuneration	-	-	-
	<u>145,194</u>	<u>26,581</u>	<u>2,628</u>

KALEIDOSCOPE PROJECT

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2022

9. SUPPORT COSTS - continued

	Drug Treatments £	31.3.22 Total activities £	31.3.21 Total activities £
Wages	-	6,250	5,500
Hire of plant and machinery	2,111	2,111	4,222
Licences & registration	-	12,660	9,841
Office expenses	286	27,893	37,024
Legal & professional fees	17,494	47,134	8,257
Audit & accountancy	4,800	14,012	14,000
Insurance, health & safety	-	83,566	139,122
Finance Charges	-	4,611	3,517
Travel & subsistence	-	857	7,484
Pensions	77,012	77,012	99,560
Auditors' remuneration	2,395	2,395	2,500
	<u>104,098</u>	<u>278,501</u>	<u>331,027</u>

10. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	31.3.22 £	31.3.21 £
Auditors' remuneration	2,395	2,500
Depreciation - owned assets	44,318	37,166
Hire of plant and machinery	177,895	7,419
Deficit on disposal of fixed assets	<u>28,399</u>	<u>-</u>
	31.03.21 £	31.03.20 £
Depreciation - owned assets	37,166	49,934
Loss on assets	-	(19,750)
Leasing of premises and equipment	7,419	7,936
Auditor's remuneration	16,500	13,000
Pensions	167,545	170,194
Interest payable and other charges	<u>3,916</u>	<u>3,916</u>

11. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2022 nor for the year ended 31 March 2021.

Trustees' expenses

During the year, none of the 5 trustees were reimbursed travel expenses (2021: £128).

KALEIDOSCOPE PROJECT

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2022

12. STAFF COSTS

	31.3.2022	31.3.2021
	£	£
Wages & salaries	7,374,439	7,074,436
Social security costs	463,483	411,338
Other pension costs	181,492	167,545
	<u>8,019,414</u>	<u>7,653,319</u>

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

	31.3.22	31.3.21
Charitable activities	230	229
Management and administration	31	31
	<u>261</u>	<u>260</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	31.3.22	31.3.21
£60,001 - £70,000	1	1
	<u>1</u>	<u>1</u>

The total employee benefits including pension contributions of the key management personnel were £332,907 (2021: £323,253).

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Endowment fund £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and legacies	1,737	48,041	-	49,778
Charitable activities				
Drug and alcohol treatment services	8,197,178	-	-	8,197,178
Residential Services	-	1,475,097	-	1,475,097
Elderly	-	116,515	-	116,515
Other trading activities	114,079	9,961	-	124,040
Investment income	240,221	-	-	240,221
Other income	6,025	-	-	6,025
Total	<u>8,559,240</u>	<u>1,649,614</u>	<u>-</u>	<u>10,208,854</u>
EXPENDITURE ON				
Raising funds	44,827	1,910	-	46,737
Charitable activities				
Drug and alcohol treatment services	8,334,795	69,673	-	8,404,468
Residential Services	-	1,545,522	-	1,545,522
Elderly	-	117,144	-	117,144
Total	<u>8,379,622</u>	<u>1,734,249</u>	<u>-</u>	<u>10,113,871</u>
NET INCOME/(EXPENDITURE)	179,618	(84,635)	-	94,983
Transfers between funds	(33,953)	45,203	(11,250)	-
Net movement in funds	145,665	(39,432)	(11,250)	94,983

KALEIDOSCOPE PROJECT

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2022

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund £	Restricted funds £	Endowment fund £	Total funds £
RECONCILIATION OF FUNDS				
Total funds brought forward	3,086,267	1,407,839	157,500	4,651,606
	<u>3,231,932</u>	<u>1,368,407</u>	<u>146,250</u>	<u>4,746,589</u>
TOTAL FUNDS CARRIED FORWARD				

14. CHARITABLE COMPANY RESULTS

The Charitable Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own income and expenditure in these financial statements. The results of Kaleidoscope Project (the Charitable Company) are:

	Total 2022 £	Total 2021 £
Total income resources	10,984,977	10,107,582
Total resources expended	(10,435,291)	(9,989,731)
Net gains on investments	570,000	-
Net surplus/(deficit)	1,119,686	117,851
Funds:		
At 1 April 2021	<u>4,353,298</u>	<u>4,235,447</u>
At 31 March 2022	<u>5,472,984</u>	<u>4,353,298</u>

15. TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 April 2021	1,464,433	245,481	1,040,549	51,589	2,802,052
Disposals	-	-	(197,161)	(51,589)	(248,750)
At 31 March 2022	<u>1,464,433</u>	<u>245,481</u>	<u>843,388</u>	<u>-</u>	<u>2,553,302</u>
DEPRECIATION					
At 1 April 2021	365,459	9,024	1,027,610	51,589	1,453,682
Charge for year	28,370	3,009	12,939	-	44,318
Eliminated on disposal	-	-	(197,161)	(51,589)	(248,750)
At 31 March 2022	<u>393,829</u>	<u>12,033</u>	<u>843,388</u>	<u>-</u>	<u>1,249,250</u>
NET BOOK VALUE					
At 31 March 2022	<u>1,070,604</u>	<u>233,448</u>	<u>-</u>	<u>-</u>	<u>1,304,052</u>
At 31 March 2021	<u>1,098,974</u>	<u>236,457</u>	<u>12,939</u>	<u>-</u>	<u>1,348,370</u>

KALEIDOSCOPE PROJECT

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2022

15. TANGIBLE FIXED ASSETS - continued

CHARITABLE FIXED ASSETS (CHARITABLE COMPANY)

	FreeholdProperty £	LongLeasehold £	Fixtures and fixtures £	Motor Vehicles £	Total £
Cost or Valuation					
At 1 April 2021	1,464,433	245,481	755,784	51,589	2,517,287
Additions	-	-	-	-	-
Disposals	-	-	(197,161)	(51,589)	(248,750)
At 31 March 2022	<u>1,464,433</u>	<u>245,481</u>	<u>558,623</u>	<u>-</u>	<u>2,268,537</u>
Depreciation					
At 1 April 2021	365,459	9,024	742,845	51,589	1,168,917
Charge	28,370	3,009	12,939	-	44,318
Eliminated	-	-	(197,161)	(51,589)	(248,750)
At 31 March 2022	<u>393,829</u>	<u>12,033</u>	<u>558,623</u>	<u>-</u>	<u>964,485</u>
Net Book Value					
At 31 March 2021	<u>1,070,604</u>	<u>236,457</u>	<u>12,939</u>	<u>-</u>	<u>1,348,370</u>
At 31 March 2022	<u>1,098,974</u>	<u>233,448</u>	<u>-</u>	<u>-</u>	<u>1,304,052</u>

Charitable Company DEPRECIATION

The Group, and Charitable Company, received grants of £423,684 and £66,697 in prior years for property and fixtures and fittings expenditure respectively. These grants have been deducted from the cost of the assets brought forward.

The Welsh Assembly Government has a legal charge over the property at Powells Place, Newport which has a net book value of £555,793 (2021: £570,704) at the balance sheet date.

16. INVESTMENT PROPERTY

	£
FAIR VALUE	
At 1 April 2021	2,551,713
Disposals	(579,787)
Fair value adjustment	<u>570,000</u>
At 31 March 2022	<u>2,541,926</u>
NET BOOK VALUE	
At 31 March 2022	<u>2,541,926</u>
At 31 March 2021	<u>2,551,713</u>

KALEIDOSCOPE PROJECT

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2022

16. INVESTMENT PROPERTY - continued

Charitable Company	£
MARKET VALUE	
As at 1 April 2021	1,430,000
Revaluation	<u>570,000</u>
As at 31 March 2022	<u>2,000,000</u>
NET BOOK VALUE	
At 31 March 2022	<u>2,000,000</u>
At 31 March 2021	<u>1,430,000</u>
Fair value at 31 March 2022 is represented by:	
Valuation in 2022	<u>£ 2,541,926</u>

During the year the property has been revalued to £2,000,000. This has led to an unrealised increase in value of £570,000 being recognised in the financial statements.

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.22	31.3.21
	£	£
Trade debtors	1,839,991	1,969,355
Other debtors	149,003	156,014
Prepayments and accrued income	45,246	40,109
Prepayments	<u>3,130</u>	<u>-</u>
	<u>2,037,370</u>	<u>2,165,478</u>
 Charitable Company		
	31.3.22	31.3.21
	£	£
Trade debtors	1,820,491	1,969,355
Amounts owed by group undertakings	901,251	906,277
Other debtors	149,003	156,014
Prepayments and accrued income	<u>45,246</u>	<u>40,109</u>
	<u>2,915,991</u>	<u>3,071,755</u>

Included within other debtors, in both the Group and Charitable Company, is £81,541 (2021: £79,466) due from Kaleidoscope (Kingston) Housing Association Limited.

KALEIDOSCOPE PROJECT

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2022

18.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	31.3.22	31.3.21
		£	£
	Trade creditors	810,816	628,436
	Social security and other taxes	110,444	108,512
	Other creditors	1,477,438	239,050
	Accruals and deferred income	<u>2,120,832</u>	<u>3,788,057</u>
		<u>4,519,530</u>	<u>4,764,055</u>
	 Charitable Company		
		31.3.2022	31.3.2021
		£	£
	Trade creditors	810,195	627,411
	Social security and other taxes	110,444	108,512
	Other creditors	1,477,438	239,050
	Accruals and deferred income	<u>2,114,032</u>	<u>3,783,341</u>
		<u>4,512,109</u>	<u>4,758,314</u>
 19.	 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	31.3.22	31.3.21
		£	£
	Other creditors	<u>430,906</u>	<u>501,894</u>
	 Charitable Company		
		31.3.2022	31.3.2021
		£	£
	Other creditors	<u>430,906</u>	<u>501,894</u>
		<u>430,906</u>	<u>501,894</u>
 20.	 LEASING AGREEMENTS		
	Minimum lease payments under non-cancellable operating leases fall due as follows:		
		31.3.22	31.3.21
		£	£
	Within one year	131,100	131,100
	Between one and five years	406,775	492,500
	In more than five years	<u>-</u>	<u>45,375</u>
		<u>537,875</u>	<u>668,975</u>
 21.	 PROVISIONS FOR LIABILITIES	31.3.22	31.3.21
		£	£
	Provisions	<u>152,000</u>	<u>101,000</u>

A provision of £152,000 (2021 - £101,000) is being carried for the amount due on the subsidiary's defined benefit pension scheme. The details of the scheme are disclosed in the notes to the accounts.

