

Company No: 02996621
Charity No: 1168733



**Report of the Trustees and
Financial Statements
for
the Year Ended 31 March 2021
for
Natural Breaks Limited**

S B
& P

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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 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 and aims

To relieve the needs of adults and children with disabilities and their carers residing in the North West of England by:

- Providing help, support and guidance.
- Promoting health and well being through supporting individuals to lead full and active lives.
- Providing supported holidays.
- Providing opportunities for respite.

Mission

We believe living an ordinary life can be extraordinary. Our mission is to work with people with disabilities, their families, commissioners and our strategic partners

- to develop and deliver excellent personalised services,
- providing the highest standards of support and care,
- and best value for money

so that people with disabilities and complex needs and their families can live more fulfilling and inclusive lives.

Values

Our mission is underpinned by the way we work which is:

- **Person Centeredness**
Ensuring that each service is delivered in a way which reflects the needs and desires of the individual. We will stick with people in good times and bad times: listening to and learning from any compliments or complaints.
- **Openness & Honesty**
Transparency will be evident in the way Natural Breaks conducts its business. We will consistently strive to improve communication and keep people informed: operating at all times with integrity.
- **Respect**
We will pay due attention, consideration and regard to all our stakeholders i.e. by dealing with people in a way which will empower them and by being truthful, fair and just.
- **Loyalty**
We aim to demonstrate loyalty: proving ourselves to be reliable, dependable and steadfast in our devotion to quality services.
- **Commitment**
We undertake to deliver quality services which will set a benchmark in quality and consistency whilst at the same time offering best value.
- **Sensitivity**
We aim to be prepared so as to respond to any changes which may have an effect on any of our stakeholders and deal with these in a thoughtful and understanding way.
- **Equality**
We will demonstrate our commitment to equality by ensuring fair access to all, irrespective of age; disability gender; sexual orientation; religion, colour or ethnicity and respecting difference and celebrating diversity and all that it will bring to enrich our work.
- **Environmentally Friendly**
We will endeavour to use ethically sound products and play our part in protecting the environment by the conservation of energy and by recycling our waste whenever possible.

Our key business objectives for 2020-2021:

As a result of Covid-19 the trustees decided the objectives for 2020-21 must focus firstly on continuing to provide our services on a Covid-19 safe and secure way, to then assess what future needs will be and to then deliver the 'new normal'. In parallel with these, the trustees remained committed to building on the achievements of previous years and delivering our mission to more people. Natural Breaks started in the early 1990's and throughout nearly 30 years has adapted to change whilst not losing sight of our mission and core values.

Our key business objectives for 2020/2021 were as follows:

- To assess the needs and priorities of people we support, workforce availability, technological solutions and HM Government, commissioners and public health guidance to deliver services in a Covid-19 safe and secure way.
- To provide value for money to the people and organisations who commission our services
- To maintain our position as a Tier 1 provider for Liverpool Adult Social Services and be a preferred supplier with all local authorities in the areas where we operate

- To complete a strategic review of the future needs of people we support for Social & Learning/Community based services
- To design and deliver innovative Social & Learning/Community based services, in conjunction with commissioner's plans for the sector
- To deliver the financial sustainability plan to ensure available Covid-19 funding and reliefs are utilised, to increase income generation and to tightly manage expenditure
- To implement 'The Natural Breaks Way' programme so that our values and behaviours are practiced by every single member of Natural Breaks and embedded in our policies and procedures
- To build on our Investors In People generation 6 standard accreditation and prepare for 2021 renewal
- To develop person centred business plans for the 'new normal'
- To recruit a fundraiser and increasing our fundraising capabilities to keep fulfilling our charitable purposes
- To develop innovative solutions to meet the needs of people with disabilities who fall outside assessed needs services

Significant activities

Supported Living - we support 26 people providing support at the right level that enables people to live their lives in their own homes. Support is provided by teams who are dedicated to each person. Teams have a co-ordinator who is directly responsible to a senior manager.

Social and Learning - we work with 36 people who have been assessed as needing one or more people to support them. This involves our support staff meeting people at the places where they live or at a pre-arranged place so that they can get out regularly to get involved in things that will enhance their wellbeing i.e. college or other classes; employment or voluntary work; sports and exercise.

The delivery of our activities in 2020/21 was carefully managed in view of the Covid-19 pandemic and this careful approach continues. From the outset, we reviewed all services we provide using a RAG rating and worked with commissioners, people we support and their families to assess the impact of Covid-19 measures on them and prioritise their needs alongside our workforce's availability. We followed, and continue to follow, guidance from HM Government closely on a daily basis and keep abreast of guidance from Public Health England and NHS England, particularly in relation to infection control, good hygiene and steps to reduce risk of catching or spreading Covid-19, including social distancing, testing, promoting vaccinations and self-isolation. We also follow sector guidance including from the Care Provider Alliance (CPA) and Care Quality Commission (CQC) and attend regular provider forums set up locally in response to the pandemic.

