

Company registration number: 03307684  
Charity registration number: 1107432

**Circle Care and Support Limited**  
(A charitable company limited by guarantee)

**Report of the Board and Financial Statements**

**Year ended 31 March 2016**



## **Circle Care and Support Limited**

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## **Circle Care and Support Limited**

### **Reference and administrative details**

<b>Chair</b>	Stephen Jacobs OBE	
<b>Other trustees</b>	Mark Bramwell Helen Duckworth Andrew Hughes Ishaitu Kamara Frank Pycroft Joanna David Susan Holmes Simon Fowler Elizabeth Mary Anderson Gaynor Quilter	Resigned 1 March 2016 Resigned 10 September 2015       Resigned 30 June 2015 Resigned 30 June 2015
<b>Managing director</b>	Allyson Kay John Turk	Resigned 31 March 2016 Appointed 03 May 2016
<b>Company secretary</b>	Angela Drum	
<b>Company number</b>	03307684	
<b>Charity registration number</b>	1107432	
<b>Registered office</b>	Two Pancras Square King's Cross London N1C 4AG  <a href="http://www.circle.org.uk">www.circle.org.uk</a>	
<b>Auditor</b>	KPMG LLP Chartered Accountants 15 Canada Square London E14 5GL	

## **Circle Care and Support Limited**

### **Trustees' report**

The Trustees present their report, together with the audited financial statements of Circle Care and Support Limited (trading as Centra Care and Support, 'the Charity') for the year ended 31 March 2016. The Charity is a member of Circle Housing (the 'Group').

### **Organisational structure**

The Charity is a subsidiary of Circle Anglia Limited, a company incorporated in the UK under the Co-operative and Community Benefit Societies Act 2014. The directors of the Charity are its trustees for the purposes of charity law and throughout this report are referred to as the Trustees. The Charity has a subsidiary company, Invicta Telecare Limited (trading as Centra Pulse and Connect).

### **Corporate Governance**

The Group Management Board is responsible for the effective governance of the Group within a framework of continuous improvement and effective control, which enables risks to be properly assessed and managed. The day-to-day management is in the hands of the Executive Directors' Board and Board of Trustees, supported by the Director of Care and Support (Managing Director).

The Group Management Board is responsible for the effective governance of the Group within a framework of continuous improvement and effective control, which enables risks to be properly assessed and managed, whilst the day to day management of the Charity is in the hands of the Charity's Senior Management Team and Board of Trustees.

The Group Management Board has agreed a scheme of delegation to members of the Group, including the Charity, and to four committees (the Strategy Council, Remuneration and Succession Committee, the Operations Committee and the Group Audit and Risk Committee).

The Strategy Council comprises nominees from all the Circle Housing Group Partners and Members of the Management Board. The Strategy Council defines and ensures compliance with the values and objectives of the Group and puts in place strategies to meet these objectives.

The Remuneration and Succession Committee provides a formal and transparent mechanism for developing a payments and remuneration policy for executives and Board members and for overseeing the Group Human Resources Policy. It also approves appointments to all Boards and Committees and approves and monitors processes for recruitment, renewal, appraisal and training of Board and committee members.

The Group Audit and Risk Committee ensures that the Group complies with its statutory duties, monitors the work of the external and internal auditors, risk and internal controls. It challenges the risk framework, risk strategy and risk policies to ensure that there is an effective internal control system which reflects the nature, size and strategy of the organisation.

The Operations Committee has been established by the Management Board to monitor key performance indicators on behalf of the Management Board to enable greater scrutiny of housing services and to focus specifically on regulatory compliance and performance.

As reported below in the Managing Director's Report, the trustees acquired Invicta Telecare Ltd (marketed as Centra Care and Pulse) during the previous year and have set up a Task and Finish Group to ensure that the telecare offering is robust and continually improving. The trustees have ensured that there is sufficient non-executive time to consider the budget and the financial statements, scrutinise the risks relating to the range of activities undertaken and to obtain assurance that the services provided are compliant. A Risk and Regulatory Compliance Group, with terms of reference, has been established to take over from the previous Resources Committee and Finance Sub Group.

## **Circle Care and Support Limited**

### **Trustees' report (continued)**

During the year the Trustees decided to dispose of the loss making domiciliary care company Prime Care, the sale was completed on April 1<sup>st</sup> 2016.

### **Governing document**

The Charity is a company limited by guarantee, governed by its memorandum and articles of association, recently revised and registered on 5 November. The company registered as a charity on 30 December 2004.

### **Appointment of trustees**

As set out in the articles of association, trustees are appointed either by the Board, with written consent of Circle Anglia Limited or by Circle Anglia Limited by notice in writing. The board consists of a maximum of twelve trustees, of which no more than one third should be service users. The Charity's Board currently comprises seven members, of which two are service users.

The Chair is appointed by Circle Anglia Limited, and holds office for three years, until the chair resigns, or ceases to be a director. All trustees are appointed for a term which shall not exceed three years. No trustee may hold office for consecutive terms exceeding nine years. A trustee who has held office for nine consecutive years ceases to be eligible for reappointment.

Trustees undergo a skills assessment and have access to the board member training programme administered by Circle Anglia Limited.

During the year, the Board met for six meetings and an away afternoon, with an average attendance of 84%.

### **Objectives and activities**

#### **Who we are**

Centra Care and Support is part of Circle Housing which is one of the UK's largest groups of housing associations. Providing, managing and maintaining great places for people to live is at the heart of what we do. Our wider mission is to enhance people's life chances, helping them to overcome challenges and seize opportunities to improve their quality of life. Having a secure, good quality home in a sustainable community is the cornerstone of this.

The Charity is the support and care partner of Circle Housing. The Charity's services are designed to meet the individual's needs through support and care planning delivered through multi-disciplinary teams.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning current and future activities.

The Charity's activities are centred around the following service areas:

- Older People's Services;
- Young People's Services;
- Tenancy Support Services;
- Learning Disability Support Services;

## **Circle Care and Support Limited**

### **Trustees' report (continued)**

#### ***Public benefit***

The main objective of Centra Care and Support is to provide services that facilitate the relief of those in need, by reason of youth, ill health, disability, financial hardship or other disadvantages.

Centra Care and Support's Tenancy Support Services provide support to families and individuals with housing, accessing benefits, healthcare, education and training. Support is also provided for mental health and substance misuse issues and with anti-social behaviour problems.

Centra Care and Support's Young People's Services provide assessment and advice to young people who are at risk of homelessness. Accommodation is provided with support to teach independent living skills, motivating and assisting with education, training and employment opportunities as well supporting the transition to independence. Centra Care and Support also works with young people leaving prison and leaving care and supports them to resettle into the community as well as providing Family Mediation services, advocacy, and volunteering opportunities for young people.

Within Centra Care and Support's Learning Disability Support Services and in its Older People's Services, support is tailored to meet the specific needs of the individual. The goal is for all of our service users to be as independent as possible and make their own life choices. Our staff work with all service users individually to agree a support plan which helps service users to shape their own lives and ensure that they have the level of support they need.

Centra Care and Support provides Specialist Housing Management Services that include helping people to move into their new homes, providing a platform for people to enhance their life chances. Staff provides tenancy management and advice services in areas including tackling anti-social behaviour, neighbour issues and repairing and improving properties. An adaptations service is also provided to enable people with disabilities to get around their own homes and access the community.

#### **Business review**

The group has a clear strategic business plan that protects, strengthens and grows our business to enable us to deliver our social return and enhance life chances whilst working towards our vision of placing customers at the heart of everything we do. A review of the business for the year ended 31 March 2016 is included within the Managing Director's review below.