KALEIDOSCOPE PROJECT

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2022

22. MOVEMENT IN FUNDS

	At 1.4.21 £	Net movement in funds £	Transfers between funds £	At 31.3.22 £
Unrestricted funds				
General fund	3,231,933	991,947	45,639	4,269,519
Restricted funds				
Asset Fund	1,340,757	51,138	(6,739)	1,385,156
Legacy Income	<u>27,650</u>	<u>-</u>	<u>(27,650)</u>	<u>-</u>
	1,368,407	51,138	(34,389)	1,385,156
Endowment funds				
Wirral PCT	<u>146,250</u>	<u>-</u>	<u>(11,250)</u>	<u>135,000</u>
TOTAL FUNDS	<u><u>4,746,590</u></u>	<u><u>1,043,085</u></u>	<u><u>-</u></u>	<u><u>5,789,675</u></u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	10,803,603	(10,381,656)	570,000	991,947
Restricted funds				
Asset Fund	<u>240,375</u>	<u>(189,237)</u>	<u>-</u>	<u>51,138</u>
TOTAL FUNDS	<u><u>11,043,978</u></u>	<u><u>(10,570,893)</u></u>	<u><u>570,000</u></u>	<u><u>1,043,085</u></u>

Comparatives for movement in funds

	At 1.4.20 £	Net movement in funds £	Transfers between funds £	At 31.3.21 £
Unrestricted funds				
General fund	3,086,267	179,618	(33,953)	3,231,932
Restricted funds				
Residential Services	-	(62,204)	62,204	-
Elderly	-	(799)	799	-
Asset Fund	1,362,389	(21,632)	-	1,340,757
Legacy Income	27,650	-	-	27,650
Public Health England Grant	<u>17,800</u>	<u>-</u>	<u>(17,800)</u>	<u>-</u>
	1,407,839	(84,635)	45,203	1,368,407
Endowment funds				
Wirral PCT	<u>157,500</u>	<u>-</u>	<u>(11,250)</u>	<u>146,250</u>
TOTAL FUNDS	<u><u>4,651,606</u></u>	<u><u>94,983</u></u>	<u><u>-</u></u>	<u><u>4,746,589</u></u>

KALEIDOSCOPE PROJECT

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2022

22. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	8,559,240	(8,379,622)	179,618
Restricted funds			
Residential Services	1,485,059	(1,547,263)	(62,204)
Elderly	116,514	(117,313)	(799)
Asset Fund	48,041	(69,673)	(21,632)
	<u>1,649,614</u>	<u>(1,734,249)</u>	<u>(84,635)</u>
TOTAL FUNDS	<u>10,208,854</u>	<u>(10,113,871)</u>	<u>94,983</u>

Charitable Company

	At 1.4.21 £	Net movement in funds £	Transfers between funds £	At 31.3.22 £
Unrestricted funds				
General fund	2,984,891	1,068,548	34,389	4,087,828
Restricted funds				
Asset fund	1,340,757	51,138	(6,739)	1,385,156
Legacy income	27,650	-	(27,650)	-
TOTAL FUNDS	<u>4,353,298</u>	<u>1,119,686</u>	<u>-</u>	<u>5,472,984</u>

Unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objectives.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Restricted funds comprise:-

Residential Services Fund

This is a fund for which is specifically set up to provide services which provides a safe environment for adults with multiple support needs.

Elderly Fund

This is a fund which is specifically set up to provide services in respect of the Alfriston Daycare Centre to provide day care for senior citizens in Kingston and Surbiton.

Asset Fund

The asset fund represents property and fixtures and fittings which have been secured with the help of grant funding. The fund increases each year with the receipt of further capital grants and reduces by an amount each year equivalent to the depreciation charges on those assets and /or by repair costs treated as revenue expenditure.

Legacy Fund

The legacy fund represents donations received from donors who have specified the charity as a beneficiary who can administer the funds to promote their services.

Public Health England Grant

The restricted funds relate to the public Health England grant. This grant was awarded to pay for building refurbishment and other fixed assets purchased for Birchwood and Argyle Street. Expenditure has been capitalised and the grant is being amortised over the life of the respective assets.

Endowment funds

The Wirral PCT endowment fund is a grant expressly for the purpose of purchasing and refurbishing the property known as 88-90 Argyle Street. In accordance with the grant agreement these grants will be credited to the endowment fund and likewise restricted to the purpose of the development of the property.

KALEIDOSCOPE PROJECT

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2022

23. EMPLOYEE BENEFIT OBLIGATIONS

Arch Initiatives participates in The Mercer DB Master Trust (the scheme), formerly known as The Federation Pension Plan.

The scheme is a multi employer defined benefit scheme. In 2020 the Charity reported the results from their 2017 Actuarial valuation as the results for their 2020 valuation were not available at the time of the approval of the accounts. These amounts are shown in the comparative data below.

This year the Charity has been provided with the results of the 2020 Actuarial valuation and it is these results that are reflected in the financial statements. The overall provision at the year end is shown in note 12.

Actuarial Data 2020 valuation

Membership of the scheme is made up of no active members, 6 Deferred pensioners and 2 Retired pensioners giving a total of 8. Below is the data attributable by type of member:

Member	Description	5 April 2020	5 April 2017
	Total deferred pensions revalued to valuation date - (£ p.a.)		
Deferred members		6,808	6,256
Deferred members	Average age weighted by pension	44	41
Pensioners	Total pensions payable (£ p.a.)	2,103	1,893
Pensioners	Average age weighted by pension	68	65

The breakdown of the liability for 2020 is detailed below:

Description	2020 Valuation £'000s	2017 Valuation £'000s
Assets	234	227
Liabilities - Pensioners	(54)	(54)
Liabilities - Deferred members	(281)	(184)
Overall position	101	11
Funding level	70%	95%

Change in assets	£'000s
Value of assets at previous valuation date	227
Assumed return on assets	28
Contributions received (net of expenses)	-
Benefits paid	(6)
Difference between actual and assumed return on assets	(15)
Value of assets at current valuation date	234

The assets are split £230k Mobius Life - FPP Default fund (98%) and £4k net current assets (2%).

Overall the breakdown of the assets is 22% UK Equity, 22% Overseas Equity, 33% Government bonds, 2% cash and 22% Diversified growth.

Change in Technical provisions	£'000s
Value of past service liabilities at previous valuation date	238
Interest on the liabilities	31
Benefits paid	(6)
Actual inflation increases being lower than assumed	(3)
Impact of changes in financial conditions since previous valuation	51
Impact of proposed changes to statement of funding principles	24
Value of past service liabilities at current valuation date	335

Financial Assumptions - Summary of main financial assumptions at 5 April 2020 for Technical provisions

Pre retirement discount rate	Gilt curve +1.5% p.a.
Post retirement discount rate	Gilt curve +0.5% p.a.
RPI inflation	Inflation curve
CPI inflation	RPI - 0.75% p.a. until 2030 RPI from that year
RPI pension increases	In line with RPI assumptions
CPI pension increases	In line with CPI assumptions
Recovery plan return	Gilt curve +2.0% p.a.

KALEIDOSCOPE PROJECT

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2022

23. EMPLOYEE BENEFIT OBLIGATIONS - continued

Average Gilt Yield curve	0.69% p.a.
Average Inflation curve	2.71% p.a.

Demographic assumptions - for Technical provisions

Mortality - base table	115% of S3PxA
Mortality - future improvements	CMI 2019 [1.5%,S=7.5]
Proportions married	90% married for both males and females
Age of retirement	All members assumed to retire at normal retirement age. Members who are past their normal retirement are assumed to retire at the valuation date.
Commutation Expenses	50% of 3/80ths using current commutation factors for members without cash on top No allowance (funded by separate contributions by the employer)

Other Assumptions

	Assumed rate at last valuation (per annum)	Average rate during inter valuation period (per annum)
Investment returns - assumed for the purpose of the 2017 recovery plan	4.70%	1.93%
Revaluation up to retirement in line with RPI	3.50%	3.20%
in line with CPI	2.75%	2.37%
Pension increases in payment in line with RPI	3.50%	2.90%
in line with CPI	2.75%	2.02%

For the 2020 valuation the potential impacts of global pandemics and climate change have been considered. These included the following climate change shock scenario's:

Area of impact	Potential Impact
UK Long dated interest rate	-0.5% p.a.
Inflation	+0.5% p.a.
UK Life expectancy	-0.25 years
Equity market repricing	-15%
Diversified growth fund repricing	-7.5%

The overall liability on the scheme has been included and also disclosed in note 12.

Comparative Data from 2017 valuation

Membership of the scheme is made up of no active members, 6 Deferred pensioners and 2 Retired pensioners giving a total of 8.