We continued to deliver all supported living services and, in conjunction with families and commissioners, some social and learning services in accordance with our RAG system.

The pandemic lock-downs restricted availability of 'The Breakers' accessible caravan in North Wales. Nevertheless, people we support and other people with disabilities, plus their families or carers used the caravan, some more than once.

Delivery of our other significant activities i.e. Out and About (a service which is similar to Social and Learning support, but where people can be safely supported in small groups) and the Newquay Holiday (provided with Liverpool Lions and Newquay Lions) could not take place.

Our normal events programme; excursions, trips to local landmarks and group activity sessions was severely curtailed by the pandemic. However, we assessed how we could use technology innovatively and introduced new virtual events to keep people we support, their friends and families in touch and engaged through:

- Weekly 'Cuppa with the CEO and a catch up' sessions
- Virtual quizzes
- Singalong sessions with guest musicians
- Chair exercise classes
- Sharing their experiences during lockdown on Twitter
- Virtual tea-parties with goodies dropped off at peoples' homes
- A virtual Christmas Party and Disco where all the people we support were mailed gift bags and other goodies to open in the Zoom party.

We also introduced other ways to keep in contact (e.g. through regular phone calls and/or Facetime, by dropping off shopping, sending keeping in touch postcards) and to lift spirits (e.g. providing gazebos, beanbags, benches and garden games).

Public benefit

In setting our objectives and planning our activities the trustees have considered the Charity Commission's general guidance on public benefit.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

In the year to 31 March 2021 our key achievements were as follows:

- Continuing to provide quality services to the people we support and their families and carers, despite the well documented challenges the sector faced due to the Covid-19 pandemic. The Care Quality Commission's approach to inspections of providers' services changed but our rating remains GOOD. The last full inspection in May 2019 focused on the five key areas as to whether the service provided is safe, effective, caring, responsive and well-led. Natural Breaks was rated as GOOD in all areas. The inspector commented:

...'People were positive about the care and support they received from Natural Breaks'

...'Staff were caring and always promoted people's dignity and independence'

...'People and their relatives were highly complimentary about the service. People told us the service was "excellent" and met people's needs'

...'People we spoke with told us they felt safe being supported by the staff, and staff were able to describe the course of action they would take if they felt someone was being harmed or was at risk of harm'

...'Risks which compromised people's health and well-being were appropriately assessed...and contained a high level of detailed information'

- Maintaining Tier 1 provider status with Liverpool Adult Social Services. In their last compliance review (pre-Covid-19) the commissioner's stated '...The Client Monitoring Framework was well evidenced and presented and officers attending the on-site visit spoke very positively about the service.'
- Holding approved provider status with the local authorities for Wirral, Sefton and Cheshire West and Chester.
- Delivering our financial sustainability plan, which enabled us to increase income and reduce our costs whilst increasing our pay rates for lower paid staff so that we continue to pay above the national minimum wage.
- Using the Positive Behavioural Support skills and knowledge¹ in our senior management team to design and deliver a service for a person with most complex needs transitioning from child to adult social care. A subsequent multi-disciplinary team (MDT) review commented '...Natural Breaks have completely transformed for the better this person's life and the life of their family
- Working with a group of people we support in one property, their families, Adult Social Care and housing providers to identify more bespoke 2/3 person houses whilst keeping in the same local area. The programme to secure and refurbish houses started in Summer 2020 and everyone will have moved by Autumn 2021.
- Addressing workforce mental health and well-being issues reported in the sector, by engaging external specialists to help formulate our staff well-being strategy. The project kicked off with a Staff Well-being Audit and a full staff survey to inform the strategy is planned for 2021. This work will run alongside implementation of 'The Natural Breaks Way' - our values and behaviours - and renewal of our Investors in People accreditation.

¹ One of our senior managers is a BILD (British Institute of Learning Disabilities) accredited Positive Behavioural Support Coach (PBS) and other members of our senior management team hold PBS practitioner status

ACHIEVEMENT AND PERFORMANCE

Fundraising activities

The Trustees want to use this part of the annual report to express their gratitude to the following for supporting us through the Covid-19 pandemic by making and donating PPE, including a donation of 3D printed masks:

- Merchant Taylors' School
- Upton Hall School
- Formby High School
- Range High School
- Unilever
- Alan Cunningham
- Delamere Café
- our staff, families and friends and the broader local community

The Trustees also want to thank Peter Kinsella, local restaurateur and owner of Lunya for donating 120 frozen meals for our staff.

