

**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**

### **Contents of the Group Financial Statements for the Year Ended 31 March 2022**

	<b>Page</b>
<b>Strategic Report</b>	<b>1 to 3</b>
<b>Report of the Trustees</b>	<b>4 to 7</b>
<b>Report of the Independent Auditors</b>	<b>8 to 11</b>
<b>Consolidated Statement of Financial Activities</b>	<b>12</b>
<b>Consolidated Balance Sheet</b>	<b>13</b>
<b>Charitable Company Balance Sheet</b>	<b>14</b>
<b>Cash Flow Statement</b>	<b>15</b>
<b>Notes to the Consolidated Cash Flow Statement</b>	<b>16</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>17 to 34</b>
<b>Detailed Consolidated Statement of Financial Activities</b>	<b>35 to 36</b>

# 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 25/11/2022 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.

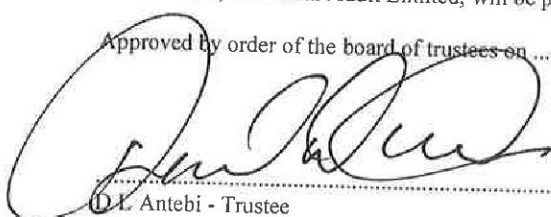
In so far as the trustees are aware:

- 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 15<sup>th</sup> 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.frc.org.uk/auditorsresponsibilities](http://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 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 £
<b>INCOME AND ENDOWMENTS FROM</b>						
Donations and legacies	2	1,334	240,375	-	241,709	49,778
<b>Charitable activities</b>						
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
<b>Total</b>		<u>10,803,603</u>	<u>240,375</u>	<u>-</u>	<u>11,043,978</u>	<u>10,208,854</u>
<b>EXPENDITURE ON</b>						
Raising funds	6	120,172	-	-	120,172	46,737
<b>Charitable activities</b>						
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	-
<b>Total</b>		<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>
<b>NET INCOME</b>		991,947	51,138	-	1,043,085	94,983
<b>Transfers between funds</b>	22	<u>45,639</u>	<u>(34,389)</u>	<u>(11,250)</u>	<u>-</u>	<u>-</u>
<b>Net movement in funds</b>		1,037,586	16,749	(11,250)	1,043,085	94,983
<b>RECONCILIATION OF FUNDS</b>						
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>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<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 £
<b>FIXED ASSETS</b>						
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
<b>CURRENT ASSETS</b>						
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
<b>CREDITORS</b>						
Amounts falling due within one year	18	(4,519,530)	-	-	(4,519,530)	(4,764,055)
<b>NET CURRENT ASSETS</b>		<u>2,229,236</u>	<u>297,367</u>	<u>-</u>	<u>2,526,603</u>	<u>1,449,400</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,852,425	1,385,156	135,000	6,372,581	5,349,483
<b>CREDITORS</b>						
Amounts falling due after more than one year	19	(430,906)	-	-	(430,906)	(501,894)
<b>PROVISIONS FOR LIABILITIES</b>	21	(152,000)	-	-	(152,000)	(101,000)
<b>NET ASSETS</b>		<u>4,269,519</u>	<u>1,385,156</u>	<u>135,000</u>	<u>5,789,675</u>	<u>4,746,589</u>
<b>FUNDS</b>	22					
Unrestricted funds					4,269,519	3,231,932
Restricted funds					1,385,156	1,368,407
Endowment funds					<u>135,000</u>	<u>146,250</u>
<b>TOTAL FUNDS</b>					<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 ..... *K/12/2022* ..... and were signed on its behalf by:

