

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

Contents of the Group Financial Statements for the Year Ended 31 March 2021

	Page
Strategic Report	1 to 3
Report of the Trustees	4 to 6
Report of the Independent Auditors	7 to 10
Consolidated Statement of Financial Activities	11
Consolidated Balance Sheet	12
Charitable Company Balance Sheet	13
Consolidated Cash Flow Statement	14
Notes to the Consolidated Cash Flow Statement	15
Notes to the Consolidated Financial Statements	16 to 33

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.

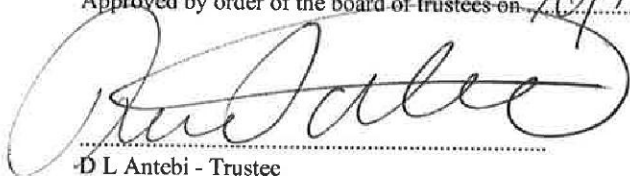
The definition of financial reserves for this purpose is the amount of unrestricted reserves not invested in fixed or other long-term assets (net current assets excluding long term debtors).

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.

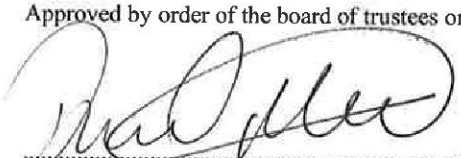
In so far as the trustees are aware:

- 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:


DL 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	5					
Drug and alcohol treatment services		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	7					
Drug and alcohol treatment services		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

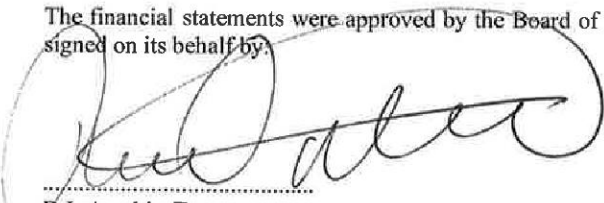
The notes form part of these financial statements

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)
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)
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	22					
Unrestricted funds					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

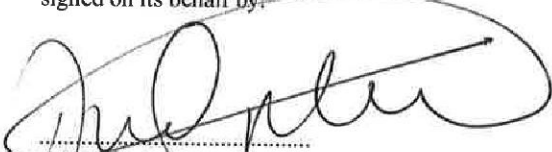
The notes form part of these financial statements

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)
NET CURRENT ASSETS		<u>1,824,567</u>	<u>252,255</u>	<u>-</u>	<u>2,076,822</u>	<u>1,566,793</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,486,785	1,368,407	-	4,855,192	4,382,328
CREDITORS						
Amounts falling due after more than one year	19	(501,894)	-	-	(501,894)	(146,881)
NET ASSETS		<u>2,984,891</u>	<u>1,368,407</u>	<u>-</u>	<u>4,353,298</u>	<u>4,235,447</u>
FUNDS	22					
Unrestricted funds					2,984,891	2,845,408
Restricted funds					1,368,407	1,390,039
Endowment funds					-	-
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 16/12/21 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>
		<u>-</u>	<u>-</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>4,047,977</u>	<u>1,870,995</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>2,176,982</u>	<u>117,856</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>1,870,995</u>	<u>2,176,982</u>	<u>4,047,977</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

	Activity	31.3.21	31.3.20
		£	£
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	113,696	3,448	117,144
	<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	37,166	31,398
	<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	3,448	-	-	3,448
	<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	99,560	-	-	99,560	-
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	2,929,936	1,572,237	168,750	4,670,923
TOTAL FUNDS CARRIED FORWARD	<u>3,086,267</u>	<u>1,407,839</u>	<u>157,500</u>	<u>4,651,606</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	<u>28,370</u>	<u>3,008</u>	<u>5,788</u>	-	<u>37,166</u>
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>1,348,370</u>
At 31 March 2020	<u>1,127,344</u>	<u>239,465</u>	<u>69,784</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)

	FreeholdProperty £	LongLeasehold £	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	1,464,433	245,481	755,784	51,589	2,517,287
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	365,459	9,024	742,845	51,589	1,168,917
Net Book Value					
At 31 March 2020	1,127,344	236,457	12,939	-	1,348,370
At 31 March 2021	1,098,974	239,465	18,726	0	1,385,535

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	51,058
At 31 March 2021	2,551,713
NET BOOK VALUE	
At 31 March 2021	2,551,713
At 31 March 2020	2,500,655
Charitable Company	
MARKET VALUE	£
As at 1 April 2020	1,430,000
Revaluation	-
As at 31 March 2021	1,430,000
NET BOOK VALUE	
At 31 March 2021	1,430,000
At 31 March 2020	1,400,000

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	40,109	40,153
	<u>2,165,478</u>	<u>2,198,824</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	40,109	40,153
	<u>3,071,755</u>	<u>3,247,704</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	3,788,057	1,229,049
	<u>4,764,055</u>	<u>3,197,580</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	3,783,341	1,229,049
	<u>4,758,314</u>	<u>3,197,580</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	Transfers between funds	At 31.3.21
	£	in funds	£	£
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>1,572,237</u>	<u>(153,478)</u>	<u>(10,920)</u>	<u>1,407,839</u>
TOTAL FUNDS	<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.

Kaleidoscope Project

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 age are assumed to retire at the valuation date.
Commutation	50% of 3/80ths using current commutation factors for members without cash on top
Expenses	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)
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 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	

Kaleidoscope Project

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2021

23. EMPLOYEE BENEFIT OBLIGATIONS - continued

	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.
Contingent dependants pensions	
Dependants ages	Males will be assumed to be three years older than females.
	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.
Discretionary benefits	
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.

Kaleidoscope Project

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