Covid-19 largely curtailed our fundraising for 2020-21 but, nevertheless we were able to undertake some activities. We raised £6,348 mainly through the following:

- a donation from the mother of a person we supported for many years who sadly passed away in 2020
- other donations from individuals connected with our staff, trustees and friends and families of people we support
- our Chair starting a 'Run 1000km for £1000' challenge in December 2020 and due to complete in 2021
- joining AmazonSmile and easyfundraising schemes to generate income when our supporters use these for on-line shopping

Our website, fully launched in 2018, has excellent, secure fundraising functionality and is the prime method for receiving donations.

We suspended our search for a fundraiser but intend to continue looking for the right calibre of person to increase our fundraising capacity from 2022 onwards.

Natural Breaks has registered with the Fundraising Regulator and follow the Code of Fundraising Practice. We do not use professional fundraisers or commercial participators. All events are managed by a nominated employee and all funds raised are managed by our Finance Manager. The very nature of our charity brings us into contact with vulnerable people and we have robust safeguarding and professional boundaries policies. We have had no complaints about fundraising by our charity.

Internal and external factors

The trustees are delighted with the performance of our Chief Executive, Diane Hesketh, in an unprecedented year when Covid-19 struck the UK. From the early days, when so little about the virus was known and guidance from commissioners and public bodies in respect of supported living settings and social and learning support was understandably embryonic, Diane's leadership was exceptional. Diane established what was to become a virtual 'situation room', mobilised the senior management team to carry out impact assessments on all the people we support (subsequently shared with commissioners), capture real time staff availability and set in operation measures to ensure we continued to deliver supported living services and, in agreement with commissioners and families, direct support to some people who use our social and learning services. Throughout the pandemic, we have made effective communication a high priority with early briefings for people we support, families and staff setting the tone and building trust that has proved long-lasting with high satisfaction levels.

The Trustees want to place on record their thanks for the role played by our commissioners. The financial support given throughout 2020-21 helped provide certainty of cashflow and to meet the extra costs of delivering services. Beyond financial support, our main commissioner - Liverpool City Council - also took a central role in coordinating and addressing providers' needs, for example, in the creation of a PPE supplies hub.

In the 2018-19 report we outlined our approach following the Court ruling in favour of Mencap in the case of sleep-in back pay that overturned an employment tribunal which ruled that workers were entitled to National Minimum Wage (NMW) for every hour of a sleep-in shift. That appeal has now been heard and a decision made. Natural Breaks does have staff who work sleep-ins and, following the decisions by our commissioners to freeze, review and consult with providers on fee structures, the Trustees decided to maintain sleep-in rates at 2020 levels. Discussions with commissioners are on-going.

FINANCIAL REVIEW

Financial position

The actions in our Financial Sustainability Plan, first introduced by the Trustees in 2018-19, continued through 2020-21 and was updated to include a number of Covid-19 specific actions (e.g. utilising Covid-19 funding and reliefs from HM Government and commissioners). Overall, the organisation recorded a surplus of 5.9% which was better than forecast in the plan. Our income grew by a modest 2.9% but, through careful management of resources (e.g. yet again we delivered our services without recourse to agency staffing) and tight control of costs, our expenditure reduced by 2.6%. The Trustees note that support costs as a percentage of total expenditure increased slightly from 2019-20 but closer inspection confirms this is mainly attributable to Covid-19 support expenditure and our office rent review but otherwise the trend is downwards.

The trustees have agreed a further financial sustainability plan for 2021-22 with a number of actions identified, initiatives to increase overall income and measures to tightly control costs.

Principal funding sources

Our principal funding in 2020-21 came from commissioners in the local authorities of Liverpool and Sefton. Other funding came from direct payments by people we support, their families and carers.

Covid-19 measures affected some of the services we are able to provide, mainly in respect of social and learning activities. However, the commissioners recognised the potential financial problems all providers in the sector could face and continued with pre Covid-19 funding levels and access to a Covid-19 grant. Natural Breaks utilised these arrangements thereby allowing us to keep staff employed, purchase PPE and procure supportive technology such as iPads for people we support to use and generally enhance organisation technology and digital platforms.

There were restricted grants and funds received in 2020-21 amounting to £77,357 in respect of funding for towards the impact of Covid-19 costs and for the caravan.

Investment policy and objectives

Funds that are surplus to requirements in the short term are kept in notice-based interest-bearing accounts. Natural Breaks does not have any other investments.