#### **Managing Director's review**

This year marked the end of a two year programme to return the Care and Support Group of companies to profit. This has been achieved through a four way process of withdrawing from loss making contracts, winning new profitable contracts, reconfiguring services and making efficiency savings.

Highlights of the year include:-

- Incoming resources from charitable activities of £16.1 million;
- Successfully improved the net loss to a net profit position by circa £0.9 million (prior to charitable donations and impairment).
- Fully integrating Casa Support (a transfer of engagements from Amicus Horizon) into the group with no loss of quality in provision and maintaining positive relationships with commissioners.
- Strategically the Board decided to withdraw from the Domiciliary Care Market and Prime Care was sold on 1 April 2016.

## **Circle Care and Support Limited**

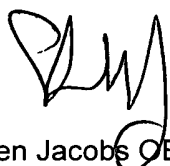
- Partnering with Medway Council to win further Domestic Abuse funding
- Partnering with Shaw Trust to become part of the delivery network for mental health provision
- No CQC concerns or failed inspections

The trustees considered whether to divest the investment in Prime Care Holdings Limited and a decision to dispose was reached during the year. Prime Care Holdings Limited and its subsidiaries were made available for sale during quarter 4. Trustees approved a bid from Apex Companions Limited and the sale was completed on April 1<sup>st</sup>, 2016. The cost of the impairment is therefore included in the results for the year.

## **Trustees and trustees' interests**

Details of the trustees who held office during the year are disclosed on page 2.

Group insurance policies indemnify trustees and officers against liability when acting for the Charity.



Stephen Jacobs OBE

Board Date: 29-06-2016

## **Circle Care and Support Limited**

### **Board Statement on the effectiveness of the System of Internal Control**

The Group Management Board acknowledges its ultimate responsibility for ensuring that the Group and its Partners has in place a system of controls that is appropriate to the various business environments in which it operates and for the review of the effectiveness of that system during the year. These internal controls are designed to identify and manage rather than eliminate risks which may prevent the organisation from achieving its objectives.

The system is designed to give reasonable rather than absolute assurance with respect to:

- The reliability of information used within the organisation or for publication;
- The maintenance of proper accounting and management records; and
- The safeguarding of assets against unauthorised use or disposition.

The process followed to identify, evaluate and manage significant risks faced by the organisation is ongoing, has been in place during the past financial year and is reported regularly to the Group Management Board. The risk management and control processes are not a separate annual exercise but are a continuous function and embedded across the Group by documenting and collating evidence to support good practice and compliance.

### **Internal assurance activities**

Staff and line managers review their own risks in line with the Circle Risk Management Policy. The system is designed to instil a greater understanding of risk and assurance to all employees. A range of assurance activities take place across the business including performance monitoring and compliance checks. Members of the Executive Team and Senior Leaders make a statement to evidence that this has happened. The Board of each legal entity writes to the Group Audit and Risk Committee to confirm the assurance activities that have taken place in that Partner.

### **Internal audits**

Circle Housing Group's internal auditors are used to provide independent and objective assurance on our control framework and management of risks. Internal audit are not responsible for the design and construction of control systems but undertake an objective role in order to assess their effectiveness. The internal auditors undertake this responsibility on behalf of Circle Housing Group which ensures an independent review, audit and follow up process takes place. Audit activities have clear risk based terms of reference which are regularly reviewed and updated with relevant business and regulatory requirements. Group Audit and Risk Committee are responsible for monitoring that actions identified as a result of audits are implemented in a timely fashion.

### **External audit assurance**

Circle's objectives and strategies as well as the related business risks are made clear to external auditors so they can gain an understanding of the overall structure and governance of the association.

## **Circle Care and Support Limited**

### **Board Statement on the effectiveness of the System of Internal Control (continued)**

#### **Risk management and governance**

Circle has introduced an Enterprise Risk Management Framework across the entire organisation. Key to the Framework is the real time view of all strategic and operational risks. Circle also revised its Risk Management Strategy and Risk Appetite & Tolerance Statement.

Clear lines of responsibility are established throughout the Group for coordinating Risk Management activities and for reporting key risks to the Board. Risk is managed at strategic, operational and project levels.

As has been previously reported, during the year ending 31 March 2015, a number of risks materialised in the Repairs and Maintenance functions of some Registered Providers in the Group. This led to a number of service and control failures and ultimately led to intervention from the Regulator of the Registered Providers, the Homes and Communities Agency (HCA), and a review of our compliance with the Governance Standards. Ultimately, the review led to a downgrade to a G3 rating; indicating that we were not meeting all of the requirements on governance set out in the Governance Standard.

A number of steps have been taken during the year to improve the control environment including the creation of the Operations Committee and the two way flow of information with Partner Boards. The HCA have now concluded, through independent review, that Circle Housing has discharged its promises set out within its Voluntary Undertaking and as a result the regulator's assessment of Circle's governance rating has been upgraded to G2.

Our Viability rating has remained at V1 demonstrating that we continued to meet the requirements on viability set out in the Financial Viability Standard and we have the capacity to mitigate our exposures effectively.

#### **Conclusion**

The Board acknowledges that their responsibility applies to the complete range of risks and controls within the organisation's activities and to ensuring that necessary remedial action is put into operation.

The Board has considered the effectiveness of the system of internal control in existence in the organisation for the year ended 31st March 2016. While the control framework and risk management processes were not working adequately across the entire entity in the previous year, steps to address the matters set out in the agreed Recovery Plan and Improvement Plan to enhance our governance arrangements have been undertaken. We are satisfied that these steps address the need for improvements that were identified by the regulator and improve the adequacy and effectiveness of our system of internal control and Risk Management Framework.

## **Circle Care and Support Limited**

### **Strategic report**

A detailed business review is included in the Trustees' report.

### **Principal risks and uncertainties**

The Group has in place an Enterprise Risk Management (ERM) Framework which provides guidance for board members and managers on Circle Housing Group's approach to the management of risk including the maintenance of a group Strategic Risk Register.

Risk management helps to highlight and mitigate risk and also allows Circle to take advantage of business opportunities. Clear lines of responsibility are established throughout the Group for coordinating risk management and for reporting the outcomes of the ERM Framework to Board. Risk is managed at strategic, operational and project levels.

The principal risks and uncertainties faced by the Charity are the same as those faced by the Group and are highlighted and discussed in the published consolidated financial statements of the ultimate parent company, Circle Anglia Limited.

### **Financial review**

The care and support market for the Charity remains challenging, with our principal source of revenue, Supporting People income, reducing year on year. This changing environment requires continued strong financial control and refinements to the operational structure have ensured an increasingly efficient delivery of services.

The business made significant efficiencies during the year and improved the net loss to a net profit position (prior to charitable donations and impairment) by circa £0.9 million.

### **Reserves policy**

Reserves serve to fund any gaps that may arise between expenditure incurred in the provision of services and the receipt of resources and funding during the year.

Reserves are also required in the event of possible emergencies, unexpected events and to ensure contingency plans are sufficiently funded.

Total reserves at 31 March 2016 were £3.95 million (2015: £3.50 million).

### **Investment powers and policy**

Under the memorandum and articles of association, the Charity has the power to invest in any way the Trustees see fit to further the objectives of the Charity, having regard to the liquidity requirements of the Charity.

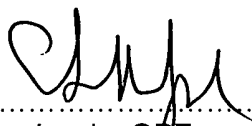
The Charity benefits from the centralised treasury service with policies and procedures approved by the Board. These cover funding, banking relationships, interest rate exposures, cash management and the investment of surplus cash.