Fund Account	£
Employer Contributions - Additional	21,190
Employer Contributions - Deficit funding	3,000
Employee Contributions	-
Transfers In	-
Other Income	-
Benefits paid - Pensions	(2,073)
Payment to and on account of leavers	-
Administration expenses - audit fees	(252)
Administration expenses - PPF Levy	(1,436)
Administration expenses - Trustee management fees	(19,776)
	653
Net Additions from dealings with members	653
Investment Income - interest on cash deposits	5
Change in market Investments	(3,891)

KALEIDOSCOPE PROJECT

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2022

23. EMPLOYEE BENEFIT OBLIGATIONS - continued

Net returns on Investment	(3,886)
Net decrease in the fund during year	(3,222)
Statement of Net Assets available for Benefits	£
Pooled Investment Vehicles	229,631
AVC Investment	-
Total Net Investment	229,631
Current Assets	
Contributions due from employer in respect of deficit funding	250
Contributions due from employer in respect of additional funding	1,630
DIS contributions - cash balances	7,321
Current Liabilities	
Accrued Administration expenses	(5,196)
Tax payable	(14)
Net assets of the plan at end of year	233,622

The market value of the pooled investment vehicle is totally attributable to Monbius - FPP Default amounts totalling £229,631. The movements in the year were:

Pooled Investment Vehicles	£
Value at 6 April 2019	239,252
Purchases at cost	8,910
Sales proceeds	(14,640)
Change in market value	(3,891)
Value at 5 April 2020	229,631

The last full actuarial valuation, taking into account the present value of past service liabilities, was completed in 2017. In compiling these figures the assumptions used are noted below:

Pre retirement discount rate	4.7% per annum
Post retirement rate	2.2% per annum
Return on existing assets and new contributions over the deficit recovery period	4.7% per annum
Rate of inflation - RPI	3.5% per annum
Rate of inflation - CPI	2.75% per annum
Revaluation of pensions in deferment	2.75% and 3.5% per annum
Increases to pensions in payment	2.75% and 3.5% per annum

Rate of withdrawals	No allowance will be made for withdrawals from the section
Members taking transfer values	No allowance will be made for members taking transfer values from the section
Retirements	All members will be assumed to retire at their normal retirement date It is assumed that 50% of members who do not have a cash benefit will commute pension to provide a cash sum of 3n/80ths x salary, with a pension commuted on current rates. The current commutation factors are 12:1 but may change in the future.
Cash commutation	Any strains arising from ill health are assumed to be met by additional contributions from the employer.
Ill health retirements	No allowance will be made.
Mortality - pre retirement	The basis adopted for the valuation was: Base mortality table - 100% of the mortality rates in the standard tables S2PMA for males and S2PFA for females, projected to the valuation date in line with the approach below. Allowance for future improvements - CMI core projection model with a 1.25% per annum long term projected rate of improvement (CMI-2016 (1.25%) using a year of birth approach.
Mortality - post retirement	

KALEIDOSCOPE PROJECT

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2022

23. EMPLOYEE BENEFIT OBLIGATIONS - continued

Contingent dependants pensions	90% of members will be assumed to be married at retirement (or on earlier death). This proportion reduces each year after retirement based on the mortality assumptions relating to the spouse. This allowance is designed to cover all contingent dependants pensions (including non married partners and childrens pensions where applicable) rather than separate assumptions being made for such benefits.
Dependants ages	Males will be assumed to be three years older than females.
Discretionary benefits	There has not been any practice of granting discretionary benefits or increases in benefits under the section and consequently no allowance will be made for this.
Further calculation principles	The actuarial method used in the calculation of the technical provisions will be the defined accrued benefits method. Management and administration expenses will be paid as an additional amount based on an agreed formula. The employer will also pay amounts as needed to meet audit fees and the levies payable to the Pensions Regulator and the Pension Protection Fund.

The above assumptions generated the following position:

Present value of the past service liabilities for:		£
Deferreds		184,000
Pensioners		54,000
Expenses		<u> -</u>
Total Value of liabilities		(238,000)
Assets		<u>227,000</u>
Surplus/(Deficit)		<u>(11,000)</u>
Funding Level		95%

24. CONTINGENT LIABILITIES

The Group may be required to repay funding if it fails to comply with conditions laid down by the various funding providers.

Included in Investment properties is the purchase and refurbishment costs of a building on Argyle Street, Birkenhead. A grant of £500,000 was received from the Wirral Primary Care Trust (WPCT) towards these costs. WPCT hold a legal charge over the property dated 31 March 2009, the terms of which are that should the property be sold within 20 years a set percentage of the sales proceeds will revert back to WPCT. The percentage remittable is tapered down to 0% over 20 years. As at 31 March 2021 the percentage repayable would be 50% of the sale proceeds: £146,250 (2020: £157,500).

Also included in Investment properties is a grant of £178,000 was awarded by Public Health England to pay for refurbishment and other assets at Birchwood and Argyle Street. All expenditure has been capitalised and the grant has been amortised over 5 years. The terms of reimbursement are that should either of the properties be sold within the period of amortisation, the residual value of the grant will be repaid to Public Health England. At 31 March 2022 the amount repayable would be £nil (2021:£nil).

25. RELATED PARTY DISCLOSURES

During the year, Kaleidoscope Project Limited paid management fees to Kaleidoscope (Kingston) Housing Association Limited of £22,500 (2021: £45,000). At the year end, included in debtors is a balance of £81,541 (2021: £79,466) which remained outstanding from Kaleidoscope (Kingston) Housing Association Limited. This amount is repayable on demand and is non-interest bearing.

There were no other related party transactions in either the year ended 31 March 2022 or the year ended 31 March 2021.

KALEIDOSCOPE PROJECT

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2022

26. POST BALANCE SHEET EVENTS

The sale of the property at Kingston was due to be completed during 2021 for an agreed sum of £2m. This was delayed into 2022 and has now experienced a further delay and is expected to be completed in 2023.

A sum has been negotiated as a deposit and this amount is included within creditors until completion has been achieved.

27. LEGAL STATUS OF THE CHARITABLE COMPANY

The Charitable Company is a private company limited by guarantee, incorporated in England and Wales, and consequently does not have any share capital. In the event of the company being wound up, the members of the company are required to contribute an amount not exceeding £10.

KALEIDOSCOPE PROJECT

England & Wales - Charity number 1115017

Accounts

REGISTERED COMPANY NUMBER: 05480423 (England and Wales)
REGISTERED CHARITY NUMBER: 1115017

**Strategic Report, Report of the Trustees and
Group Financial Statements
for the Year Ended 31 March 2021
for
Kaleidoscope Project**

**O'Brien & Partners
Chartered Accountants
& Statutory Auditors
Highdale House
7 Centre Court
Treforest Industrial Estate
Pontypridd
Rhondda Cynon Taff
CF37 5YR**

Kaleidoscope Project

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Kaleidoscope Project
Strategic Report
for the Year Ended 31 March 2021

The trustees present their strategic report for the year ended 31 March 2021.

ACHIEVEMENTS AND PERFORMANCE

The 2020- 2021 financial year will be remembered for Covid and the impact it has had on our society with a number of lockdowns impacting on service delivery. Certain services had to remain open throughout because of the medical support they provide, or because they were residential. In the case of some services we were able to allow staff to work from home and they worked with service users remotely. We were fortunate to have the support of our commissioners and service delivery, although impacted, continued to provide a good quality service. We undertook a survey of staff and service users with South Wales University to understand the impact of the pandemic on our service users. The results showed that we were providing a good service although our most marginalised service users missed the face to face contact. We also were able to roll out new approaches, a longer period for medication, home deliveries and a new medication called Buvidal which is a long active substitute.

In terms of contracts we continued to deliver all existing ones and extended our Kingston contract for 6 months to allow for a better transfer of our residents to new accommodation. By October 2021 we closed down our Kingston services, both Cairn House and Alfriston although we still have one worker in the Borough supporting people in recovery from addiction issues. In terms of the site itself the sale has been agreed but the date of completion will not happen until March 31st 2022 and until planning is approved.

In terms of new work Kaleidoscope were successful in a number of tenders. We won a tender from probation with the Forward Trust for providing advice to those in probation services needing accommodation. We worked with Recovery Cymru on a small contract of Voices Action Change in Cardiff. This is supporting people who often struggle to get into mainstream services. We also won a small contract in Rhondda Cynon Taff called POP, which again is supporting people involved with probation.

Our central services continue to develop in terms of service support. In this past year we recruited a Head of Property and Residential Services which means we are better able to look after our estates and we can also scope new opportunities.

GDAS continues to be our largest contract and this went out to tender in 2021 and at the time of writing we are glad to confirm we were successful in winning this important contract which accounts for almost 40% of our business. The Powys tender has again been extended and will not be out to tender until April 2022 with an award later in the year due to the Covid crisis.

Kaleidoscope continues to work in a collaborative way. The GDAS contract is with G4S and Barod. We are now also working with POBL, the Forward Trust, Recovery Cymru and Adferiad.

PLANS FOR FUTURE PERIODS

A new strategy is being developed and will be over a five year period rather than what we have had before which was a three year strategy. We will be looking to develop our existing work but with a greater awareness of our environmental impact. We will therefore be trying to reduce our impact by moving our cars to electric and encouraging staff to do the same through a government supported scheme. We will review our energy consumption via our property lead and continue to reduce waste and recycling where possible. Our strategy will also look to develop co-production, which means a closer working relationship with our service users ensuring that services are designed with them rather than for them.

Kaleidoscope wants to develop its residential services and are looking to do this with new premises for our detox centre in the Wirral and working with existing providers to further develop a suit of options from detox and rehabilitation to supported living schemes.

In terms of geography we will continue to focus on the development of Welsh services. We will continue to offer a range of treatment options and will continue to innovate with new treatment options as they become available and show promise in terms of meeting service user needs.

Kaleidoscope is committed to Harm Reduction and will work with a number of bodies to increase the options that are available to our service users. This will include campaigning for enhanced harm reduction spaces and looking at a feasibility for Heroin assisted treatment

Kaleidoscope Project
Strategic Report
for the Year Ended 31 March 2021

REVIEW OF BUSINESS

Total incoming resources increased to £10,208,854 from £9,889,666, an increase of £319,188.

Total expenditure also increased to £10,113,871 from £9,938,983 which was only an increase of £174,888

Margins on all contracts remained very tight but measures have been put in place to ensure an effective control over costs. A comparison of the last three years is noted below:

	2021 £	2020 £	2019 £
Total incoming resources	10,208,854	9,889,666	12,166,432
Unrestricted incoming resources	8,559,240	8,343,941	11,735,484
Unrestricted surplus	179,618	156,331	762,854

PRINCIPAL RISKS AND UNCERTAINTIES

Risk exists when there is uncertainty surrounding events and their outcomes that may have a significant impact on Kaleidoscope's ability to :

- achieve its aims
- satisfy the expectations of its stakeholders
- operate efficiently

Risk management is the responsibility of the trustees and, in recognition of this, a schedule summarising principal risks together with mitigating factors and appropriate risk management procedures is formally reviewed by the Board at least once a year.

The Covid 19 Pandemic still impacts and provides significant uncertainty. From a financial perspective Birchwood will remain a particular concern, as an outbreak in that centre in effect closes that service thus causing financial issues. Having worked through lockdown although the working conditions change in other services the financial risk is relatively minor.

We are concerned about the increase in NI which is not currently factored into our contracts and therefore money to pay for these will need to come from within very tight budgets or additional funding. The cost of living is increasing and again this causes problems because of the need for staff to be paid a higher salary but contracts are always based on a fixed price year on year. The problem therefore is both finding additional money but also recruitment when other businesses with different contracts can pay more.