Reserves policy

Natural Breaks is determined to keep a level of reserves commensurate with balancing the need to release funds with the need to retain sufficient funds for an orderly, compliant closure and redundancy costs. The calculation of average monthly operating costs includes all recurring predictable expenses such as redundancy for office-based staff, salaries, tax/NI and rent. A breakdown is held with the organisation's Reserve policy.

The level of reserves at 31 March 2021 has increased to £593,979. The trustees believe that it is appropriate in view of the general post pandemic economic uncertainty in the sector, pressures on income and increasing staff costs. The reserves policy will be kept under regular review.

FUTURE PLANS

The trustees recognise the challenges Natural Breaks faces in delivering social care in a nation recovering from the Covid-19 pandemic and in a sector facing a workforce crisis. Our plans will always seek to balance the pressures on income, with the expectations of people we support and their families and carers, with the need to excel in regulatory requirements and meet the needs to reward and develop our staff.

The changes to the company infrastructure and the financial sustainability actions introduced in previous years have placed the organisation in ideal shape to expand the range of services and activities we can provide in future years. Our plans for 2021-22 continue this journey and include:

- Ensuring we continue delivering services in a Covid-19 safe and secure way by assessing the needs and priorities of people we support, workforce availability, technological solutions and HM Government, commissioners and public health guidance
- Implementing 'The Natural Breaks Way' programme so our values and behaviours are practiced by every single member of Natural Breaks and embedded in our policies and procedures
- Successfully renewing our Investors In People generation 6 standard accreditation
- Delivering the financial sustainability plan to increase income generation and tightly manage expenditure
- Implementing changes to our pay and benefits, terms and conditions, health and wellbeing support
- Reviewing how the services we provide fit with the 'a life not a service' concept and identifying how we could address those other needs
- Increasing our fundraising capabilities
- Developing innovative solutions to meet the needs of people with disabilities who fall outside assessed needs

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.

Charity constitution

Natural Breaks activities started in 1992 and was incorporated as a not-for-profit company limited by guarantee in 1994. In August 2016 it became a registered charity.

Recruitment and appointment of new trustees

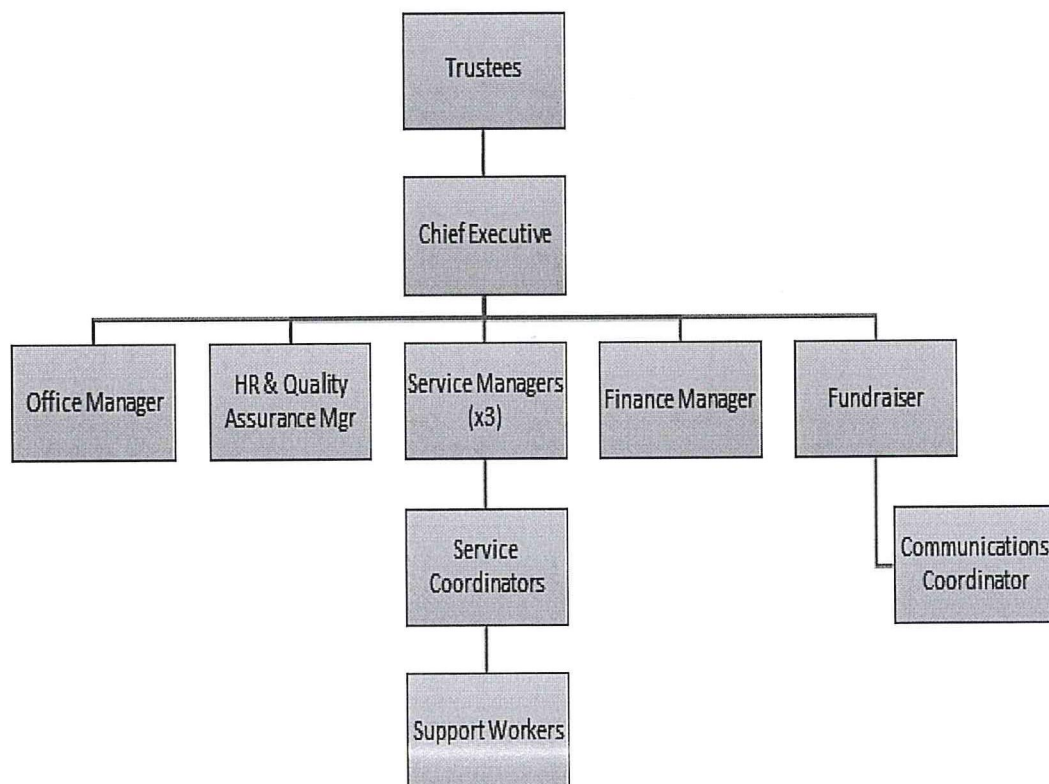
The Articles allow for up to 9 trustees (minimum 2). At the time of this report, the Board had 5 trustees, including its chair.

