

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

**Strategic Report, Report of the Trustees and  
Group Financial Statements  
for the Year Ended 31 March 2020  
for  
Kaleidoscope Project**

O'Brien & Partners  
Chartered Accountants  
& Statutory Auditors  
Highdale House  
7 Centre Court  
Treforest Industrial Estate  
Pontypridd  
Rhondda Cynon Taff  
CF37 5YR



## **Kaleidoscope Project**

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**Kaleidoscope Project**  
**Strategic Report**  
**for the Year Ended 31 March 2020**

The trustees present their strategic report for the year ended 31 March 2020.

**ACHIEVEMENTS AND PERFORMANCE**

Kaleidoscope had a good year and in terms of contracts and we have continued to provide services to a high standard in the areas we have been commissioned. As we approached the end of the financial year, the threat of Covid 19 was apparent and we ensured that we put significant contingency plans in place to deal with this threat. We swiftly responded by importing masks, gloves and aprons directly from China and ensured we had hand sanitiser in all bases. We also distributed individual bottles to our clients and worked with partners to share this good practice so every service user received hand sanitiser. We sought to make the offices Covid safe but when lockdown struck we had to close many of our bases including our head office, which resulted in many staff working from home.

One of the big achievements in terms of contracts was the success in retaining the North Wales Contract now called Dechrau Newydd. This is an important contract ensuring we have services in every part of Wales. We also worked with the Wallich and were successful in winning a small contract to develop a Housing First Contract. Housing First is about integrating housing with treatment of people suffering from substance use issues. We have now also established a service in Gwent.

In terms of treatment services in Wales they continued to develop their support to vulnerable people in a positive way. In terms of contracts they have all been extended. Residential Services have performed well but financially they are more volatile as they get paid in relation to the amount of people in their accommodation which in itself can be variable.

Kaleidoscope has been looking at its central team and a re-organisation was agreed in the year. The issue of sustainability of the organisation is important as is succession and therefore we have in effect agreed to two deputies for the CEO with a Central Services Director and an Operations Director. In order that we also look outwards we also recruited a Head of Communications which was appointed in December 2019.

GDAS continues to be our largest contract and this was again extended because of COVID 19 and thus will now not go to tender until 2021. The same extension to Powys has also been agreed. So there seems to be greater security going forward in the short-term.

The Gwent Contract remains Kaleidoscope's most significant contract, worth over £4 million to deliver the services in partnership with G4S and Barod. Kaleidoscope is the contract lead for the service, called the Gwent Drug and Alcohol Service (GDAS) and over the year the service met all the contract requirements measured by Key Performance Indicators (KPIs).

Partnership working is critical for the success of Kaleidoscope in terms of growth. The DDAS contract led by Barod in partnership with Kaleidoscope did go out for tender and we were delighted that there was a successful outcome. The contract was for 2 years with up to another 3 year extension given on an annual basis. We continue to also work with G4S on the Dyfodol Contract and again we seem to meet the requirements of this contract and have strong links with our commissioners.

The partnership with Barod had also led us to deliver Drink Wise Age Well. The service ended in March 2020 as it was funded through the lottery. It was a very successful service and put the needs of over 50s with drink issues in the spotlight and will influence future commissioning to ensure there will be support for these people going forward.

Kaleidoscope also works closely with CAIS and they assist us with delivering our services in Powys and our Dechrau Newydd Service. CAIS lead on the ESF Funded project called Cyfle Cymru. This is a Peer Mentoring Service where we lead in Gwent and Powys in delivering this service and has been extended until 2022.

In terms of Kingston we had agreed a sale of the site but the sale was delayed for a year to enable us to continue the hostel work. The sale now is due to be completed at the end of March 2021. The delivery of the service for people with dual diagnosis issues, substance issues combined with mental health problems, continues.

We also have a contract from Kingston Council to support elderly people on a day service basis which we continue to do through Alfriston Day Centre.

Kingston Council have also supported a post for a worker to deliver a recovery Hub in the hostel which opened in 2018. The service is a small but exciting venture with the Borough.

At the end of 2019 we heard that we have been awarded Gold status for Investors in People.

# Kaleidoscope Project

## Strategic Report for the Year Ended 31 March 2020

### PLANS FOR FUTURE PERIODS

Kaleidoscope continues to look at developing its Kingston service by providing a new hostel in partnership with the Royal Kingston Borough. There is however much work to do if this is to happen. The Project is looking at developing a closer relationship with the Kaleidoscope Housing Association so that it comes within the group structure which includes ARCH Initiatives. We continue to recognise the importance of residential services and we will also be looking at a new property to develop our Birchwood service. We have developed this service through investing in not only detox beds but also rehabilitation spaces which tend to be over a longer period but with lower fees. This has enabled the service to bring in another source of income to offset vacant detox spaces. A current challenge with providing a service with longer stays is the need to provide more activities which require better accommodation and more land. One of the key additions to the team we have now recruited is a Head of Residential Development and Property.