It is also likely inflation will increase which again provides its own pressure particularly if we want to invest in projects where we need to borrow money, for example property acquisition for our residential services.

In terms of new business, we need to be aware of TUPE and any conditions of employment that could jeopardise our tender submission such as pension schemes.

Financial risks have been detailed above as part of the description of the charity's reserve policy.

PRINCIPAL FUNDING SOURCES

Kaleidoscope's principal funding partners during the year were Local Authorities and Welsh Government.

INVESTMENT POLICY AND OBJECTIVES

The Board of Trustees will consider the charity's investment policy when the level of reserves makes this relevant.

Kaleidoscope Project
Strategic Report
for the Year Ended 31 March 2021

RESERVES POLICY

It is the opinion of the directors that the charity should hold financial reserves in order to:

- (i) provide protection against financial risks, as identified by its financial risk review;
- (ii) provide for expansion of the charity's business;
- (iii) provide funds for investment in fixed assets;
- (iv) provide funds for unfunded 'board approved' special projects which enhance services and meet charitable objectives.

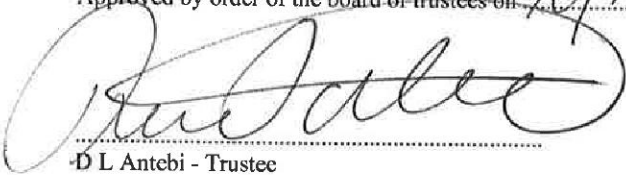
The definition of financial reserves for this purpose is the amount of unrestricted reserves not invested in fixed or other long-term assets (net current assets excluding long term debtors).

The charity has carried out a financial risk review which has identified that the charity requires reserves to protect itself against the following principal risks:

- Delayed payment of amounts due on major contracts causing unanticipated operational cash flow requirements
- Loss of major contracts and a resulting reduction in the contribution to central fixed costs
- Loss of contracts where TUPE does not apply
- Unforeseen cost pressures on contracts
- Properties requiring urgent repairs or refurbishment

In the light of the financial risk review, the trustees concluded that the charity should hold a minimum level of reserves of £750,000 in order to provide protection against its financial risks. At the balance sheet date, the charity's reserves, as calculated by the above definition, amounted to £650,000. Future financial planning will take this into account to ensure the charity covers reserves policy requirements.

Approved by order of the board of trustees on 16/12/21 and signed on its behalf by:



.....
D L Antebi - Trustee

Kaleidoscope Project

Report of the Trustees for the Year Ended 31 March 2021

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the consolidated financial statements of the charity for the year ended 31 March 2021. The trustees have adopted the provisions of 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).

OBJECTIVES AND ACTIVITIES

Objectives, aims and services

Kaleidoscope supports people with drug, alcohol and mental health issues so that they can have a brighter future in their communities.

We also seek to tackle the stigma that our clients face. This can be through direct campaigning for better governmental policies that support (not punish) service users or by advocating for individuals to be treated with compassion and imagination.

We create a culture and environment where people feel valued and we inspire people to reach their own personal goals.

To be a successful service we recognise:

- That service users have skills and experiences that bring about change for themselves, their peers and their communities.
- Investing in our people builds compassionate and pioneering teams.
- In our places, stability and creativity thrive.

The organisation achieves its objectives through the provision of the following services:

- Drug dependency services which take a harm reduction approach to users to enable them to reduce the risks of using drugs and to help them to stop using if that is their aim.
- Alcohol services offering support to all who are in need.
- Counselling and advice.
- A training department to help people acquire new skills and qualifications, in order to achieve their goals in life.
- Residential services catering for vulnerable adults.
- A day centre for the elderly.

Recruiting and retaining high quality staff is critical to a successful business. We look to staff who strive for excellence, are keen to innovate and who understand the key to social care is engagement that comes from people who have integrity. Our priority is delivering quality services which we benchmark against recognised external accreditation, as well as anonymous surveys for clients and staff.

Our commitment to providing cost effective services means that we constantly review our own procurement of services and ensure that our management charges are fair. Similarly, our focus on partnership working ensures that we make best use of all the resources available to us.

Kaleidoscope has a core belief in continuous improvement which requires us to be person centred and transparent with those receiving and buying our services.

We seek only to work in areas where we can make a real difference and have an ethos of partnership working where at all possible.

Public benefit

Our objectives and activities as detailed above focus on the prevention and treatment of substance misuse. We work with individuals in both England and Wales and our activities are undertaken to further our charitable purposes for the public benefit. To enhance these public benefits, we work closely with organisations in the Criminal Justice system and other statutory bodies.

Achievement and performance

GOING CONCERN

The trustees consider that, having regard to the current level of reserves and to the nature and duration of existing contracts, there are no material uncertainties about the charitable company's ability to continue as a going concern. Furthermore, whilst the Covid Pandemic has impacted operations, there has been only a small financial impact on the finances of the business as most services are paid by contract which has continued unaffected.

FINANCIAL REVIEW

Financial position

A Financial review is included in the strategic report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

The Project is a registered charity (number 1115017) and is also a company limited by guarantee (number 05480423) which was incorporated on 14 June 2005. The project governing document is its memorandum and articles of association as amended by special resolution dated 5 April 2006.

Kaleidoscope Project
Report of the Trustees
for the Year Ended 31 March 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

The Project has an independent Board of Trustees drawn from a variety of backgrounds thus ensuring a diverse Board with a strong mix of skills and experience to take the charity forward. When appropriate, vacancies on the Board are advertised through media outlets and interviews conducted, to ensure new appointments will add to the skills and experience of the existing Board.

Organisational structure

The Board of Trustees aims to meet at least on a quarterly basis. Board members are proactive and undertake specific responsibilities for the governance of the Project.

The day to day running of the charity is through a structure of delegation from the Board, to the Chief Executive and to its business and service managers.

Induction and training of new trustees

All new trustees are provided with historical and current information to enable them to appreciate the work and ethos of the charity. The Board is currently developing an induction and training programme for trustees as part of its governance strategy.

Key management remuneration

The trustees recognise that the charity will not achieve its ambitious goals unless it is possible to attract and retain key management personnel who have the experience, enthusiasm and ability to lead by example and to contribute to the Project's continuing success. Consequently, the ability to offer a compelling value proposition to staff is regarded as a critical success factor.

In common with other small, entrepreneurial companies in the charitable sector, Kaleidoscope's value proposition to staff includes supportive teamwork, personal development and significant job satisfaction from the social impact that the Project is helping to generate. However, remuneration is also important and, for this element of the overall reward package, our policy is to set pay and benefits at levels that are competitive for the sector and which recognise an individual's abilities, responsibilities and experience. In most cases, in the opinion of the trustees, this results in remuneration that is lower than the people concerned would be able to earn in the commercial sector.

The remuneration of key management personnel is summarised in the staff costs note of the financial statements. Kaleidoscope's highest paid employee is the Chief Executive and, in the year to 31 March 2020, his salary was £68,781. This is approximately 3 times the average salary paid to other employees.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

05480423 (England and Wales)

Registered Charity number

1115017

Registered office

1 Resolven House
Fortran Road
St. Mellons
Cardiff
Cardiff
CF3 0EY

Trustees

C Freegard
P F Rutter
S P Davison
C Pepinster
D L Antebi
J M Q Knight
J Ross
A C Ormond
A M Procter
V Shanmuganathan (appointed 1.10.20)
M A Tudor (appointed 1.10.20)
O A Jones (appointed 17.6.21)

Kaleidoscope Project

Report of the Trustees for the Year Ended 31 March 2021

REFERENCE AND ADMINISTRATIVE DETAILS

Auditors

O'Brien & Partners
Chartered Accountants
& Statutory Auditors
Highdale House
7 Centre Court
Treforest Industrial Estate
Pontypridd
Rhondda Cynon Taff
CF37 5YR

Solicitors

Clarks Legal, 5th Floor, Thames Tower, Station Road, Reading, RG1 1LX.

Key Management Personnel

Chief-Executive - Martin Blakeborough
Executive Team - Sian Chicken, Emma Patey, David Vickery, Rondine Molinaro and Gemma Henton.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Kaleidoscope Project for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

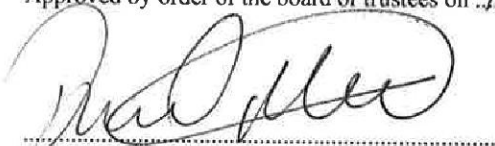
In so far as the trustees are aware:

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

AUDITORS

The auditors, O'Brien & Partners, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 16/12/21 and signed on its behalf by:



D.L. Antebi - Trustee

Report of the Independent Auditors to the Members of Kaleidoscope Project

Opinion

We have audited the financial statements of Kaleidoscope Project Group (and the 'Parent charitable company') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Parent charitable company 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; 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 Auditors' 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 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 Annual Report, other than the financial statements and our Report of the Independent Auditors 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 this gives rise to a material misstatement in the financial statements themselves. 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 Group Strategic Report and the Group Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Group Report of the Trustees has been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Kaleidoscope Project

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, 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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Report of the Independent Auditors to the Members of Kaleidoscope Project

Our 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 a Report of the Independent Auditors 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.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities including fraud and non-compliance with laws and regulations we have considered the following:

- (a) The nature of the industry and sector, control environment and business performance;
- (b) Results of the enquiries of management about their own identification and assessment of the risks of irregularities;
- (c) Any matters we have identified having obtained and reviewed the charity's documentation of their policies and procedures relating to:
 - (i) identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - (ii) detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - (iii) the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
 - (iv) the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- (a) Timing of recognition of income

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the charity operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Companies Act, employment law, health and safety, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- (a) Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- (b) Enquiring of management concerning actual and potential litigation and claims;
- (c) Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- (d) In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's

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 Report of the Independent Auditors.