Natural Breaks has a policy governing conflicts of interest and all trustees must complete a declaration of interests. A register is maintained by the company secretary.

Trustees are elected by the members of the charity and one third, by rotation, each year must retire and can stand for re-election. The trustees have discretion to admit into membership of the charity individuals who support the objects of Natural Breaks. Constant regard is paid to the skills mix of the trustees to ensure they all have the necessary skills to contribute fully to the charity's development.

Organisational structure

The organisation structure at 31st March 2021 was as follows:



STRUCTURE, GOVERNANCE AND MANAGEMENT

Decision making

The board of trustees meets bi-monthly. The board is supported by the following committees, with defined terms of reference, and which meet throughout the year:

- Governance and Safeguarding
- Finance
- Business and Marketing

The chief executive and senior managers attend, and provide reports to, regular meetings of the board of trustees and the committees. This enables the business of Natural Breaks, including strategy development and governance, to be undertaken collaboratively.

The chief executive manages the day to day business within defined authority delegated by the trustees. The delegated authority is reviewed quarterly and covers activities that can be undertaken without the trustees' specific agreement, for example:

- Size and scope of services that can be procured.
- Fundraising.
- Staff policies.
- Staff remuneration.
- Budget and expenditure.
- Procurement of assets.
- Contractual obligations and liabilities.

Induction and training of new trustees

On becoming a trustee, trustees are briefed by the chair on their responsibilities as a trustee. They are briefed by their co-trustees and chief executive on the history of Natural Breaks, the operational management of the charity, current objectives and future plans. The trustees are encouraged to attend any courses which they feel are relevant to the development of their role and keep up to date on any changes in legislation. All the directors at the time Natural Breaks became a charity undertook independent training in the 'roles and responsibilities of trustees' and members of the Finance Committee undertook 'financial awareness' training.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk management

The Governance Committee regularly review the strategic risk register and have identified key risks and determined their mitigation. Reflecting the continuing impact of the Covid-19 pandemic, these include:

- 1 Competition from similar organisations, with an emerging factor being those paying higher wages. Mitigation - The Trustees are conducting a review of our position in the local market and developing options to improve the charity's reward and recognition package. Developments in adult social care in the Merseyside area and all requests for new services are logged and outcomes are reported to the Business & Marketing Committee. Families and carers are surveyed regularly and their feedback acted upon.
- 2 Over dependency on one key supplier. Mitigation - Opportunities to provide services in boroughs outside Liverpool are monitored. Work will continue to develop additional sources in 2021-22.
- 3 Employment issues, such as those potentially arising from the MENCAP sleep-in decision and from Covid-19 testing and vaccination strategy. Mitigation - Our Chief Executive and senior managers regularly hold staff forums, briefing staff on developments, receiving feedback and building team spirit. For example;
 - Employee health and well-being is a priority area for the organisation. Covid-19 individual welfare checks regularly take place and employee support is available through our Employee Benefits Flexcel Platform. We have commissioned an external company, who work with us for Investors in People, to undertake a Wellbeing audit, develop a Wellbeing Strategy and roll out relevant wellbeing training including Mental Health First Aid in 2021-22.
 - Sleep-in payments, we had paid at NMW. Following the MENCAP appeal decision, commissioned rates were frozen pending consultation in the local sector and Trustees decided to do likewise with pay. Staff have been briefed and when the results of the consultation are known, these will be carried through to pay.
- 4 Cash flow sensitivities. Mitigation - The cash flow forecast for 2021-22 is reviewed by the Finance Committee.
- 5 Dependency on income from local authorities. Mitigation - The trustees are aware of comments made by local authorities about the impact of Covid-19 on their funds. Statements from Liverpool City Council on their financial viability and the potential implications of a Section 114 will be monitored.
- 6 Compliance with legislation and regulations, specifically;
 - a Arising from Merseyside Fire & Rescue Service extending regulations to apply to supported living services delivered by all providers. Mitigation - We worked closely with commissioners, housing providers and Merseyside Fire & Rescue to implement all the immediate requirements satisfactorily. Medium and longer term requirements for providers and partners are emerging and are being reported to the Trustees through the Governance & Safeguarding Committee.
 - b Covid-19. Mitigation - Our registered manager attends the CQC briefings and senior managers attend the regular briefings by commissioners. Our Chief Executive regularly attends VODG meetings to aid keeping abreast of sector specific developments. HM Government, public health and regulatory requirements and guidelines for Covid-19 PPE, safe working practices and standards required for a Covid Safe Workplace are monitored by senior management and implemented across all services and offices. Our Infection Control policy is strictly adhered to and training provided. People we support have; individual care plans which state pathways to healthcare, health passports and 'grab and go' NHS learning disability template in case of hospital admission.