## **Circle Care and Support Limited**

### **Strategic report (continued)**

The strategic report was approved and authorised for issue by the Board of Directors on 29 June 2016 and signed on its behalf by:

By order of the Trustees



.....  
Stephen Jacobs OBE  
Board Chair

Date: ..... 29-06-2016 .....

Registered address:

Two Pancras Square, King's Cross, London, N1C 4AG

## Circle Care and Support Limited

### Statement of Trustees' responsibilities in respect of the trustees' annual report and the financial statements

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they have are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue its activities.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

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

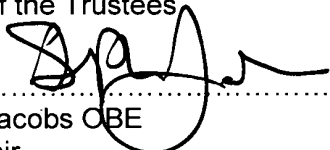
### Awareness of relevant audit information

The Trustees who held office at the date of approval of this Trustees' report confirms that so far she is aware, there is no relevant audit information of which the Charitable Company's auditors are unaware; and the trustees has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the Charitable Company's auditor are aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in the office.

By order of the Trustees



Stephen Jacobs OBE  
Board Chair

Date: 20-06-2016

Registered address: Two Pancras Square, King's Cross, London, N1C 4AG

## **Independent auditor's report to the members of Circle Care and Support Limited**

We have audited the financial statements of Circle Care and Support Limited for the year ended 31 March 2016 set out on pages 14 to 43. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 11, 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.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

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 2016 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 UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

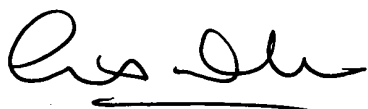
In our opinion the information in the Trustees' Annual Report, which constitutes the Strategic Report and the Directors' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the members of Circle Care and Support Limited  
(continued)**

**Matters on which we are required to report by exception**

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

- the charitable company has not kept adequate accounting records 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.



Chris Wilson (Senior Statutory Auditor)  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

Date

18 July 2016

## Circle Care and Support Limited

### Statement of financial activities for the year ended 31 March 2016

		Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
	Note				
<b>Income and endowments from:</b>					
Donations and legacies	3	75	51	126	728
Income from charitable activities	3	15,965	160	16,125	16,265
<b>Total income and endowments</b>		<b>16,040</b>	<b>211</b>	<b>16,251</b>	<b>16,993</b>
<b>Expenditure on:</b>					
Charitable activities	4	(14,529)	(338)	(14,867)	(16,895)
<b>Other expenditure:</b>					
Interest receivable	7	72	-	72	59
Other finance cost	8	(35)	-	(35)	(27)
Impairment of long term debtors	11	(1,020)	-	(1,020)	(1,100)
Impairment of fixed asset investments	10	(338)	-	(338)	-
Tax payable	6	-	-	-	-
<b>Total Expenditure</b>		<b>(15,850)</b>	<b>(338)</b>	<b>(16,188)</b>	<b>(17,963)</b>
 Net income / (expenditure)		 190	 (127)	 63	 (970)
<b>Other recognised gains / (losses):</b>					
Actuarial (losses) / gains on pension schemes	14	389	-	389	(475)
<b>Net movement of funds in the year</b>		<b>579</b>	<b>(127)</b>	<b>452</b>	<b>(1,445)</b>
<b>Reconciliation of funds:</b>					
Balances brought forward		3,499	-	3,499	4,944
Transfer		(127)	127	-	-
<b>Balances carried forward</b>		<b>3,951</b>	<b>-</b>	<b>3,951</b>	<b>3,499</b>

The statement of financial activities includes all gains and losses recognised during the year.

All incoming resources and resources expended derive from continuing activities as at 31<sup>st</sup> March 2016.

The notes on pages 16 to 44 form part of these financial statements.

# Circle Care and Support Limited

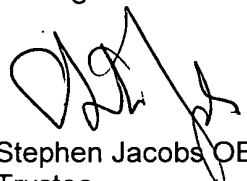
## Statement of Financial Position as at 31 March 2016


Registered company number: 3307684  
Registered charity number: 1107432

	Note	2016 £000	2015 £000
<b>Fixed assets</b>			
Tangible fixed assets	9	3	-
Investment in subsidiaries	10	2,111	2,858
Debtors: amounts due after more than one year	11	-	800
		<u>2,114</u>	<u>3,658</u>
<b>Current assets</b>			
Debtors	11	3,425	2,070
Investment in subsidiaries held for sale	10	409	-
Cash at bank and in hand		-	1,849
		<u>3,834</u>	<u>3,919</u>
<b>Creditors: amounts falling due within one year</b>	12	<b>(1,042)</b>	<b>(2,837)</b>
		<u>2,792</u>	<u>1,082</u>
<b>Net current assets</b>		<b>4,906</b>	<b>4,740</b>
<b>Total assets less current liabilities</b>		<b>(955)</b>	<b>(1,241)</b>
<b>Pension liability</b>	14	<b>3,951</b>	<b>3,499</b>
<b>Total net assets</b>		<b>3,951</b>	<b>3,499</b>
<b>The funds of the charity:</b>			
General reserve	17	3,951	3,499
Restricted reserve	17	-	-
		<u>3,951</u>	<u>3,499</u>
<b>Total charity funds</b>		<b>3,951</b>	<b>3,499</b>

The notes on pages 16 to 44 form part of these financial statements.

The financial statements were approved by the Board of Trustees on 29 June 2016  
and signed on its behalf by:

  
Stephen Jacobs OBE  
Trustee

  
Andrew Hughes  
Trustee

  
Angela Drum  
Company Secretary

## **Circle Care and Support Limited**

### **Notes to the financial statements for the year ended 31 March 2016**

#### **1. Legal status**

Circle Care and Support Limited ('the Charity') is a charitable company limited by guarantee, incorporated in England and Wales under the Companies Act 2006 and registered with the Charities Commission.

#### **2. Accounting policies**

At the date of these financial statements the Trustees have carried out a detailed and comprehensive review of the business and its future prospects. In particular, they have considered the forecast future performance, anticipated cash flows and the available facilities contained in the banking arrangements. In the opinion of the Trustees, the Charity is expected to be able to continue trading within the current arrangements and consequently the financial statements are presented on the going concern basis.

A summary of the more important accounting policies, which have been consistently applied, is set out below: -

##### **a) Basis of preparation**

The financial statements of the Charity have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and the Statement of Recommended Practice Accounting and Reporting by Charities 2015 (Charities SORP (FRS 102)), and the Companies Act 2006.

The financial statements are presented in Sterling (£), on an accruals basis and under the historical cost convention, except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below. Amounts presented have been rounded to the nearest £1,000.

This is the first year in which the financial statements have been prepared under FRS 102.

##### *First Time Adoption of FRS 102*

On transition to FRS102, the Group has chosen to apply the following:

- As permitted by paragraphs 11.2(c) and 12.2(c) of FRS102, The Group has chosen to apply the recognition and measurement provisions of IFRS 9 Financial Instruments, the disclosure requirements of Sections 11 and 12 and the presentation requirements, as appropriate, of 11.38A or 12.25B to account for all of its financial instruments.

An explanation of how the transition to FRS102 has affected financial position and financial performance of the Group is provided in note 19.

Circle Care and Support Limited have adopted the following disclosure exemptions:

- The requirement to present a statement of cash flows and related notes.
- Financial instrument disclosures, including:
  - Categories of financial instruments,
  - Items of income, expenses, gains or losses relating to financial instruments, and
  - Exposure to and management of financial risks.