**Report of the Independent Auditors to the Members of
Kaleidoscope Project**

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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

G. Francis.

Gareth Francis FCCA (Senior Statutory Auditor)
for and on behalf of O'Brien & Partners
Chartered Accountants
& Statutory Auditors
Highdale House
7 Centre Court
Treforest Industrial Estate
Pontypridd
Rhondda Cynon Taff
CF37 5YR

Date: *21st December 2021.*

Kaleidoscope Project

**Consolidated Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 March 2021**

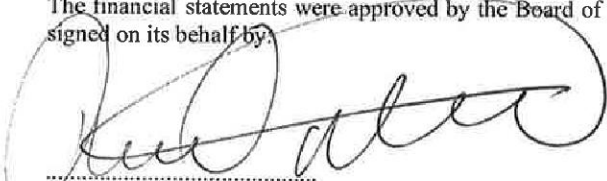
	Notes	Unrestricted fund £	Restricted funds £	Endowment fund £	31.3.21 Total funds £	31.3.20 Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and legacies	2	1,737	48,041	-	49,778	192,274
Charitable activities						
Drug and alcohol treatment services	5	8,197,178	-	-	8,197,178	7,952,372
Residential Services		-	1,475,097	-	1,475,097	1,192,380
Elderly		-	116,515	-	116,515	135,901
Other trading activities	3	114,079	9,961	-	124,040	83,042
Investment income	4	240,221	-	-	240,221	266,016
Other income		6,025	-	-	6,025	67,681
Total		8,559,240	1,649,614	-	10,208,854	9,889,666
EXPENDITURE ON						
Raising funds	6	44,827	1,910	-	46,737	51,621
Charitable activities						
Drug and alcohol treatment services	7	8,334,795	69,673	-	8,404,468	8,425,869
Residential Services		-	1,545,522	-	1,545,522	1,273,388
Elderly		-	117,144	-	117,144	168,355
Other		-	-	-	-	19,750
Total		8,379,622	1,734,249	-	10,113,871	9,938,983
NET INCOME/(EXPENDITURE)						
		179,618	(84,635)	-	94,983	(49,317)
Transfers between funds	22	(33,953)	45,203	(11,250)	-	-
Other recognised gains/(losses)						
Gains on revaluation of fixed assets		-	-	-	-	30,000
Net movement in funds		145,665	(39,432)	(11,250)	94,983	(19,317)
RECONCILIATION OF FUNDS						
Total funds brought forward		3,086,267	1,407,839	157,500	4,651,606	4,670,923
TOTAL FUNDS CARRIED FORWARD		3,231,932	1,368,407	146,250	4,746,589	4,651,606

The notes form part of these financial statements

Kaleidoscope Project
Consolidated Balance Sheet
31 March 2021

	Notes	Unrestricted fund £	Restricted funds £	Endowment fund £	31.3.21 Total funds £	31.3.20 Total funds £
FIXED ASSETS						
Tangible assets	15	232,218	1,116,152	-	1,348,370	1,436,593
Investment property	16	<u>2,405,463</u>	<u>-</u>	<u>146,250</u>	<u>2,551,713</u>	<u>2,500,655</u>
		2,637,681	1,116,152	146,250	3,900,083	3,937,248
CURRENT ASSETS						
Debtors	17	2,165,478	-	-	2,165,478	2,198,824
Cash at bank and in hand		<u>3,795,722</u>	<u>252,255</u>	<u>-</u>	<u>4,047,977</u>	<u>1,870,995</u>
		5,961,200	252,255	-	6,213,455	4,069,819
CREDITORS						
Amounts falling due within one year	18	(4,764,055)	-	-	(4,764,055)	(3,197,580)
		<u>1,197,145</u>	<u>252,255</u>	<u>-</u>	<u>1,449,400</u>	<u>872,239</u>
NET CURRENT ASSETS						
		<u>1,197,145</u>	<u>252,255</u>	<u>-</u>	<u>1,449,400</u>	<u>872,239</u>
TOTAL ASSETS LESS CURRENT LIABILITIES						
		3,834,826	1,368,407	146,250	5,349,483	4,809,487
CREDITORS						
Amounts falling due after more than one year	19	(501,894)	-	-	(501,894)	(146,881)
PROVISIONS FOR LIABILITIES						
	21	(101,000)	-	-	(101,000)	(11,000)
		<u>3,231,932</u>	<u>1,368,407</u>	<u>146,250</u>	<u>4,746,589</u>	<u>4,651,606</u>
NET ASSETS						
		<u>3,231,932</u>	<u>1,368,407</u>	<u>146,250</u>	<u>4,746,589</u>	<u>4,651,606</u>
FUNDS						
Unrestricted funds	22				3,231,932	3,086,267
Restricted funds					1,368,407	1,407,839
Endowment funds					<u>146,250</u>	<u>157,500</u>
TOTAL FUNDS						
					<u>4,746,589</u>	<u>4,651,606</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 16/12/21 and were signed on its behalf by:


D L Antebi - Trustee

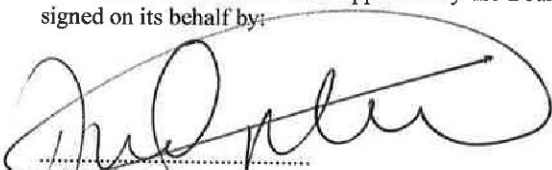
The notes form part of these financial statements

Kaleidoscope Project

**Company Balance Sheet
31 March 2021**

	Notes	Unrestricted fund £	Restricted funds £	Endowment fund £	31.3.21 Total funds £	31.3.20 Total funds £
FIXED ASSETS						
Tangible assets	15	232,218	1,116,152	-	1,348,370	1,385,535
Investment property	16	<u>1,430,000</u>	<u>-</u>	<u>-</u>	<u>1,430,000</u>	<u>1,430,000</u>
		1,622,218	1,116,152	-	2,778,370	2,815,535
CURRENT ASSETS						
Debtors	17	3,071,755	-	-	3,071,755	3,247,704
Cash at bank and in hand		<u>3,511,126</u>	<u>252,255</u>	<u>-</u>	<u>3,763,381</u>	<u>1,475,948</u>
		6,582,881	252,255	-	6,835,136	4,723,652
CREDITORS						
Amounts falling due within one year	18	(4,758,314)	-	-	(4,758,314)	(3,156,859)
		<u>1,824,567</u>	<u>252,255</u>	<u>-</u>	<u>2,076,822</u>	<u>1,566,793</u>
NET CURRENT ASSETS						
		<u>3,486,785</u>	<u>1,368,407</u>	<u>-</u>	<u>4,855,192</u>	<u>4,382,328</u>
TOTAL ASSETS LESS CURRENT LIABILITIES						
CREDITORS						
Amounts falling due after more than one year	19	(501,894)	-	-	(501,894)	(146,881)
		<u>2,984,891</u>	<u>1,368,407</u>	<u>-</u>	<u>4,353,298</u>	<u>4,235,447</u>
NET ASSETS						
FUNDS						
Unrestricted funds	22				2,984,891	2,845,408
Restricted funds					1,368,407	1,390,039
Endowment funds					<u>-</u>	<u>-</u>
TOTAL FUNDS						
					<u>4,353,298</u>	<u>4,235,447</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 16/12/20 and were signed on its behalf by:


.....
D.L. Antebi - Trustee

Kaleidoscope Project

**Consolidated Cash Flow Statement
for the Year Ended 31 March 2021**

	Notes	31.3.21 £	31.3.20 £
Cash flows from operating activities			
Cash generated from operations	1	<u>2,176,982</u>	<u>117,856</u>
Net cash provided by operating activities		<u>2,176,982</u>	<u>117,856</u>
Cash flows from investing activities			
Sale of tangible fixed assets		<u>-</u>	<u>147,528</u>
Net cash provided by investing activities		<u>-</u>	<u>147,528</u>
Change in cash and cash equivalents in the reporting period			
		<u>2,176,982</u>	<u>265,384</u>
Cash and cash equivalents at the beginning of the reporting period		<u>1,870,995</u>	<u>1,605,611</u>
Cash and cash equivalents at the end of the reporting period		<u><u>4,047,977</u></u>	<u><u>1,870,995</u></u>

The notes form part of these financial statements

Kaleidoscope Project

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 March 2021**

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.3.21	31.3.20
	£	£
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	94,983	(49,317)
Adjustments for:		
Depreciation charges	37,166	49,934
Loss on disposal of fixed assets	-	19,750
Decrease/(increase) in debtors	33,346	(537,636)
Increase in creditors	<u>2,011,487</u>	<u>635,125</u>
Net cash provided by operations	<u><u>2,176,982</u></u>	<u><u>117,856</u></u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.20	Cash flow	At 31.3.21
	£	£	£
Net cash			
Cash at bank and in hand	<u>1,870,995</u>	<u>2,176,982</u>	<u>4,047,977</u>
	<u>1,870,995</u>	<u>2,176,982</u>	<u>4,047,977</u>
Total	<u><u>1,870,995</u></u>	<u><u>2,176,982</u></u>	<u><u>4,047,977</u></u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2021

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

The Group's functional and presentational currency is the pound sterling (£), and balances are rounded to the nearest £1.

Basis of consolidation

The Group financial statements include the results of the Charitable Company and of its wholly controlled subsidiary. The consolidated entity is known as the 'Group'. The subsidiary undertakings are consolidated on a line by line basis within the Consolidated Statement of Financial Activities.

No separate Statement of Financial Activities (SOFA) has been prepared for the Charitable Company as permitted by Section 408 of the Companies Act 2006.

The subsidiary is Arch initiative, Company number 02812012, charity number 1024945. Their results for 31 March 2021 were turnover of £101,274, expenditure of £124,141 giving a net result for this year of £22,867 deficit. The overall balance sheet year end position of £393,292 which is made up of assets of £1,406,308 less liabilities of £1,013,016.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Income from grants, whether 'capital' or 'revenue' grants, is recognised when the group has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

Cash donations are recognised on receipt. Other donations are recognised once the group has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income from charitable activities includes amounts received under contract, and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when the contract specified that they must be used in future accounting periods.

Rental income is recognised in the period to which it relates.

Other income consist of monies/assets received from subsidiary entities. This is recognised when the risks and rewards have been transferred.

Legacies are recognised either when when the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor (s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt from a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Employee benefits

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

Termination benefits are recognised immediately as an expense when the charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2021

1. ACCOUNTING POLICIES - continued

Allocation and apportionment of costs

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. As the charitable company has only one charitable activity all costs are allocated directly to this activity.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property - 2% to 33.33% on cost

Long leasehold - 1% on cost

Fixtures and Fittings - 10-50% on cost and 20% reducing balance

Motor Vehicles - 33% on cost

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Investments

Fixed asset investments in subsidiaries are held at cost.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in the Statement of Financial Activities.

Debtors

Amounts recoverable on contracts are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

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

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Restricted funds comprise:

Residential Services Fund

This is a fund for which is specifically set up to provide services which provides a safe environment for adults with multiple support needs.