Our Board of Trustees has seen some changes and we were delighted that Dr Vijay Shanmuganathan and Mark Tudor joined us.

We have a new strategy and some changes to our Board where there continues to be a focus on developing a sustainable business with improved quality both in terms of staff support and the services we provide. We are delighted we go into the future in a healthy position by obtaining Gold in Investors in People and we were also pleased to maintain our ISO9001 status in Powys.

We are delighted in providing services in every part of Wales and we feel we are very much part of the Welsh community where we can work to influence policy. We look to further develop Birchwood and what it can offer and as a service we want to ensure we can look to support all aspects on a person's drug or alcohol issues from prevention, managing harm to recovery.

Covid will still be seen as a major issue for the immediate future although from a financial perspective the only real impact has been in relation to Birchwood and Alfriston. The service in Birchwood is reliant on clients being sent to us and for staff being able to accept new referrals. The challenge going forward was to keep the place safe but staff in particular have family lives and so the second wave has hit us much harder and has led us to close services sporadically.

Alfriston as an old people's day centre has had to close since the pandemic started and its future is uncertain as we cannot open it. The Council have accepted the move to an outreach bound service but it does lead to a lot of uncertainty going forward and whether the Council will require this type of service. The service is at risk but has been secured until September 2021.

Covid however has changed many of our services but we receive set grants and therefore we have been relatively secure financially over this period and services have met the needs of our service users at the time of writing. We are however aware as the pandemic hits more severely in the community it does make service delivery difficult for staff. I am however confident that we are in a good position to meet the challenges of the Pandemic going forward.

Kaleidoscope will continue to develop partnerships with new and existing organisations. The success of Housing First is likely to lead to new opportunities going forward.

### FINANCIAL REVIEW

Total incoming resources reduced from £12,166,432 to £9,889,666, a fall of £2,276,766 compared to last years reduction of £706,042.

The impact of the above decrease was mitigated by a fall in total expenditure of £2,096,450 to £9,938,983 compared to £12,035,433.

A revaluation gain on property further improved the results to a deficit of £19,317. Last years surplus was £663,820 which was impacted by a large gain on revaluation of £735,321

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

	2020 £	2019 £	2018 £
Total incoming resources	9,889,666	12,166,432	12,872,475
Unrestricted incoming resources	8,343,941	10,735,484	11,515,341
Unrestricted surplus	156,331	762,854	302,109

## Kaleidoscope Project

### Strategic Report

for the Year Ended 31 March 2020

#### PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

One of the key current issues of uncertainty going forward relates to the Covid-19 pandemic. Although the current impact of the pandemic on the finances of the business has been relatively small, we will need to continue to be vigilant and ensure our risk management processes are constantly applied.

Another risk is inflation as it continues to run higher than the cost of living awards of 1% that we are able to give our staff. We continue to review salaries alongside our ability to recruit on our present policy but higher salaries could have an impact given most of our contracts do not provide for any increase.

In terms of seeking new business, this continues to be a strategic aim. However, recent tenders have shown that the level of risk in areas such as TUPE are reducing the possibilities to increase our turnover.

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

#### PRINCIPAL FUNDING SOURCES

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

#### INVESTMENT POLICY AND OBJECTIVES

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

#### RESERVES POLICY

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

(i) provide protection against financial risks, as identified by its financial risk review;

(ii) provide for expansion of the charity's business;

(iii) provide funds for investment in fixed assets;

(iv) provide funds for unfunded 'board approved' special projects which enhance services and meet charitable objectives.

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

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

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

In the light of the financial risk review, the trustees concluded that the charity should hold a minimum level of reserves of £750,000 in order to provide protection against its financial risks. At the balance sheet date, the charity's reserves, as calculated by the above definition, amounted to £650,000. Future financial planning will take this into account to ensure the charity covers reserves policy requirements.

Approved by order of the board of trustees on 26/1/24 and signed on its behalf by:

Mr D L Antebi - Trustee

**Kaleidoscope Project**  
**Report of the Trustees**  
**for the Year Ended 31 March 2020**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the consolidated financial statements of the charity for the year ended 31 March 2020. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

**OBJECTIVES AND ACTIVITIES**

**Objectives, aims and services**

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

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

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

To be a successful service we recognise:

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

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

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

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

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

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

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

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

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**Public benefit**

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

**Achievement and performance**

**GOING CONCERN**

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

**FINANCIAL REVIEW**

**Financial position**

A Financial review is included in the strategic report.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing document**

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

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

**Kaleidoscope Project**  
**Report of the Trustees**  
**for the Year Ended 31 March 2020**

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Recruitment and appointment of new trustees**

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

**Organisational structure**

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

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

**Induction and training of new trustees**

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

**Key management remuneration**

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

In common with other small, entrepreneurial companies in the charitable sector, Kaleidoscope's value proposition to staff includes supportive teamwork, personal development and significant job satisfaction from the social impact that the Project is helping to generate. However, remuneration is also important and, for this element of the overall reward package, our policy is to set pay and benefits at levels that are competitive for the sector and which recognise an individual's abilities, responsibilities and experience. In most cases, in the opinion of the trustees, this results in remuneration that is lower than the people concerned would be able to earn in the commercial sector.