## **Circle Care and Support Limited**

### **Notes to the financial statements for the year ended 31 March 2016 (continued)**

#### **2. Accounting policies (continued)**

Under FRS 102 Section 9, the Charity is exempt from the requirement to prepare group accounts on the grounds that it is a wholly owned subsidiary of Circle Anglia Limited and its results appear in the consolidated financial statements of the ultimate parent undertaking.

#### **b) Significant judgements and estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. It also requires management to exercise judgement in applying Circle Care and Support Limited accounting policies.

- Useful lives of depreciable assets and residual values (note 9)
- Defined benefit obligations (note 14)
- Provisions (note 14)

#### **c) Incoming resources**

Income is receivable when there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Incoming resources from charitable activities include those received in return for the provision of services in relation to the Charity's aims and objectives.

All grants and donations are recognised in full in the year in which they are receivable, unless the donor specified it must only be used in future periods, or imposed similar conditions before the Charity has unconditional entitlement.

Supporting People income is received from a number of London Boroughs and County Councils.

Incoming resources also include grants received from Cambridgeshire County Council, Kent County Council and the London Boroughs of Camden, Tower Hamlets and Waltham Forest.

#### **d) Resources expended**

Expenditure is recognised on an accruals basis as a liability is incurred, including irrecoverable VAT.

Grants and donations are accounted for on a payable basis after approval by the Trustees has been given for each disbursement.

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional. These grants are recognised as expenditure when the conditions attached are fulfilled.

#### **e) Deferred income**

Deferred income comprises Supporting People income and grants designated for activities falling beyond the financial year end.

## **Circle Care and Support Limited**

### **Notes to the financial statements for the year ended 31 March 2016 (continued)**

#### **2. Accounting policies (continued)**

##### **f) Basis of expenditure allocation**

Expenditure has been allocated to match the income activity to which it relates. Thus charitable activities such as mediation training, courses and other financial support have very little overhead expenditure. Staff costs in the main, are allocated against services relating to the provision of housing and tenancy support.

##### **g) Funds structure**

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the Charity without further specified purpose and are available as general funds. Restricted funds are subjected to restrictions on their expenditure imposed by the supplier of the funds.

##### **h) Value Added Tax (VAT)**

For a substantial number of the Group's members, Value Added Tax (VAT) affairs are dealt with under a Group registration in the name of Circle Anglia Limited. Only a proportion of the input VAT is recovered by the Group. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

##### **i) Current and deferred taxation**

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

##### **j) Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected useful economic lives of the assets with a full year's depreciation being charged in the year of purchase. The principal annual rates used are:

- Furniture, fixtures and equipment 33%
- Computer equipment 33%

##### **k) Financial instruments**

An election has been made to apply the recognition and measurement provisions of IFRS 9 Financial Instruments as allowed under FRS 102 sections 11.2 and 12.2.

## **Circle Care and Support Limited**

### **Notes to the financial statements for the year ended 31 March 2016 (continued)**

#### **2. Accounting policies (continued)**

##### *Debtors and creditors*

Debtors and creditors with no stated interest rate and which are receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Financial Activities in expenditure on Charitable Activities.

##### *Loans and Investments*

All loans and investments held by the Charity are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price.

Where contractual cash flows meet the recognition requirements of IFRS 9, loans and investments are subsequently measured at amortised cost, unless the difference between the historical cost and amortised cost basis is deemed immaterial. Amortised cost is calculated using the effective interest method which applies a rate of interest that exactly discounts estimate future cash payments or receipts (including any associated premium, discount or loan arrangement costs) through the expected life of the financial instruments to the net carrying amount of the financial asset or liability. The current rate of LIBOR at the reporting date is used and assumed to be constant for the life of the loan. Loans and investments that are payable or receivable in one year are not discounted.

Where contractual cash flows do not meet the recognition requirements of IFRS 9, loans and investments are subsequently measured at fair value with gains or losses taken to the Statement of Financial Activities.

##### *Cash and cash equivalents*

Cash and cash equivalents in the Charity's Consolidated Statement of Financial Position consist of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

#### **I) Provisions**

Provisions are made within the accounts where a present obligation has arisen as a result of a past event for which settlement is probable and can be reliably estimated. The amount recognised is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the Statement of Financial Activities in the period it arises.

The Charity recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period.

## **Circle Care and Support Limited**

### **Notes to the financial statements for the year ended 31 March 2016 (continued)**

#### **2. Accounting policies (continued)**

##### **m) Lease obligations**

Rentals paid under operating leases are charged to the Statement of Financial Activities on an accruals basis. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis. As per FRS 102 35.10 (p), an exemption has been applied such that leases commenced prior to transition to this FRS continue to be measured with lease incentives recognised over the review period as opposed to the full lease period.

##### **n) Pensions**

###### *Defined benefit pension schemes*

Circle Care and Support Limited participates in several defined benefit pension schemes which provide benefits based on final pensionable pay. The assets of the schemes are held separately from those of Circle Care and Support Limited, being invested in independently managed superannuation funds.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. In accordance with FRS102 section 28, the pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the Statement of Other Comprehensive Income, actuarial gains and losses.

Pension costs are assessed in accordance with the advice of independent qualified actuaries. Costs include the regular cost of providing benefits which, it is intended, should remain a substantially level percentage of the current and expected future earnings of the employees covered. Variations from the regular pension costs are spread evenly through the Statement of Financial Activities over the average remaining service lives of the current employees.

There are a number of critical underlying assumptions when measuring our defined benefit schemes, including standard rates of inflation, mortality, discount rates and anticipation of future salaries. Variation in these assumptions may significantly impact the defined benefit obligation and annual expense. These assumptions and calculations are prepared by an independent actuary.

###### *Social Housing Pension Scheme (SHPS)*

Circle Care and Support Limited participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme.

As the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid for total Scheme assets, it is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS 102 section 28.11 represents the employer contribution payable.

Contributions payable from the association to the SHPS under the terms of its funding agreement for past deficits are recognised as a liability in the Charity's financial statements.

## Circle Care and Support Limited

### Notes to the financial statements for the year ended 31 March 2016 (continued)

#### 3. Income and Endowments

	Young People's Services 2016 £000	Supporting People Services 2016 £000	Other 2016 £000	Total 2016 £000	Total 2015 £000
<b>Voluntary income</b>					
Donations - restricted	51	-	-	51	60
Donations - unrestricted	58	17	-	75	668
	<b>109</b>	<b>17</b>	<b>-</b>	<b>126</b>	<b>728</b>
<b>Incoming resources from charitable activities</b>					
Grants from Health Authority	-	3,498	-	3,498	4,645
Grants from Local Government	160	-	-	160	160
Supporting People income	-	4,568	3	4,571	5,338
Management income	-	1,604	3,309	4,913	3,967
Other	49	2,930	4	2,983	2,155
	<b>209</b>	<b>12,600</b>	<b>3,316</b>	<b>16,125</b>	<b>16,265</b>
	<b>318</b>	<b>12,617</b>	<b>3,316</b>	<b>16,251</b>	<b>16,993</b>

There has been £Nil (2015: £570,000) donations received from other Group entities. Of the £4.913M management income £3.488M is from Group entities for contract subsidy, tenancy sustainment and alarm recharges.