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2021

1. ACCOUNTING POLICIES - continued

Fund accounting

Elderly Fund

This is a fund which is specifically set up to provide services in respect of the Alfriston Daycare Centre to provide day care for senior citizens in Kingston and Surbiton.

Asset Fund

The asset fund represents property and fixtures and fittings which have been secured with the help of grant funding. The fund increases each year with the receipt of further capital grants and reduces by an amount each year equivalent to the depreciation charges on those assets and /or by repair costs treated as revenue expenditure.

Legacy Fund

The legacy fund represents donations received from donors who have specified the charity as a beneficiary who can administer the funds to promote their services.

Restricted funds comprise:-

Public Health England Grant

This grant was awarded to pay for building refurbishment and other fixed assets purchased. Expenditure has been capitalised and the grant is being amortised over the life of the respective assets.

Endowment funds

The Wirral PCT endowment fund is a grant expressly for the purpose of purchasing and refurbishing the property known as 88-90 Argyle Street. In accordance with the grant agreement these grants will be credited to the endowment fund and likewise restricted to the purpose of the development of the property.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Leasing commitments

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

Pension costs and other post-retirement benefits

The subsidiary of the group has a defined benefit pension scheme. The full details of this scheme are included in the notes to the accounts which shows the calculation and assumption provided by the actuary to include the amounts in the financial statements.

The parent operates a defined contribution pension scheme. Contributions payable to the scheme are charged to the statement of financial activities in the period to which they relate.

Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are detailed below:

- (i) The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimates useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimate, based on the current estimate and the physical condition of the assets.

Related Organisation

The Kaleidoscope Project has a management agreement with a related organisation, the Kaleidoscope (Kingston) Housing Association Limited. This agreement was significantly revised during the year. Under the current agreement, the Housing Association maintains and insures its hostel property in Kingston while the Project takes responsibility for the day to day management of the hostel and for providing residents with residential care and with the appropriate social, educational and medical amenities. In return for access to the Hostel, the Project pays an annual management fee to the Association that is based on the costs incurred during the year by the Association. The Project also leases a floor of its K2 building in Kingston to the Housing Association on a 99 year lease from 27 February 2003 and takes responsibility for the services provided to the users of that floor on behalf of the Association.

The separation of the Association's and Project's accounts (which should be read together) reflects this structure and the distinct services provided by the Association and the Project.

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2021

2. DONATIONS AND LEGACIES

	31.3.21	31.3.20
	£	£
Donations	1,737	1,093
Capital grants	<u>48,041</u>	<u>191,181</u>
	<u>49,778</u>	<u>192,274</u>

Included in the above is a specific grant from Newport City Council to cover dilapidation at locations at which the charity undertakes their services.

Grants received, included in the above, are as follows:

	31.3.21	31.3.20
	£	£
Capital Grants	<u>48,041</u>	<u>191,181</u>

3. OTHER TRADING ACTIVITIES

	31.3.21	31.3.20
	£	£
Miscellaneous income	<u>124,040</u>	<u>83,042</u>

4. INVESTMENT INCOME

	31.3.21	31.3.20
	£	£
Rents received	<u>240,221</u>	<u>266,016</u>

5. INCOME FROM CHARITABLE ACTIVITIES

		31.3.21	31.3.20
	Activity	£	£
Service Level Agreements	Drug and alcohol treatment services	8,197,178	7,952,372
Cairn House	Residential Services	1,392,251	1,131,534
Service Level Agreements	Residential Services	82,846	60,846
Alfriston day centre	Elderly	<u>116,515</u>	<u>135,901</u>
		<u>9,788,790</u>	<u>9,280,653</u>

6. RAISING FUNDS

Raising donations and legacies

	31.3.21	31.3.20
	£	£
Staff costs	12,750	12,750
Premises costs	32,077	35,845
Telephone	<u>1,910</u>	<u>3,026</u>
	<u>46,737</u>	<u>51,621</u>

Kaleidoscope Project

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2021**

7. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 8) £	Support costs (see note 9) £	Totals £
Drug and alcohol treatment services	8,114,519	289,949	8,404,468
Residential Services	1,507,892	37,630	1,545,522
Elderly	<u>113,696</u>	<u>3,448</u>	<u>117,144</u>
	<u>9,736,107</u>	<u>331,027</u>	<u>10,067,134</u>

8. DIRECT COSTS OF CHARITABLE ACTIVITIES

	31.3.21 £	31.3.20 £
Staff costs	7,635,069	7,188,881
Leasing of premises and equipment	3,197	3,197
Premises costs	682,929	922,913
Medical supplies	1,160,329	956,021
Catering costs	77,355	98,817
Training and staff costs	22,187	40,385
Office expenses	108,170	137,257
Travel & subsistence	9,705	172,924
Client costs	-	68,134
Dilapidations provision	-	10,293
Depreciation	<u>37,166</u>	<u>31,398</u>
	<u>9,736,107</u>	<u>9,630,220</u>

9. SUPPORT COSTS

	Management £	Finance £	Governance costs £	Totals £
Drug and alcohol treatment services	187,889	99,560	2,500	289,949
Residential Services	37,630	-	-	37,630
Elderly	<u>3,448</u>	<u>-</u>	<u>-</u>	<u>3,448</u>
	<u>228,967</u>	<u>99,560</u>	<u>2,500</u>	<u>331,027</u>

Support costs, included in the above, are as follows:

	Drug and alcohol treatment services £	Residential Services £	Elderly £	Total activities £	Total activities £
Wages	5,500	-	-	5,500	5,500
Hire of plant and machinery	4,222	-	-	4,222	4,739
Licences & registration	6,034	3,551	256	9,841	11,745
Office expenses	31,638	3,956	1,430	37,024	39,840
Legal & professional fees	8,257	-	-	8,257	69,157
Audit & accountancy	14,000	-	-	14,000	12,700
Insurance, health & safety	107,294	30,066	1,762	139,122	67,528
Finance Charges	3,460	57	-	3,517	4,124
Travel & subsistence	7,484	-	-	7,484	6,795
Depreciation of tangible and heritage assets	-	-	-	-	12,764
Pensions	<u>99,560</u>	<u>-</u>	<u>-</u>	<u>99,560</u>	<u>-</u>
Carried forward	287,449	37,630	3,448	328,527	234,892

Kaleidoscope Project

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2021**

9. SUPPORT COSTS - continued

				31.3.21	31.3.20
	Drug and alcohol treatment services £	Residential Services £	Elderly £	Total activities £	Total activities £
Brought forward	287,449	37,630	3,448	328,527	234,892
Auditors' remuneration	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>
	<u>289,949</u>	<u>37,630</u>	<u>3,448</u>	<u>331,027</u>	<u>237,392</u>

10. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	31.3.21	31.3.20
	£	£
Auditors' remuneration	2,500	2,500
Depreciation - owned assets	37,166	49,935
Hire of plant and machinery	7,419	7,936
Deficit on disposal of fixed assets	<u>-</u>	<u>19,750</u>
	31.03.21	31.03.20
	£	£
Depreciation - owned assets	37,166	49,934
Loss on assets	-	(19,750)
Leasing of premises and equipment	7,419	7,936
Auditor's remuneration	16,500	13,000
Pensions	167,545	170,194
Interest payable and other charges	<u>3,916</u>	<u>3,916</u>

11. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2021 nor for the year ended 31 March 2020.

Trustees' expenses

During the year, five (2020: five) trustees were reimbursed travel expenses amounting to £128 (2020: £258).

12. STAFF COSTS

	31.3.2021	31.3.2020
	£	£
Wages & salaries	7,074,436	6,625,318
Social security costs	411,338	411,619
Other pension costs	<u>167,545</u>	<u>170,194</u>
	<u>7,653,319</u>	<u>7,207,131</u>

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

	31.3.21	31.3.20
Charitable activities	229	234
Management and administration	<u>31</u>	<u>31</u>
	<u>260</u>	<u>265</u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2021

12. STAFF COSTS - continued

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	31.3.21	31.3.20
£60,001 - £70,000	<u>1</u>	<u>1</u>

The total employee benefits including pension contributions of the key management personnel were £323,253 (2020: £303,318).

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Endowment fund £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and legacies	1,093	191,181	-	192,274
Charitable activities				
Drug and alcohol treatment services	7,952,372	-	-	7,952,372
Residential Services	-	1,192,380	-	1,192,380
Elderly	-	135,901	-	135,901
Other trading activities	56,779	26,263	-	83,042
Investment income	266,016	-	-	266,016
Other income	<u>67,681</u>	<u>-</u>	<u>-</u>	<u>67,681</u>
Total	8,343,941	1,545,725	-	9,889,666
EXPENDITURE ON				
Raising funds	51,621	-	-	51,621
Charitable activities				
Drug and alcohol treatment services	8,188,159	237,710	-	8,425,869
Residential Services	-	1,273,388	-	1,273,388
Elderly	-	168,355	-	168,355
Other	<u>-</u>	<u>19,750</u>	<u>-</u>	<u>19,750</u>
Total	8,239,780	1,699,203	-	9,938,983
NET INCOME/(EXPENDITURE)	104,161	(153,478)	-	(49,317)
Transfers between funds	<u>22,170</u>	<u>(10,920)</u>	<u>(11,250)</u>	<u>-</u>
Other recognised gains/(losses)				
Gains on revaluation of fixed assets	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Net movement in funds	156,331	(164,398)	(11,250)	(19,317)
RECONCILIATION OF FUNDS				
Total funds brought forward	<u>2,929,936</u>	<u>1,572,237</u>	<u>168,750</u>	<u>4,670,923</u>
TOTAL FUNDS CARRIED FORWARD	<u><u>3,086,267</u></u>	<u><u>1,407,839</u></u>	<u><u>157,500</u></u>	<u><u>4,651,606</u></u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2021

14. CHARITABLE COMPANY RESULTS

The Charitable Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own income and expenditure in these financial statements. The results of Kaleidoscope Project (the Charitable Company) are:

	Total 2021 £	Total 2020 £
Total income resources	10,107,582	9,695,652
Total resources expended	(9,989,731)	(9,870,934)
Net gains on investments	-	30,000
Net surplus/(deficit)	117,851	(145,282)
Funds:		
At 1 April 2019	<u>4,235,447</u>	<u>4,380,729</u>
At 31 March 2020	<u>4,353,298</u>	<u>4,235,447</u>

15. TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 April 2020	1,464,433	245,481	1,091,606	51,589	2,853,109
Impairments	-	-	(51,058)	-	(51,058)
Reclassification	-	-	1	-	1
At 31 March 2021	<u>1,464,433</u>	<u>245,481</u>	<u>1,040,549</u>	<u>51,589</u>	<u>2,802,052</u>
DEPRECIATION					
At 1 April 2020	337,089	6,016	1,021,822	51,589	1,416,516
Charge for year	28,370	3,008	5,788	-	37,166
At 31 March 2021	<u>365,459</u>	<u>9,024</u>	<u>1,027,610</u>	<u>51,589</u>	<u>1,453,682</u>
NET BOOK VALUE					
At 31 March 2021	<u>1,098,974</u>	<u>236,457</u>	<u>12,939</u>	<u>-</u>	<u>1,348,370</u>
At 31 March 2020	<u>1,127,344</u>	<u>239,465</u>	<u>69,784</u>	<u>-</u>	<u>1,436,593</u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2021

15. TANGIBLE FIXED ASSETS - continued

CHARITABLE FIXED ASSETS (CHARITABLE COMPANY)

	Freehold Property £	Long Leasehold £	Fixtures and fixtures £	Motor Vehicles £	Total £
Cost or Valuation					
At 1 April 2020	1,464,433	245,481	755,784	51,589	2,517,287
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 March 2021	<u>1,464,433</u>	<u>245,481</u>	<u>755,784</u>	<u>51,589</u>	<u>2,517,287</u>
Depreciation					
At 1 April 2020	337,089	6,016	737,058	51,589	1,131,752
Charge	28,370	3,008	5,788	-	37,166
Eliminated	-	-	-	-	-
At 31 March 2021	<u>365,459</u>	<u>9,024</u>	<u>742,845</u>	<u>51,589</u>	<u>1,168,917</u>
Net Book Value					
At 31 March 2020	<u>1,127,344</u>	<u>236,457</u>	<u>12,939</u>	<u>-</u>	<u>1,348,370</u>
At 31 March 2021	<u>1,098,974</u>	<u>239,465</u>	<u>18,726</u>	<u>0</u>	<u>1,385,535</u>

Charitable Company DEPRECIATION

The Group, and Charitable Company, received grants of £423,684 and £66,697 in prior years for property and fixtures and fittings expenditure respectively. These grants have been deducted from the cost of the assets brought forward.

The Welsh Assembly Government has a legal charge over the property at Powells Place, Newport which has a net book value of £570,704 (2020: £585,615) at the balance sheet date.

16. INVESTMENT PROPERTY

FAIR VALUE	£
At 1 April 2020	2,500,655
Reversal of impairments	<u>51,058</u>
At 31 March 2021	<u>2,551,713</u>
NET BOOK VALUE	
At 31 March 2021	<u>2,551,713</u>
At 31 March 2020	<u>2,500,655</u>
Charitable Company	
MARKET VALUE	£
As at 1 April 2020	1,430,000
Revaluation	<u>-</u>
As at 31 March 2021	<u>1,430,000</u>
NET BOOK VALUE	
At 31 March 2021	<u>1,430,000</u>
At 31 March 2020	<u>1,400,000</u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2021

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.21	31.3.20
	£	£
Trade debtors	1,969,355	1,994,351
Other debtors	156,014	164,320
Prepayments and accrued income	<u>40,109</u>	<u>40,153</u>
	<u><u>2,165,478</u></u>	<u><u>2,198,824</u></u>

Charitable Company

	31.3.21	31.3.20
	£	£
Trade debtors	1,969,355	1,984,602
Amounts owed by group undertakings	906,277	1,058,629
Other debtors	156,014	164,320
Prepayments and accrued income	<u>40,109</u>	<u>40,153</u>
	<u><u>3,071,755</u></u>	<u><u>3,247,704</u></u>

Included within other debtors, in both the Group and Charitable Company, is £79,466 (2020: £80,840) due from Kaleidoscope (Kingston) Housing Association Limited.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.21	31.3.20
	£	£
Trade creditors	628,436	1,479,636
Social security and other taxes	108,512	114,329
Other creditors	239,050	374,566
Accruals and deferred income	<u>3,788,057</u>	<u>1,229,049</u>
	<u><u>4,764,055</u></u>	<u><u>3,197,580</u></u>

Charitable Company

	31.3.2021	31.3.2020
	£	£
Trade creditors	627,411	1,479,636
Social security and other taxes	108,512	114,329
Other creditors	239,050	374,566
Accruals and deferred income	<u>3,783,341</u>	<u>1,229,049</u>
	<u><u>4,758,314</u></u>	<u><u>3,197,580</u></u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2021

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.3.21	31.3.20
	£	£
Other creditors	<u>501,894</u>	<u>146,881</u>
 Charitable Company		
	31.3.2021	31.3.2020
	£	£
Other creditors	<u>501,894</u>	<u>146,881</u>
	<u>501,894</u>	<u>146,881</u>

20. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.3.21	31.3.20
	£	£
Within one year	131,100	72,730
Between one and five years	492,500	130,075
In more than five years	<u>45,375</u>	<u>-</u>
	<u>668,975</u>	<u>202,805</u>

21. PROVISIONS FOR LIABILITIES

	31.3.21	31.3.20
	£	£
Provisions	<u>101,000</u>	<u>11,000</u>

A provision of £101,000 (2020 - £11,000) is being carried for the amount due on the subsidiary's defined benefit pension scheme. The details of the scheme are disclosed in the notes to the accounts.

22. MOVEMENT IN FUNDS

	At 1.4.20 £	Net movement in funds £	Transfers between funds £	At 31.3.21 £
Unrestricted funds				
General fund	3,086,267	179,618	(33,953)	3,231,932
Restricted funds				
Residential Services	-	(62,204)	62,204	-
Elderly	-	(799)	799	-
Asset Fund	1,362,389	(21,632)	-	1,340,757
Legacy Income	27,650	-	-	27,650
Public Health England Grant	<u>17,800</u>	<u>-</u>	<u>(17,800)</u>	<u>-</u>
	1,407,839	(84,635)	45,203	1,368,407
Endowment funds				
Wirral PCT	<u>157,500</u>	<u>-</u>	<u>(11,250)</u>	<u>146,250</u>
TOTAL FUNDS	<u>4,651,606</u>	<u>94,983</u>	<u>-</u>	<u>4,746,589</u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2021

22. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	8,559,240	(8,379,622)	179,618
Restricted funds			
Residential Services	1,485,059	(1,547,263)	(62,204)
Elderly	116,514	(117,313)	(799)
Asset Fund	48,041	(69,673)	(21,632)
	<u>1,649,614</u>	<u>(1,734,249)</u>	<u>(84,635)</u>
TOTAL FUNDS	<u>10,208,854</u>	<u>(10,113,871)</u>	<u>94,983</u>

Comparatives for movement in funds

	At 1.4.19 £	Net movement in funds £	Transfers between funds £	At 31.3.20 £
Unrestricted funds				
General fund	2,929,936	134,161	22,170	3,086,267
Restricted funds				
Residential Services	-	(74,496)	74,496	-
Elderly	-	(32,453)	32,453	-
Asset Fund	1,460,280	(33,765)	(64,126)	1,362,389
Legacy Income	35,060	-	(7,410)	27,650
Public Health England Grant	76,897	(12,764)	(46,333)	17,800
	<u>1,572,237</u>	<u>(153,478)</u>	<u>(10,920)</u>	<u>1,407,839</u>
Endowment funds				
Wirral PCT	168,750	-	(11,250)	157,500
	<u>4,670,923</u>	<u>(19,317)</u>	<u>-</u>	<u>4,651,606</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	8,343,941	(8,239,780)	30,000	134,161
Restricted funds				
Residential Services	1,218,642	(1,293,138)	-	(74,496)
Elderly	135,902	(168,355)	-	(32,453)
Asset Fund	191,181	(224,946)	-	(33,765)
Public Health England Grant	-	(12,764)	-	(12,764)
	<u>1,545,725</u>	<u>(1,699,203)</u>	<u>-</u>	<u>(153,478)</u>
TOTAL FUNDS	<u>9,889,666</u>	<u>(9,938,983)</u>	<u>30,000</u>	<u>(19,317)</u>

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2021

22. MOVEMENT IN FUNDS - continued

Charitable Company

	At 1.4.20 £	Net movement in funds £	Transfers between funds £	At 31.3.21 £
Unrestricted funds				
General fund	2,845,408	202,486	(63,003)	2,984,891
Restricted funds				
Residential services fund	-	(62,204)	62,204	-
Elderly fund	-	(799)	799	-
Asset fund	1,362,389	(21,632)	-	1,340,757
Legacy income	27,650	-	-	27,650
TOTAL FUNDS	4,235,447	117,851	-	4,353,298

Unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objectives.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Restricted funds comprise:-

Residential Services Fund

This is a fund for which is specifically set up to provide services which provides a safe environment for adults with multiple support needs.

Elderly Fund

This is a fund which is specifically set up to provide services in respect of the Alfriston Daycare Centre to provide day care for senior citizens in Kingston and Surbiton.

Asset Fund

The asset fund represents property and fixtures and fittings which have been secured with the help of grant funding. The fund increases each year with the receipt of further capital grants and reduces by an amount each year equivalent to the depreciation charges on those assets and /or by repair costs treated as revenue expenditure.

Legacy Fund

The legacy fund represents donations received from donors who have specified the charity as a beneficiary who can administer the funds to promote their services.

Public Health England Grant

The restricted funds relate to the public Health England grant. This grant was awarded to pay for building refurbishment and other fixed assets purchased for Birchwood and Argyle Street. Expenditure has been capitalised and the grant is being amortised over the life of the respective assets.

Endowment funds

The Wirral PCT endowment fund is a grant expressly for the purpose of purchasing and refurbishing the property known as 88-90 Argyle Street. In accordance with the grant agreement these grants will be credited to the endowment fund and likewise restricted to the purpose of the development of the property.

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2021

23. EMPLOYEE BENEFIT OBLIGATIONS

Arch Initiatives participates in The Mercer DB Master Trust (the scheme), formerly known as The Federation Pension Plan.