  
D. Antebi - Trustee

The notes form part of these financial statements

**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 £
<b>FIXED ASSETS</b>					
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
<b>CURRENT ASSETS</b>					
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
<b>CREDITORS</b>					
Amounts falling due within one year	16	<u>(4,512,109)</u>	<u>-</u>	<u>(4,512,109)</u>	<u>(4,758,314)</u>
<b>NET CURRENT ASSETS</b>		<u>2,302,472</u>	<u>297,366</u>	<u>2,599,838</u>	<u>2,076,822</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,518,734	1,385,156	5,903,890	4,855,192
<b>CREDITORS</b>					
Amounts falling due after more than one year	17	<u>(430,906)</u>	<u>-</u>	<u>(430,906)</u>	<u>(501,894)</u>
<b>NET ASSETS</b>		<u>4,087,828</u>	<u>1,385,156</u>	<u>5,472,984</u>	<u>4,353,298</u>
<b>FUNDS</b>	19				
Unrestricted funds				4,087,828	2,984,891
Restricted funds				<u>1,385,156</u>	<u>1,368,407</u>
<b>TOTAL FUNDS</b>				<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 15<sup>th</sup> 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 £
<b>Cash flows from operating activities</b>			
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>
<b>Cash flows from investing activities</b>			
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>
<b>Change in cash and cash equivalents in the reporting period</b>		<u>960,786</u>	<u>2,176,982</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>4,047,977</u>	<u>1,870,995</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><u>5,008,763</u></u>	<u><u>4,047,977</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 2022

<b>1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES</b>			
	31.3.22		31.3.21
	£		£
<b>Net income for the reporting period (as per the Statement of Financial Activities)</b>	1,043,085		94,983
<b>Adjustments for:</b>			
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>
<b>Net cash provided by operations</b>	<u>409,398</u>		<u>2,176,982</u>
 <b>2. ANALYSIS OF CHANGES IN NET FUNDS</b>			
	At 1.4.21	Cash flow	At 31.3.22
	£	£	£
<b>Net cash</b>			
Cash at bank and in hand	<u>4,047,977</u>	<u>960,786</u>	<u>5,008,763</u>
	<u>4,047,977</u>	<u>960,786</u>	<u>5,008,763</u>
<b>Total</b>	<u>4,047,977</u>	<u>960,786</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>

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:

	31.3.22	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

	Activity	31.3.22	31.3.21
		£	£
Service Level Agreements	Drug and alcohol treatment services	9,105,805	8,197,178
Cairn House	Residential Services	1,193,950	1,392,251
Service Level Agreements	Residential Services	78,835	82,846
Alfriston day centre	Elderly	<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	31,504	104,098	135,602
	<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	28,399	-
	<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	24,691	77,012	2,395	104,098
	<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	<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 £
<b>INCOME AND ENDOWMENTS FROM</b>				
Donations and legacies	1,737	48,041	-	49,778
<b>Charitable activities</b>				
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
<b>Total</b>	<u>8,559,240</u>	<u>1,649,614</u>	<u>-</u>	<u>10,208,854</u>
<b>EXPENDITURE ON</b>				
Raising funds	44,827	1,910	-	46,737
<b>Charitable activities</b>				
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
<b>Total</b>	<u>8,379,622</u>	<u>1,734,249</u>	<u>-</u>	<u>10,113,871</u>
<b>NET INCOME/(EXPENDITURE)</b>	179,618	(84,635)	-	94,983
<b>Transfers between funds</b>	<u>(33,953)</u>	<u>45,203</u>	<u>(11,250)</u>	<u>-</u>
<b>Net movement in funds</b>	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 £
<b>RECONCILIATION OF FUNDS</b>				
Total funds brought forward	3,086,267	1,407,839	157,500	4,651,606
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u>3,231,932</u>	<u>1,368,407</u>	<u>146,250</u>	<u>4,746,589</u>

### 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 £
<b>COST</b>					
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>
<b>DEPRECIATION</b>					
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>
<b>NET BOOK VALUE</b>					
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 £
<b>Cost or Valuation</b>					
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	1,464,433	245,481	558,623	-	2,268,537
<b>Depreciation</b>					
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	393,829	12,033	558,623	-	964,485
<b>Net Book Value</b>					
At 31 March 2021	1,070,604	236,457	12,939	-	1,348,370
At 31 March 2022	1,098,974	233,448	-	-	1,304,052