Included in the above are the following monies for specific Alone in London Service Projects:

Funder	£000	Project
London councils	160	Reduce youth homelessness through targeted prevention
Department of Education	45	Young People in Mind: Counselling
StreetSmart	15	Schools Work Project – Prevention
29 <sup>th</sup> May 1961 Charitable Trust	10	Volunteers Management
Alistair Berkley Charitable Trust	5	Schools Work Project – Prevention
The Beatrice Laing Trust	5	Mind Connect: Mental health counselling
The Goldsmiths' Company	3	Mind Connect: Mental health counselling
Hyde Park Place Estate Charity	2	Advise and Assessment – Young People in Westminster
The Leatherseller's Company CT	1.1	Training and Employment – Young People with Mental Health Needs
GM Morrison Charitable Trust	1.1	Advise and Assess - vulnerable Young People
London Catalyst	0.5	Emergency Money for young people
Fitzdale Trust (The)	0.5	Emergency Money for young people
The Rhododendron CT	0.5	Advise and Assess - vulnerable Young People
St Anne's Highgate Parochial Church	0.2	Emergency Money for young people

## Circle Care and Support Limited

### Notes to the financial statements for the year ended 31 March 2016 (continued)

#### 4. Expenditure

		Young People's Services 2016 £000	Supporting People Services 2016 £000	Other 2016 £000	Total 2016 £000	Total 2015 £000
	Note					
<b>Charitable activities</b>						
Staff costs - employees	5	300	9,078	1,292	10,670	11,939
Staff costs - agency		23	151	-	174	1,051
Management expenses		-	2,014	314	2,328	2,693
Bad debts		-	1	-	1	66
Other costs		15	785	883	1,683	1,129
Audit fees		-	-	11	11	17
		<b>337</b>	<b>12,029</b>	<b>2,500</b>	<b>14,867</b>	<b>16,895</b>
<b>Other expenditure:</b>						
Interest receivable (Note 7)		-	(72)	-	(72)	(59)
Other finance cost (Note 8)		-	35	-	35	27
Impairment of long term debtors (Note 11)		-	-	1,020	1,020	1,100
Impairment of fixed asset investments (Note 10)		-	-	338	338	-
		<b>337</b>	<b>11,992</b>	<b>3,859</b>	<b>16,188</b>	<b>17,963</b>

#### 5. Staff cost - employees

	Young People's Services 2016 £000	Supporting People Services 2016 £000	Other 2016 £000	Total 2016 £000	Total 2015 £000
Average monthly number of employees	6	277	36	319	385
<b>Staff costs</b>					
Wages and salaries	256	7,690	1,085	9,031	10,054
Redundancy costs	-	77	-	77	75
Social security costs	24	664	107	795	947
Other pension costs	20	647	100	767	863
	<b>300</b>	<b>9,078</b>	<b>1,292</b>	<b>10,670</b>	<b>11,939</b>

Full time equivalents are calculated based on the proportion of hours worked in the week.  
The above expenditure reflects the relevant employees of Circle Care and Support Limited.

## Circle Care and Support Limited

### Notes to the financial statements for the year ended 31 March 2016 (continued)

#### 5. Staff costs - employees (continued)

##### Employee remuneration

	2016 No.	2015 No.
£60,000 - £69,999	4	2
£70,000 - £79,999	1	1
£90,000 - £99,999	-	1
£100,000 - £109,999	1	-
	<u>6</u>	<u>4</u>

Contributions during the year to the pension schemes for the above employees are as follows:

	2016 £000	2015 £000
Employer contributions to defined benefit schemes	83	102
	<u>83</u>	<u>102</u>

The Trustees constitute directors of the Charity for the purposes of the Companies Act 2006. No directors received any emoluments. Any expenses incurred by Board or Committee members were reimbursed by Circle Anglia Limited. No expenses were paid by Circle Care and Support Limited (2015: £nil). The Board of Management delegates responsibility for the day-to-day running of the Charity to the Executive Director Board and Company Secretary who are employed and remunerated by Circle Anglia Limited and their costs recharged via a service level agreement. Details of their remuneration are disclosed within the financial statements of Circle Anglia Limited.

#### 6. Taxation

	2016 £000	2015 £000
<b>Analysis of charge for the year</b>		
Current tax	-	-
<b>Tax on net outgoing resources</b>	<u>-</u>	<u>-</u>

The tax assessed for the year is lower (2015: higher) than the result shown in the statement of financial activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 21%). Differences are explained below.

# Circle Care and Support Limited

## Notes to the financial statements for the year ended 31 March 2016 (continued)

### 6. Taxation (continued)

	2016 £000	2015 £000
<b>Current year tax reconciliation</b>		
Net outgoing resources for the year before taxation	63	(970)
UK corporation tax rate of 20% (2015: 21%)	13	(204)
Charitable (surplus)/deficit not subject to corporation tax	(13)	204
<b>Current tax charge for the year</b>	-	-

### 7. Interest receivable

	2016 £000	2015 £000
Interest receivable from Group undertakings	72	59
	<b>72</b>	<b>59</b>

### 8. Other Financial income

	Islington Council 2016 £000	LB Camden 2016 £000	Kent CC 2016 £000	Cambridge- shire CC 2016 £000	Total 2016 £000
<b>Pension schemes (note 14)</b>					
Expected return on assets	54	-	66	21	141
Interest on liabilities	(68)	-	(81)	(27)	(176)
Other financial income / (cost)	<b>(14)</b>	<b>-</b>	<b>(15)</b>	<b>(6)</b>	<b>(35)</b>
Other financial income / (cost) 2015	(12)	(1)	(10)	(4)	(27)

# Circle Care and Support Limited

## Notes to the financial statements for the year ended 31 March 2016 (continued)

### 9. Tangible fixed assets

	<b>Furniture, fixtures and equipment £000</b>	<b>Computer equipment £000</b>	<b>Total £000</b>
<b>Cost</b>			
As at 1 April 2015 and 31 March 2016	61	12	<b>73</b>
Additions	-	3	<b>3</b>
<b>At 31 March 2016</b>	<b>61</b>	<b>15</b>	<b>76</b>
<b>Depreciation</b>			
As at 1 April 2015 and 31 March 2016	(61)	(12)	<b>(73)</b>
<b>Net book value</b>			
<b>At 31 March 2016</b>	<b>-</b>	<b>3</b>	<b>3</b>
As at 31 March 2015	-	-	-

### 10. Investments

	<b>2016 £000</b>	<b>2015 £000</b>
<b>Shares in subsidiary undertakings</b>		
Cost as at 1 April 2015	<b>2,858</b>	747
Additions	-	2,111
Impairment	<b>(338)</b>	-
<b>Cost as at 31 March 2016</b>	<b>2,520</b>	<b>2,858</b>

Presented as:

	<b>2016 £000</b>	<b>2015 £000</b>
Fixed assets - investment in subsidiaries	2,111	2,858
Current assets - investment in subsidiaries held for sale	409	-

As detailed further in note 20, Events after the Reporting Period, Circle Care and Support Limited disposed of its investment in Prime Care Holdings Limited on 1 April 2016. Following the decision to sell, a review of the expected loss on sale was completed resulting in an impairment of the Charity's investment by £338k.