The scheme is a multi employer defined benefit scheme. In 2020 the Charity reported the results from their 2017 Actuarial valuation as the results for their 2020 valuation were not available at the time of the approval of the accounts. These amounts are shown in the comparative data below.

This year the Charity has been provided with the results of the 2020 Actuarial valuation and it is these results that are reflected in the financial statements. The overall provision at the year end is shown in note 12.

Actuarial Data 2020 valuation

Membership of the scheme is made up of no active members, 6 Deferred pensioners and 2 Retired pensioners giving a total of 8. Below is the data attributable by type of member:

Member	Description	5 April 2020	5 April 2017
	Total deferred pensions revalued to valuation date - (£ p.a.)		
Deferred members		6,808	6,256
Deferred members	Average age weighted by pension	44	41
Pensioners	Total pensions payable (£ p.a.)	2,103	1,893
Pensioners	Average age weighted by pension	68	65

The breakdown of the liability for 2020 is detailed below:

Description	2020 Valuation £'000s	2017 Valuation £'000s
Assets	234	227
Liabilities - Pensioners	(54)	(54)
Liabilities - Deferred members	(281)	(184)
Overall position	101	11
Funding level	70%	95%

Change in assets

	£'000s
Value of assets at previous valuation date	227
Assumed return on assets	28
Contributions received (net of expenses)	-
Benefits paid	(6)
Difference between actual and assumed return on assets	(15)
Value of assets at current valuation date	234

The assets are split £230k Mobius Life - FPP Default fund (98%) and £4k net current assets (2%).

Overall the breakdown of the assets is 22% UK Equity, 22% Overseas Equity, 33% Government bonds, 2% cash and 22% Diversified growth.

Change in Technical provisions

	£'000s
Value of past service liabilities at previous valuation date	238
Interest on the liabilities	31
Benefits paid	(6)
Actual inflation increases being lower than assumed	(3)
Impact of changes in financial conditions since previous valuation	51
Impact of proposed changes to statement of funding principles	24
Value of past service liabilities at current valuation date	335

Financial Assumptions - Summary of main financial assumptions at 5 April 2020 for Technical provisions

Pre retirement discount rate	Gilt curve +1.5% p.a.
Post retirement discount rate	Gilt curve +0.5% p.a.
RPI inflation	Inflation curve
CPI inflation	RPI - 0.75% p.a. until 2030 RPI from that year
RPI pension increases	In line with RPI assumptions
CPI pension increases	In line with CPI assumptions
Recovery plan return	Gilt curve +2.0% p.a.

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Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2021

23. EMPLOYEE BENEFIT OBLIGATIONS - continued

Average Gilt Yield curve	0.69% p.a.
Average Inflation curve	2.71% p.a.

Demographic assumptions - for Technical provisions

Mortality - base table	115% of S3PxA
Mortality - future improvements	CMI 2019 [1.5%,S=7.5]
Proportions married	90% married for both males and females
Age of retirement	All members assumed to retire at normal retirement age. Members who are past their normal retirement are assumed to retire at the valuation date.
Commutation Expenses	50% of 3/80ths using current commutation factors for members without cash on top No allowance (funded by separate contributions by the employer)

Other Assumptions

	Assumed rate at last valuation (per annum)	Average rate during inter valuation period (per annum)
Investment returns - assumed for the purpose of the 2017 recovery plan	4.70%	1.93%
Revaluation up to retirement in line with RPI	3.50%	3.20%
in line with CPI	2.75%	2.37%
Pension increases in payment in line with RPI	3.50%	2.90%
in line with CPI	2.75%	2.02%

For the 2020 valuation the potential impacts of global pandemics and climate change have been considered. These included the following climate change shock scenario's:

Area of impact	Potential Impact
UK Long dated interest rate	-0.5% p.a.
Inflation	+0.5% p.a.
UK Life expectancy	-0.25 years
Equity market repricing	-1.5%
Diversified growth fund repricing	-7.5%

The overall liability on the scheme has been included and also disclosed in note 12.

Comparative Data from 2017 valuation

Membership of the scheme is made up of no active members, 6 Deferred pensioners and 2 Retired pensioners giving a total of 8.

Fund Account	£
Employer Contributions - Additional	21,190
Employer Contributions - Deficit funding	3,000
Employee Contributions	-
Transfers In	-
Other Income	-
Benefits paid - Pensions	(2,073)
Payment to and on account of leavers	-
Administration expenses - audit fees	(252)
Administration expenses - PPF Levy	(1,436)
Administration expenses - Trustee management fees	(19,776)
Net Additions from dealings with members	653
Investment Income - interest on cash deposits	5
Change in market Investments	(3,891)

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Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2021

23. EMPLOYEE BENEFIT OBLIGATIONS - continued

Net returns on Investment	(3,886)
Net decrease in the fund during year	(3,222)
Statement of Net Assets available for Benefits	£
Pooled Investment Vehicles	229,631
AVC Investment	-
Total Net Investment	229,631
Current Assets	
Contributions due from employer in respect of deficit funding	250
Contributions due from employer in respect of additional funding	1,630
DIS contributions - cash balances	7,321
Current Liabilities	
Accrued Administration expenses	(5,196)
Tax payable	(14)
Net assets of the plan at end of year	233,622

The market value of the pooled investment vehicle is totally attributable to Monbius - FPP Default amounts totalling £229,631. The movements in the year were:

Pooled Investment Vehicles	£
Value at 6 April 2019	239,252
Purchases at cost	8,910
Sales proceeds	(14,640)
Change in market value	(3,891)
Value at 5 April 2020	229,631

The last full actuarial valuation, taking into account the present value of past service liabilities, was completed in 2017. In compiling these figures the assumptions used are noted below:

Pre retirement discount rate	4.7% per annum
Post retirement rate	2.2% per annum
Return on existing assets and new contributions over the deficit recovery period	4.7% per annum
Rate of inflation – RPI	3.5% per annum
Rate of inflation – CPI	2.75% per annum
Revaluation of pensions in deferment	2.75% and 3.5% per annum
Increases to pensions in payment	2.75% and 3.5% per annum

Rate of withdrawals	No allowance will be made for withdrawals from the section
Members taking transfer values	No allowance will be made for members taking transfer values from the section
Retirements	All members will be assumed to retire at their normal retirement date It is assumed that 50% of members who do not have a cash benefit will commute pension to provide a cash sum of 3n/80ths x salary, with a pension commuted on current rates. The current commutation factors are 12:1 but may change in the future.
Cash commutation	Any strains arising from ill health are assumed to be met by additional contributions from the employer.
Ill health retirements	No allowance will be made.
Mortality - pre retirement	The basis adopted for the valuation was: Base mortality table - 100% of the mortality rates in the standard tables S2PMA for males and S2PFA for females, projected to the valuation date in line with the approach below. Allowance for future improvements - CMI core projection model with a 1.25% per annum long term projected rate of improvement (CMI-2016 (1.25%)) using a year of birth approach.
Mortality - post retirement	

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Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2021

23. EMPLOYEE BENEFIT OBLIGATIONS - continued

Contingent dependants pensions Dependants ages	90% of members will be assumed to be married at retirement (or on earlier death). This proportion reduces each year after retirement based on the mortality assumptions relating to the spouse. This allowance is designed to cover all contingent dependants pensions (including non married partners and childrens pensions where applicable) rather than separate assumptions being made for such benefits. Males will be assumed to be three years older than females.
Discretionary benefits	There has not been any practice of granting discretionary benefits or increases in benefits under the section and consequently no allowance will be made for this.
Further calculation principles	The actuarial method used in the calculation of the technical provisions will be the defined accrued benefits method. Management and administration expenses will be paid as an additional amount based on an agreed formula. The employer will also pay amounts as needed to meet audit fees and the levies payable to the Pensions Regulator and the Pension Protection Fund.

The above assumptions generated the following position:

Present value of the past service liabilities for:	£
Deferreds	184,000
Pensioners	54,000
Expenses	-
Total Value of liabilities	(238,000)
Assets	227,000
Surplus/(Deficit)	(11,000)
Funding Level - 95%	

24. CONTINGENT LIABILITIES

The Group may be required to repay funding if it fails to comply with conditions laid down by the various funding providers.

Included in Investment properties is the purchase and refurbishment costs of a building on Argyle Street, Birkenhead. A grant of £500,000 was received from the Wirral Primary Care Trust (WPCT) towards these costs. WPCT hold a legal charge over the property dated 31 March 2009, the terms of which are that should the property be sold within 20 years a set percentage of the sales proceeds will revert back to WPCT. The percentage remittable is tapered down to 0% over 20 years. As at 31 March 2021 the percentage repayable would be 50% of the sale proceeds: £146,250 (2020: £157,500).

Also included in Investment properties is a grant of £178,000 was awarded by Public Health England to pay for refurbishment and other assets at Birchwood and Argyle Street. All expenditure has been capitalised and the grant has been amortised over 5 years. The terms of reimbursement are that should either of the properties be sold within the period of amortisation, the residual value of the grant will be repaid to Public Health England. At 31 March 2021 the amount repayable would be £nil (2020:£17,800).

25. RELATED PARTY DISCLOSURES

During the year, Kaleidoscope Project Limited paid management fees to Kaleidoscope (Kingston) Housing Association Limited of £45,000 (2020: £45,000). At the year end, included in debtors is a balance of £79,466 (2020: £79,466) which remained outstanding from Kaleidoscope (Kingston) Housing Association Limited. This amount is repayable on demand and is non-interest bearing.

There were no other related party transactions in either the year ended 31 March 2021 or the year ended 31 March 2020.

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Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2021

26. POST BALANCE SHEET EVENTS

The sale of the property at Kingston is expected to be completed by December 2021 for an agreed sum net of grants of £1.5 million.

A sum of £100,000 has been negotiated to cover additional expenditure in connection with retaining the building. This amount is included under long term creditors.

In addition, the charity sold the investment property at Conway Street Birkenhead, a property held by their subsidiary Arch Initiatives for £571,500 net of costs. The charity are yet to decide how to utilise the proceeds of the sale.

27. LEGAL STATUS OF THE CHARITABLE COMPANY

The Charitable Company is a private company limited by guarantee, incorporated in England and Wales, and consequently does not have any share capital. In the event of the company being wound up, the members of the company are required to contribute an amount not exceeding £10.

This page does not form part of the statutory financial statements