Natural Breaks Limited

**Report of the Trustees
for the Year Ended 31 March 2021**

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
02996621 (England and Wales)

Registered Charity number
1168733

Registered office
Millennium Resource Centre
Blenheim Street
Liverpool
Merseyside
L5 8UX

Trustees
K C Lloyd
J Steen
I Meyer
Mrs J Erskine
R Itiokiet

Company Secretary
Mrs K Burke

Auditors
SB&P
Chartered Accountants & Statutory Auditors
Oriel House
2/8 Oriel Road
Bootle
Merseyside
L20 7EP

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Natural Breaks Limited 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).

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

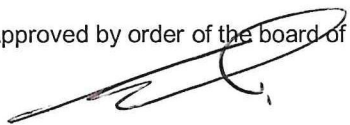
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

Approved by order of the board of trustees on 6/12/2021 and signed on its behalf by:


K C Lloyd - Trustee

Opinion

We have audited the financial statements of Natural Breaks Limited (the 'charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows 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).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company'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; 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

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 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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

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.

Our responsibilities for the audit of the financial statements

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

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

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the sector in which it operates. We determined that the following laws and regulations were most significant: the Companies Act 2006, UK corporate tax laws, UK employment laws and UK health and safety regulations.
- We obtained an understanding of how the Company is complying with those legal and regulatory frameworks by making enquiries of management, reviewing the board meeting minutes, reviewing the Company's accident book, reviewing the schedule of ongoing and potential claims against the Company including those notified to their insurers, and reviewing the legal costs incurred in the year and enquiring with management to the circumstances around these legal costs.
- We assessed the susceptibility of the Company's financial statements to materiality misstatement, including how fraud might occur. Audit procedures performed by the audit engagement team included:
 - identifying the controls that management has in place to prevent and detect fraud;
 - challenging assumptions and judgements made by management in its significant accounting estimates;
 - auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business;
 - assessing the extent of compliance with the relevant laws and regulations.

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
Natural Breaks Limited**

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.



Suzanne Draper ACA (Senior Statutory Auditor)
for and on behalf of SB&P
Chartered Accountants & Statutory Auditors
Oriel House
2/8 Oriel Road
Bootle
Merseyside
L20 7EP

Date:

13/12/21

Natural Breaks Limited

Statement of Financial Activities
for the Year Ended 31 March 2021

	Notes	Unrestricted funds £	Restricted funds £	31.3.21 Total funds £	31.3.20 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	70,487	77,010	147,497	5,972
Charitable activities	5				
Supported Living		2,842,243	-	2,842,243	2,881,818
Other trading activities	3	25	347	372	16,803
Investment income	4	1,136	-	1,136	2,365
Total		2,913,891	77,357	2,991,248	2,906,958
EXPENDITURE ON					
Charitable activities	6				
Supported Living		2,720,777	93,149	2,813,926	2,888,625
NET INCOME/(EXPENDITURE)		193,114	(15,792)	177,322	18,333
Transfers between funds	15	(11,520)	11,520	-	-
Net movement in funds		181,594	(4,272)	177,322	18,333
RECONCILIATION OF FUNDS					
Total funds brought forward		395,057	21,600	416,657	398,324
TOTAL FUNDS CARRIED FORWARD		576,651	17,328	593,979	416,657

The notes form part of these financial statements

Natural Breaks Limited

Statement of Financial Position
31 March 2021

	Notes	Unrestricted funds £	Restricted funds £	31.3.21 Total funds £	31.3.20 Total funds £
FIXED ASSETS					
Tangible assets	11	18,643	17,280	35,923	56,932
CURRENT ASSETS					
Debtors	12	197,091	1,050	198,141	195,406
Cash at bank		<u>605,146</u>	<u>49</u>	<u>605,195</u>	<u>346,859</u>
		802,237	1,099	803,336	542,265
CREDITORS					
Amounts falling due within one year	13	(244,230)	(1,050)	(245,280)	(182,540)
NET CURRENT ASSETS		<u>558,007</u>	<u>49</u>	<u>558,056</u>	<u>359,725</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>576,650</u>	<u>17,329</u>	<u>593,979</u>	<u>416,657</u>
NET ASSETS		<u>576,650</u>	<u>17,329</u>	<u>593,979</u>	<u>416,657</u>
FUNDS	15				
Unrestricted funds				576,650	395,057
Restricted funds				<u>17,329</u>	<u>21,600</u>
TOTAL FUNDS				<u>593,979</u>	<u>416,657</u>