## Circle Care and Support Limited

### Notes to the financial statements for the year ended 31 March 2016 (continued)

#### 10. Investments (continued)

Subsidiary undertakings	Country of incorporation	Principal activity	Percentage of shares held
Prime Care Holdings Limited	England & Wales	Holding company	100%
Prime Care Community Projects Limited	England & Wales	Dormant	100%*
Prime Care Community Services Limited	England & Wales	Domiciliary care services	100%*
Purple Care Franchising Limited	England & Wales	Dormant	100%*
Invicta Telecare Limited	England & Wales	Telecare services	100%

\* Held indirectly

The results of the Charity's subsidiary undertakings for the year ended 31 March 2016 and their year-end capital and reserves are as follows:

	Capital and reserves £000	Profit / (loss) for the year £000
Prime Care Holdings Limited	3,232	152
Prime Care Community Projects Limited	-	-
Prime Care Community Services Limited	(5,008)	(573)
Purple Care Franchising Limited	(604)	-
Invicta Telecare	326	120

#### 11. Debtors

	2016 £000	2015 £000
<b>Due after more than one year</b>		
Loan to Prime Care Holdings Limited	-	1,900
Impairment: Loan to Prime Care Holdings Limited	-	(1,100)
	<u>-</u>	<u>800</u>

## Circle Care and Support Limited

### Notes to the financial statements for the year ended 31 March 2016 (continued)

#### 11. Debtors (continued)

	2016 £000	2015 £000
<b>Due within one year</b>		
Loan to Prime Care Holdings Limited	2,336	-
Impairment: Loan to Prime Care Holdings Limited	(2,120)	-
Amounts due from Group undertakings - ZBA	1,898	-
Operational amounts due from fellow subsidiary undertakings	124	654
Trade debtors	772	693
Other debtors	157	231
Prepayments and accrued income	258	492
	<b>3,425</b>	<b>2,070</b>

The Group introduced a zero balance account (ZBA) cash pooling arrangement during the financial year 2015/16 whereby cash held by each entity is pooled into group accounts held by the Parent, Circle Anglia Limited. As a result the Group subsidiaries hold very little cash and instead have an intercompany balance with the Parent which attracts interest.

Following approval of the sale of Prime Care Holdings Limited, the Charity's outstanding intercompany loan was reclassified to debtors due within one year. An assessment of the recoverability of this debt was also performed resulting in an increase in the impairment to £2,120k (2015: £1,100k).

#### 12. Creditors

	2016 £000	2015 £000
Bank overdraft	46	-
Trade creditors	14	248
Amounts due to fellow subsidiary undertakings	-	1,021
Amounts due to parent undertaking	37	31
Other creditors	169	285
Accruals and deferred income	460	790
Deferred income / grant	316	462
	<b>1,042</b>	<b>2,837</b>

## Circle Care and Support Limited

### Notes to the financial statements for the year ended 31 March 2016 (continued)

#### 12. Creditors (continued)

##### Deferred income

	2016 £000	2015 £000
As at 1 April 2015	462	444
Released to income in the year	(542)	(603)
Income deferred in the current year	396	621
<b>As at 31 March 2016</b>	<b>316</b>	<b>462</b>

Deferred income comprises of £168,705 (2015: £302,841) of overpayment of Supporting People income, which may be subject to claw-back, and donations and grants of £147,703 (2015: £158,682) received in advance.

#### 13. Operating leases

At 31 March 2016 the Charity had annual operating lease commitments relating to the premises in Provost St. The resulting lease cost attributable to the Charity is recharged from Circle Anglia Limited via a service level agreement.

##### Future minimum operating lease payments are as follows:

	2016 £000	2015 £000
Leases expiring in:		
Less than one year	20	25
Two to five years	23	44
More than five years	-	0
	<b>43</b>	<b>69</b>

## Circle Care and Support Limited

### Notes to the financial statements for the year ended 31 March 2016 (continued)

#### 14. Pension arrangements

##### Summary of pension schemes

	Pension surplus / (liability)		Actuarial gains / (losses)	
	2016	2015	2016	2015
	£000	£000	£000	£000
Islington Council Pension Fund	(345)	(413)	72	(109)
London Borough of Camden Pension Scheme	-	(89)	89	(57)
Kent County Council Pension Scheme	(369)	(454)	128	(206)
Cambridgeshire County Council Pension Scheme	(110)	(191)	100	(103)
Social Housing Pension Scheme	(131)	(94)	-	-
	<b>(955)</b>	<b>(1,241)</b>	<b>389</b>	<b>(475)</b>

##### Islington Council Pension Fund

The Charity operates a defined benefit scheme for employees, the assets of which are held in a separate trustee administered fund, the Islington Council Pension Fund. The actuarial liabilities in relation to the scheme are subject to triennial valuation by independent actuaries. The last triennial valuation was carried out in 2013 and an actuarial valuation was carried out for March 2016 using the projected unit method.

The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Principal actuarial assumptions at the year end were as follows:

	2016	2015
Inflation	2.0%	2.0%
Pension increase rate	2.0%	2.0%
Salary increase rate	3.8%	3.8%
Discount rate	3.7%	3.2%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

	Male	Female
Current pensioner aged 65	22.6 years	25.3 years
Future retiree upon reaching 65	24.8 years	27.6 years

# Circle Care and Support Limited

## Notes to the financial statements for the year ended 31 March 2016 (continued)

### 14. Pension arrangements (continued)

#### Islington Council Pension Fund (continued)

##### Net pension liability:

The net pension deficit at the year end comprised the following

	2016	2015
	£000	£000
Total market value of assets	1,639	1,704
Present value of scheme liabilities	(1,984)	(2,117)
Net pension deficit	<u>(345)</u>	<u>(413)</u>

##### Movement in deficit during the year

	2016	2015
	£000	£000
Deficit at the beginning of the year	(413)	(304)
Current service costs	(8)	(9)
Contributions paid	18	21
Expected return on employer assets	54	69
Interest cost	(68)	(81)
Actuarial gains / (losses)	72	(109)
As at 31 March 2016	<u>(345)</u>	<u>(413)</u>

##### Movement in present value of defined benefit obligation

	2016	2015
	£000	£000
As at 1 April 2015	(2,117)	(1,902)
Current service cost	(8)	(9)
Interest cost	(68)	(81)
Contributions by members	(1)	(2)
Actuarial gains / (losses)	152	(227)
Estimated benefits paid	58	104
As at 31 March 2016	<u>(1,984)</u>	<u>(2,117)</u>

##### Movement in fair value of plan assets

	2016	2015
	£000	£000
As at 1 April 2015	1,704	1,598
Expected return on assets	54	69
Contributions by the employer	18	21
Contributions by members	1	2
Actuarial gains	(80)	118
Estimated benefits paid	(58)	(104)
As at 31 March 2016	<u>1,639</u>	<u>1,704</u>

# Circle Care and Support Limited

## Notes to the financial statements for the year ended 31 March 2016 (continued)

### 14. Pension arrangements (continued)

#### Islington Council Pension Fund (continued)

The Charity expects the employer's contribution for the year ended 31 March 2017 to be approximately £19,000.

The fair value of the assets held by the pension scheme and the expected rate of return for each asset is as follows:

Categories of plan assets as a percentage of total plan assets	2016	2015
Equities	53%	64%
Other bonds	20%	21%
Property	16%	13%
Cash	2%	2%
Alternative assets	9%	-
<b>Fair value</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Equities	868	1,090
Other bonds	328	358
Property	262	222
Cash	33	34
Alternative assets	148	-
	<b>1,639</b>	<b>1,704</b>
<b>Analysis of amounts charged to income and expenditure account</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Current service costs	8	9
	<b>8</b>	<b>9</b>
<b>Analysis of amounts credited/(charged) to other financial income</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Expected return on assets	54	69
Interest on liabilities	(68)	(81)
	<b>(14)</b>	<b>(12)</b>
<b>Analysis of amounts recognised in other comprehensive income</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Changes in financial assumptions	152	(227)
Return on assets excluding amounts included in net interest	(80)	118
	<b>72</b>	<b>(109)</b>

## Circle Care and Support Limited

### Notes to the financial statements for the year ended 31 March 2016 (continued)

#### 14. Pension arrangements (continued)

##### London Borough of Camden Pension Scheme

During the 2015/16 financial year the four remaining members of the Charity's defined benefit scheme administered by the London Borough of Camden, were transferred to a new provider. The Pension Provider has confirmed that there is no outstanding liability for Circle Care and Support Limited.