#### 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

	£
<b>FAIR VALUE</b>	
At 1 April 2021	2,551,713
Disposals	(579,787)
Fair value adjustment	570,000
At 31 March 2022	2,541,926
<b>NET BOOK VALUE</b>	
At 31 March 2022	2,541,926
At 31 March 2021	2,551,713

# KALEIDOSCOPE PROJECT

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2022

### 16. INVESTMENT PROPERTY - continued

#### Charitable Company

	£
<b>MARKET VALUE</b>	
As at 1 April 2021	1,430,000
Revaluation	<u>570,000</u>
As at 31 March 2022	<u>2,000,000</u>
<b>NET BOOK VALUE</b>	
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	-	45,375
	<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 £
<b>Unrestricted funds</b>				
General fund	3,231,933	991,947	45,639	4,269,519
<b>Restricted funds</b>				
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
<b>Endowment funds</b>				
Wirral PCT	<u>146,250</u>	<u>-</u>	<u>(11,250)</u>	<u>135,000</u>
<b>TOTAL FUNDS</b>	<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 £
<b>Unrestricted funds</b>				
General fund	10,803,603	(10,381,656)	570,000	991,947
<b>Restricted funds</b>				
Asset Fund	<u>240,375</u>	<u>(189,237)</u>	<u>-</u>	<u>51,138</u>
<b>TOTAL FUNDS</b>	<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 £
<b>Unrestricted funds</b>				
General fund	3,086,267	179,618	(33,953)	3,231,932
<b>Restricted funds</b>				
Residential Services	-	(62,204)	62,204	-
Elderly	-	(799)	799	-
Asset Fund	1,362,389	(21,632)	-	1,340,757
Legacy Income	<u>27,650</u>	<u>-</u>	<u>-</u>	<u>27,650</u>
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
<b>Endowment funds</b>				
Wirral PCT	<u>157,500</u>	<u>-</u>	<u>(11,250)</u>	<u>146,250</u>
<b>TOTAL FUNDS</b>	<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 £
<b>Unrestricted funds</b>			
General fund	8,559,240	(8,379,622)	179,618
<b>Restricted funds</b>			
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>
<b>TOTAL FUNDS</b>	<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 £
<b>Unrestricted funds</b>				
General fund	2,984,891	1,068,548	34,389	4,087,828
<b>Restricted funds</b>				
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>
<b>TOTAL FUNDS</b>	<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)
<b>Overall position</b>	<b>101</b>	<b>11</b>
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)
<b>Value of assets at current valuation date</b>	<b>234</b>

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
<b>Value of past service liabilities at current valuation date</b>	<b>335</b>

#### 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)
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	<u>(3,222)</u>
<b>Statement of Net Assets available for Benefits</b>	<b>£</b>
Pooled Investment Vehicles	229,631
AVC Investment	<u>-</u>
Total Net Investment	<b>229,631</b>
<b>Current Assets</b>	
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
<b>Current Liabilities</b>	
Accrued Administration expenses	(5,196)
Tax payable	<u>(14)</u>
<b>Net assets of the plan at end of year</b>	<b><u>233,622</u></b>

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:

<b>Pooled Investment Vehicles</b>	<b>£</b>
Value at 6 April 2019	239,252
Purchases at cost	8,910
Sales proceeds	(14,640)
Change in market value	<u>(3,891)</u>
<b>Value at 5 April 2020</b>	<b><u>229,631</u></b>

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

	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	Males will be assumed to be three years older than females.
Dependants ages	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	The actuarial method used in the calculation of the technical provisions will be the defined accrued benefits method.
Further calculation principles	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:

<b>Present value of the past service liabilities for:</b>	<b>£</b>
Deferreds	184,000
Pensioners	54,000
Expenses	<u>-</u>
<b>Total Value of liabilities</b>	<b>(238,000)</b>
Assets	<u>227,000</u>
<b>Surplus/(Deficit)</b>	<b><u>(11,000)</u></b>
<b>Funding Level</b>	<b>95%</b>

#### 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.