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on 6/12/2021 and were signed on its behalf by:



K C Lloyd - Trustee

Natural Breaks Limited

Statement of Cash Flows
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>258,865</u>	<u>20,943</u>
Net cash provided by operating activities		<u>258,865</u>	<u>20,943</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		<u>(1,632)</u>	<u>(29,881)</u>
Interest received		<u>1,136</u>	<u>2,365</u>
Net cash used in investing activities		<u>(496)</u>	<u>(27,516)</u>
Change in cash and cash equivalents in the reporting period		<u>258,369</u>	<u>(6,573)</u>
Cash and cash equivalents at the beginning of the reporting period	2	<u>346,826</u>	<u>353,399</u>
Cash and cash equivalents at the end of the reporting period	2	<u>605,195</u>	<u>346,826</u>

The notes form part of these financial statements

Notes to the Statement of Cash Flows
for the Year Ended 31 March 2021

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

	31.3.21 £	31.3.20 £
Net income for the reporting period (as per the Statement of Financial Activities)	177,322	18,333
Adjustments for:		
Depreciation charges	22,642	24,312
Interest received	(1,136)	(2,365)
Increase in debtors	(2,735)	(31,294)
Increase in creditors	62,772	11,957
Net cash provided by operations	<u>258,865</u>	<u>20,943</u>

2. ANALYSIS OF CASH AND CASH EQUIVALENTS

	31.3.21 £	31.3.20 £
Notice deposits (less than 3 months)	605,195	346,859
Overdrafts included in bank loans and overdrafts falling due within one year	-	(33)
Total cash and cash equivalents	<u>605,195</u>	<u>346,826</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.20 £	Cash flow £	At 31.3.21 £
Net cash			
Cash at bank and in hand	346,859	258,336	605,195
Bank overdraft	(33)	33	-
	<u>346,826</u>	<u>258,369</u>	<u>605,195</u>
Total	<u>346,826</u>	<u>258,369</u>	<u>605,195</u>

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.

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.

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.

Allocation and apportionment of costs

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources. The basis of the allocation of premises overheads and other overheads is shown in note 5.

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

The analysis of these costs is included in note 5.

Tangible fixed assets

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

Improvements to property	- 20% on cost
Fixtures and fittings	- 20% on reducing balance

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.

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

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

2. DONATIONS AND LEGACIES

	31.3.21	31.3.20
	£	£
Gifts and donations	5,975	5,972
Grants	<u>141,522</u>	<u>-</u>
	<u>147,497</u>	<u>5,972</u>

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

	31.3.21	31.3.20
	£	£
Other grants	<u>141,522</u>	<u>-</u>

3. OTHER TRADING ACTIVITIES

	31.3.21	31.3.20
	£	£
Fundraising events	<u>372</u>	<u>16,803</u>

4. INVESTMENT INCOME

	31.3.21	31.3.20
	£	£
Interest receivable	<u>1,136</u>	<u>2,365</u>

5. INCOME FROM CHARITABLE ACTIVITIES

	Activity	31.3.21	31.3.20
		£	£
Supported living services	Supported Living	2,494,630	2,364,318
Social Learning Outreach			
Income	Supported Living	<u>347,613</u>	<u>517,500</u>
		<u>2,842,243</u>	<u>2,881,818</u>

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs	Support costs (see note 7)	Totals
	£	£	£
Supported Living	<u>2,245,267</u>	<u>568,659</u>	<u>2,813,926</u>

7. SUPPORT COSTS

	Human resources £	Office costs £	Premises costs £	Governance costs £	Totals £
Supported Living	<u>313,401</u>	<u>160,048</u>	<u>89,235</u>	<u>5,975</u>	<u>568,659</u>

8. NET INCOME/(EXPENDITURE)

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

	31.3.21 £	31.3.20 £
Auditors' remuneration	3,875	3,435
Depreciation - owned assets	<u>22,641</u>	<u>24,312</u>

9. 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

There were no trustees' expenses paid for the year ended 31 March 2021 nor for the year ended 31 March 2020.