##### Kent County Council Pension Scheme

Following the transfer of staff and activities from Invicta Telecare Limited in 2010, the Charity operates another defined benefit scheme for employees, the assets of which are held in a separate trustee administered fund, the Kent County Council Pension Fund. The actuarial liabilities in relation to the scheme are subject to triennial valuation by independent actuaries. The last triennial valuation was carried out in 2013 and an actuarial valuation was carried out for 31 March 2016 using the projected unit method.

The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Principal actuarial assumptions at the year end were as follows:

	2016	2015
Inflation	2.4%	2.4%
Pension increase rate	2.4%	2.4%
Salary increase rate	4.2%	4.3%
Discount rate	3.7%	3.2%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

	Male	Female
Current pensioner aged 65	22.9 years	25.3 years
Future retiree upon reaching 65	25.2 years	27.7 years

# Circle Care and Support Limited

## Notes to the financial statements for the year ended 31 March 2016 (continued)

### 14. Pension arrangements (continued)

#### Kent County Council Pension Scheme (continued)

##### Net pension liability:

##### The net pension deficit at the year end comprised the following

	2016	2015
	£000	£000
Total market value of assets	2,005	2,028
Present value of scheme liabilities	(2,374)	(2,482)
Net pension liability	(369)	(454)

##### Movement in deficit during the year

	2016	2015
	£000	£000
Deficit at the beginning of the year	(454)	(224)
Current service costs	(61)	(63)
Administration expenses	(1)	(1)
Contributions paid	34	50
Expected return on employer assets	66	82
Interest cost	(81)	(92)
Actuarial gains	128	(206)
	(369)	(454)

##### Movement in present value of defined benefit obligation

	2016	2015
	£000	£000
As at 1 April 2015	(2,482)	(2,031)
Current service cost	(61)	(63)
Interest cost	(81)	(92)
Contributions by members	(11)	(14)
Actuarial gains / (losses)	172	(326)
Estimated benefits paid	89	44
As at 31 March 2016	(2,374)	(2,482)

##### Movement in fair value of plan assets

	2016	2015
	£000	£000
As at 1 April 2015	2,028	1,807
Expected return on assets	66	82
Contributions by the employer	34	50
Contributions by members	11	14
Actuarial gains	(44)	120
Estimated benefits paid	(89)	(44)
Administration expenses	(1)	(1)
As at 31 March 2016	2,005	2,028

# Circle Care and Support Limited

## Notes to the financial statements for the year ended 31 March 2016 (continued)

### 14. Pension arrangements (continued)

#### Kent County Council Pension Scheme (continued)

The Charity expects the employer's contribution for the year ended 31 March 2017 to be approximately £34,000.

The fair value of the assets held by the pension scheme and the expected rate of return for each asset is as follows:

Categories of plan assets as a percentage of total plan assets	2016	2015
Equities	67%	68%
Gilts	1%	1%
Other bonds	11%	11%
Property	14%	13%
Cash	3%	3%
Target return portfolio	4%	4%

Fair value	2016	2015
	£000	£000
Equities	1,337	1,383
Gilts	18	21
Other bonds	220	227
Property	291	254
Cash	52	55
Target return portfolio	87	88
	<u>2,005</u>	<u>2,028</u>

# Circle Care and Support Limited

## Notes to the financial statements for the year ended 31 March 2016 (continued)

### 14. Pension arrangements (continued)

#### Kent County Council Pension Scheme (continued)

##### Analysis of amounts charged to income and expenditure account

	2016	2015
	£000	£000
Current service costs	(61)	(63)
Administrative expenses	(1)	(1)
	<u>(62)</u>	<u>(64)</u>

##### Analysis of amounts credited/(charged) to other financial income

	2016	2015
	£000	£000
Expected return on assets	66	82
Interest on liabilities	(81)	(92)
	<u>(15)</u>	<u>(10)</u>

##### Analysis of amounts recognised in other comprehensive income

	2016	2015
	£000	£000
Changes in financial assumptions	172	(326)
Return on assets excluding amounts included in net interest	(44)	120
	<u>128</u>	<u>(206)</u>

# Circle Care and Support Limited

## Notes to the financial statements for the year ended 31 March 2016 (continued)

### 14. Pension arrangements (continued)

#### Cambridgeshire County Council Pension Scheme

Following the transfer of staff and activities from Cambridgeshire County Council, the Charity operates another defined benefit scheme for employees, the assets of which are held in a separate trustee administered fund, the Cambridgeshire County Council Pension Fund. The actuarial liabilities in relation to the scheme are subject to triennial valuation by independent actuaries. The last triennial valuation was carried out in 2013 and an actuarial valuation was carried out as at 31 March 2016 using the projected unit method.

The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Principal actuarial assumptions at the year end were as follows:

	2016	2015
Pension increase rate	2.2%	2.5%
Salary increase rate	4.2%	4.4%
Discount rate	3.6%	3.3%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

	Male	Female
Current pensioner aged 65	22.5 years	24.5 years
Future retiree upon reaching 65	24.4 years	26.9 years

#### Net pension liability:

The net pension deficit at the year end comprised the following	2016	2015
	£000	£000
Total market value of assets	617	623
Present value of scheme liabilities	(727)	(814)
Net pension (liability) / assets	(110)	(191)

Movement in deficit during the year	2016	2015
	£000	£000
As at 1 April 2015	(190)	(76)
Current service costs	(32)	(28)
Administration expenses	-	-
Contributions paid	20	21
Expected return on employer assets	21	23
Interest cost	(27)	(27)
Actuarial losses	100	(103)
As at 31 March 2016	(108)	(190)

## Circle Care and Support Limited

### Notes to the financial statements for the year ended 31 March 2016 (continued)

#### 14. Pension arrangements (continued)

##### Cambridgeshire County Council Pension Scheme (continued)

<b>Movement in present value of defined benefit obligation</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
As at 1 April 2015	(814)	(608)
Current service cost	(32)	(28)
Interest cost	(27)	(27)
Contributions by members	(6)	(7)
Actuarial losses	131	(145)
Estimated benefits paid	21	1
<b>As at 31 March 2016</b>	<b>(727)</b>	<b>(814)</b>

<b>Movement in fair value of plan assets</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
As at 1 April 2015	623	532
Expected return on assets	21	23
Administration expenses	(1)	(1)
Contributions by the employer	20	21
Contributions by members	6	7
Actuarial (losses) / gains	(31)	42
Estimated benefits paid	(21)	(1)
<b>As at 31 March 2016</b>	<b>617</b>	<b>623</b>

The Charity expects the employer's contribution for the year ended 31 March 2017 to be approximately £20,000.

The fair value of the assets held by the pension scheme and the expected rate of return for each asset is as follows:

<b>Categories of plan assets as a percentage of total plan assets</b>	<b>2016</b>	<b>2015</b>
Equities	72%	75%
Bonds	16%	15%
Property	9%	7%
Cash	3%	3%
Target return portfolio		
<b>Fair value</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Equities	445	467
Bonds	99	94
Property	56	44
Cash	19	19
	<b>619</b>	<b>624</b>

# Circle Care and Support Limited

## Notes to the financial statements for the year ended 31 March 2016 (continued)

### 14. Pension arrangements (continued)

#### Cambridgeshire County Council Pension Scheme (continued)

Analysis of amounts charged to income and expenditure account	2016 £000	2015 £000
Current service costs	(32)	(28)
Administration expenses	-	-
	<u>(32)</u>	<u>(28)</u>
Analysis of amounts credited/(charged) to other financial income	2016 £000	2015 £000
Expected return on assets	21	23
Interest on liabilities	(27)	(27)
	<u>(6)</u>	<u>(4)</u>
Analysis of amounts recognised in other comprehensive income	2016 £000	2015 £000
Changes in financial assumptions	131	(145)
Return on assets excluding amounts included in net interest	(31)	42
	<u>100</u>	<u>(103)</u>

#### Defined contributions pension scheme

The Charity also participates in a Group-wide pension scheme providing benefits for eligible employees of the Group. The assets of the scheme are held separately from those of the Charity. The Charity is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 102, Section 28, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure statement represents the contributions payable to the scheme in respect of the year ended 31 March 2016.

#### Social Housing Pension Scheme (SHPS)

The company participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

## Circle Care and Support Limited

### Notes to the financial statements for the year ended 31 March 2016 (continued)

#### 14. Pension arrangements (continued)

##### Social Housing Pension Scheme (SHPS) (continued)

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

##### Deficit contributions

<b>Tier 1</b>	£40.6m per annum
From 1 April 2016 to 30 September 2020:	(payable monthly and increasing by 4.7% each year on 1 <sup>st</sup> April)
<b>Tier 2</b>	£28.6m per annum
From 1 April 2016 to 30 September 2023:	(payable monthly and increasing by 4.7% each year on 1 <sup>st</sup> April)
<b>Tier 3</b>	£32.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1st April)
<b>Tier 4</b>	£31.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1st April)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present value of provision	2016	2015	2014
	£000	£000	£000
Present value of provision	131	94	96

## Circle Care and Support Limited

### Notes to the financial statements for the year ended 31 March 2016 (continued)

#### 14. Pension arrangements (continued)

##### Social Housing Pension Scheme (SHPS) (continued)

Reconciliation of opening and closing provisions	2016	2015
	£000	£000
As at 1 April	94	96
Unwinding of the discount factor (interest expense)	2	3
Deficit contribution paid	(11)	(10)
Remeasurements - impact of any change in assumptions	(1)	5
Remeasurements - amendments to the contribution schedule	47	-
<b>As at 31 March 2016</b>	<b>131</b>	<b>94</b>

Income and expenditure impact	2016	2015
	£000	£000
Interest expense	2	3
Remeasurements - impact of any change in assumptions	(1)	5
Remeasurements - amendments to the contribution schedule	47	-
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

\*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

Assumptions	2016	2015	2014
Rate of discount	2.1%	1.9%	3.0%

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

#### 15. Related party transactions

As 100% of the Company's voting rights are controlled within the Group headed by Circle Anglia Limited, the Company has taken advantage of the exemption contained within FRS102 and has therefore not disclosed transactions or balances with entities which form part of the Group.

As at 31 March 2016, there were two Board and Committee members that were Circle Support tenants or shared owner (2015: two). Their tenancy or lease agreements were granted on normal commercial terms as for all other tenants and shared owners of their associations and housing management procedures, including those relating to the management of arrears, have been applied consistently. As such their position does not afford them any additional benefits and does not provide an advantage over other tenants.

## Circle Care and Support Limited

### Notes to the financial statements for the year ended 31 March 2016 (continued)

#### 16. Contingent liabilities

At 31 March 2015, the Charity was contracted to a financial guarantee for £37,000 with the London Borough of Camden. This was set up to compensate the Borough of Camden for the pension liabilities for staff that have been transferred under the Transfer of Undertakings (Protection of Employment) arrangements. During 2015/16, the staff associated with this contract and the financial guarantee was transferred to another provider. No guarantee and no pension liability remain for the Charity.

Following the 2013 Admission Agreement, Norfolk County Council closed the Circle Care and Support Limited segment of the scheme and transferred it to Circle Anglia Limited. All parties to the admission agreement remain jointly and severally liable for the deficit reflected in Circle Anglia Limited valued at £9,279k as at 31<sup>st</sup> March 2016.

#### 17. Funds

	General reserve £000	Restricted reserve £000	Total £000
As at 1 April 2015	3,499	-	3,499
Net outgoing resources in the year	190	(127)	63
Transfer between reserves	(127)	127	-
Net actuarial losses on pension schemes	389	-	389
<b>As at 31 March 2016</b>	<b>3,951</b>	<b>-</b>	<b>3,951</b>

Analysis of net assets between funds	reserve £000	reserve £000	Total £000
Tangible fixed assets	3	-	3
Investment in subsidiaries	2,111	-	2,111
Current assets	3,834	-	3,834
Debtors due after more than one year	-	-	-
Current liabilities	(1,042)	-	(1,042)
Pension liability	(955)	-	(955)
<b>Net assets as at 31 March 2016</b>	<b>3,951</b>	<b>-</b>	<b>3,951</b>

Unrestricted general funds are those which can be used in accordance with the Charity's objectives at the discretion of the Trustees.

## **Circle Care and Support Limited**

### **Notes to the financial statements for the year ended 31 March 2016 (continued)**

#### **18. Ultimate parent undertaking**

The Charity is a wholly owned subsidiary of Circle Anglia Limited.

The ultimate parent undertaking and ultimate controlling party is Circle Anglia Limited, which is incorporated in the UK under the Co-operative and Community Benefit Societies Act 2014.

The largest Group in which the results of the Charity are consolidated is that headed by Circle Anglia Limited. No other group financial statements include the results of the Charity.

The consolidated financial statements of the Group are available to the public and may be obtained from the Charity's registered office at Two Pancras Square, King's Cross, London, N1C 4AG.

## Circle Care and Support Limited

### Notes to the financial statements for the year ended 31 March 2016 (continued)

#### 19. Explanation of transition to FRS 102 from old UK GAAP

As stated in note 2, these are the Charity's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015.

In preparing its FRS 102 balance sheet (now called the Statement of Financial Position), the Charity has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Charity's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

	Net movement in funds for the period ending 31 March 2015 £'000	Equity as at 31 March 2015 £'000	Equity as at 31 March 2014 £'000
<b>Amount under old GAAP</b>	<b>(1,451)</b>	<b>3,682</b>	<b>5,133</b>
<i>Previous period FRS 102 adjustments</i>		<i>(188)</i>	
Holiday pay accrual a)	5	5	(94)
SHPS b)	-	-	(94)
<b>Amount under FRS 102</b>	<b>(1,446)</b>	<b>3,498</b>	<b>4,945</b>

#### a) Holiday Pay Accrual

An accrual is now made for entitlement to holiday at the year-end which has not been taken by employees. This has been calculated based on payroll records and totalled £94k as a liability in opening reserves. This accrual, within creditors less than one year, reduced to £89k in the 2014/15 financial year resulting in a gain to the Statement of Comprehensive Income.

#### b) Social Housing Pension Scheme (SHPS)

Under FRS 102 section 28 the group is now required to recognise the net present value of any contractual agreements to make additional payments for a past deficit which has resulted in a liability of £94k, reflected in opening reserves.

#### Pensions

Under FRS 102 section 28 the Group is now required to recognise the interest on the net scheme liabilities at a single combined rate. This results in a presentational adjustment showing a reduction of interest income of £78k, which is instead reflected as other comprehensive income.

## **Circle Care and Support Limited**

### **Notes to the financial statements for the year ended 31 March 2016 (continued)**

#### **20. Events after the end of the reporting period**

The trustees considered whether to divest the investment in Prime Care Holdings Limited and a decision to dispose was reached during the year. Prime Care Holdings Limited and its subsidiaries were made available for sale during quarter 4. Trustees approved a bid from Apex Companions Limited and the sale was completed on April 1<sup>st</sup> 2016.