10. STAFF COSTS

	31.3.21 £	31.3.20 £
Wages and salaries	2,256,653	2,383,541
Social security costs	184,389	178,899
Other pension costs	<u>57,128</u>	<u>62,174</u>
	<u>2,498,170</u>	<u>2,624,614</u>

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

	31.3.21	31.3.20
Charitable activity staff	<u>112</u>	<u>122</u>

No employees received emoluments in excess of £60,000.

11. TANGIBLE FIXED ASSETS

	Improvements to property £	Fixtures and fittings £	Totals £
COST			
At 1 April 2020	75,789	88,238	164,027
Additions	-	1,632	1,632
At 31 March 2021	<u>75,789</u>	<u>89,870</u>	<u>165,659</u>
DEPRECIATION			
At 1 April 2020	55,578	51,517	107,095
Charge for year	15,158	7,483	22,641
At 31 March 2021	<u>70,736</u>	<u>59,000</u>	<u>129,736</u>
NET BOOK VALUE			
At 31 March 2021	<u>5,053</u>	<u>30,870</u>	<u>35,923</u>
At 31 March 2020	<u>20,211</u>	<u>36,721</u>	<u>56,932</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.21 £	31.3.20 £
Trade debtors	167,000	139,921
Other debtors	14,025	44,645
Prepayments	17,116	10,840
	<u>198,141</u>	<u>195,406</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.21 £	31.3.20 £
Bank loans and overdrafts (see note 14)	-	33
Pensions	8,685	9,423
Other creditors	140,674	77,778
Accruals and deferred income	95,921	95,306
	<u>245,280</u>	<u>182,540</u>

14. LOANS

An analysis of the maturity of loans is given below:

	31.3.21 £	31.3.20 £
Amounts falling due within one year on demand:		
Bank overdrafts	-	33

15. MOVEMENT IN FUNDS

	At 1.4.20 £	Net movement in funds £	Transfers between funds £	At 31.3.21 £
Unrestricted funds				
General fund	395,057	193,113	(11,520)	576,650
Restricted funds				
Caravan Fund	21,600	521	(4,792)	17,329
Covid support	-	(19,312)	19,312	-
Making Conversation	-	3,000	(3,000)	-
	<u>21,600</u>	<u>(15,791)</u>	<u>11,520</u>	<u>17,329</u>
TOTAL FUNDS	<u>416,657</u>	<u>177,322</u>	<u>-</u>	<u>593,979</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,913,891	(2,720,778)	193,113
Restricted funds			
Caravan Fund	6,323	(5,802)	521
Covid support	61,049	(80,361)	(19,312)
Workforce Capacity	6,985	(6,985)	-
Making Conversation	3,000	-	3,000
	<u>77,357</u>	<u>(93,148)</u>	<u>(15,791)</u>
TOTAL FUNDS	<u>2,991,248</u>	<u>(2,813,926)</u>	<u>177,322</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	398,324	(939)	(2,328)	395,057
Restricted funds				
Caravan Fund	-	19,272	2,328	21,600
	<u>-</u>	<u>19,272</u>	<u>2,328</u>	<u>21,600</u>
TOTAL FUNDS	<u>398,324</u>	<u>18,333</u>	<u>-</u>	<u>416,657</u>

15. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,880,574	(2,881,513)	(939)
Restricted funds			
Caravan Fund	26,384	(7,112)	19,272
TOTAL FUNDS	<u>2,906,958</u>	<u>(2,888,625)</u>	<u>18,333</u>

16. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2021.

17. UNRESTRICTED FUNDS

General fund - This fund may be used at the discretion of the board of trustees in furtherance of the charitable company's objects.

18. RESTRICTED FUNDSCaravan Fund

The fund was set up following consultation with beneficiaries of the charity and their families. The provision of accessible holidays and short breaks were identified as a valuable service that would benefit many.

Receipt of a restricted donation, together with general fundraising gave the charity the opportunity to purchase a 6 berth fully accessible caravan at Lyons Holiday Parks in Toywn, North Wales. It has been a hugely successful acquisition, giving well deserved opportunity and benefit to those we support.

Covid 19 Support

Grants received in respect of helping towards statutory sick pay whilst self isolating and help towards temporary staff cover and overtime. This grant is also to help towards additional costs of PPE and costs incurred for essential needs to service providers.

Workforce Capacity

Grant received to enable local authorities to deliver measures to supplement and strengthen adult social care staff capacity.

Making Conversations

Grant received to provide 6 x 90 minute online/virtual creative arts programmes incorporating dialogues/deep listening for staff wellbeing.

19. TRANSFERS

Transfer between General fund and Caravan fund represents expenses paid towards caravan costs.

There have been transfers during the year between the General unrestricted fund and restricted funds to fully expend all grant income received against expenditure set out within the terms of agreement.