The remuneration of key management personnel is summarised in the staff costs note of the financial statements. Kaleidoscope's highest paid employee is the Chief Executive and, in the year to 31 March 2020, his salary was £68,781. This is approximately 3 times the average salary paid to other employees.

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Company number**

05480423 (England and Wales)

**Registered Charity number**

1115017

**Registered office**

1 Resolven House  
Fortran Road  
St. Mellons  
Cardiff  
Cardiff  
CF3 0EY

**Trustees**

C Freegard  
P F Rutter  
S P Davison  
C Pepinster  
D L Antebi  
J M Q Knight  
L J Astell (resigned 24.4.19)  
E J Chima-Okereke (resigned 16.6.19)  
K D Ward (resigned 10.3.20)  
J Ross  
A C Ormond Trustee (appointed 11.3.20)  
A M Procter (appointed 19.6.19)  
V Shanmuganathan (appointed 1.10.20)  
M A Tudor (appointed 1.10.20)

**Kaleidoscope Project**  
**Report of the Trustees**  
**for the Year Ended 31 March 2020**

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Auditors**

O'Brien & Partners  
Chartered Accountants  
& Statutory Auditors  
Highdale House  
7 Centre Court  
Treforest Industrial Estate  
Pontypridd  
Rhondda Cynon Taff  
CF37 5YR

**Solicitors**

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

**Key Management Personnel**

Chief-Executive - Martin Blakeborough  
Executive Team - Sian Chicken, Emma Patey, David Vickery, Rondine Molinaro and Gemma Henton.

**EVENTS SINCE THE END OF THE YEAR**

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also the directors of Kaleidoscope Project for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

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

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

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

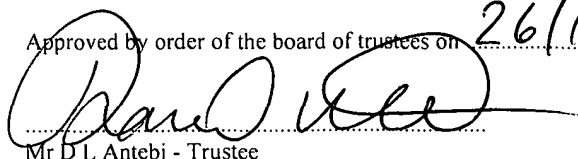
In so far as the trustees are aware:

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

**AUDITORS**

The auditors, O'Brien & Partners, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 26/1/21 and signed on its behalf by:



Mr D L Antebi - Trustee



## **Report of the Independent Auditors to the Members of Kaleidoscope Project**

### **Opinion**

We have audited the financial statements of Kaleidoscope Project Group (and the 'parent charitable company') for the year ended 31 March 2020 which comprise the Consolidated Statement of Financial Activities, the Parent Charitable Company Statement of Financial Activities, the Consolidated Balance Sheet, the Parent Charitable Company Balance Sheet the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Group 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Group Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report 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 Group Strategic Report or the Group Report of the Trustees.

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

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

## **Report of the Independent Auditors to the Members of Kaleidoscope Project**

### **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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*G. Francis.*

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

Date: *27<sup>th</sup> January 2021.*

# Kaleidoscope Project

## Consolidated Statement of Financial Activities (Incorporating an Income and Expenditure Account) for the Year Ended 31 March 2020

	Notes	Unrestricted fund £	Restricted funds £	Endowment fund £	31.3.20 Total funds £	31.3.19 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>						
Donations and legacies	2	1,093	191,181	-	192,274	102,477
<b>Charitable activities</b>	5					
Drug and alcohol treatment services		7,952,372	-	-	7,952,372	10,248,881
Residential Services		-	1,192,380	-	1,192,380	1,285,407
Elderly		-	135,901	-	135,901	145,541
Other trading activities	3	56,779	26,263	-	83,042	55,878
Investment income	4	266,016	-	-	266,016	328,248
Other income		67,681	-	-	67,681	-
<b>Total</b>		<b>8,343,941</b>	<b>1,545,725</b>	<b>-</b>	<b>9,889,666</b>	<b>12,166,432</b>
<b>EXPENDITURE ON</b>						
Raising funds	6	51,621	-	-	51,621	52,088
<b>Charitable activities</b>	7					
Drug and alcohol treatment services		8,188,159	237,710	-	8,425,869	10,485,613
Residential Services		-	1,273,388	-	1,273,388	1,333,845
Elderly		-	168,355	-	168,355	163,887
Other		-	19,750	-	19,750	-
<b>Total</b>		<b>8,239,780</b>	<b>1,699,203</b>	<b>-</b>	<b>9,938,983</b>	<b>12,035,433</b>
Net gains/(losses) on investments		-	-	-	-	(202,500)
<b>NET INCOME/(EXPENDITURE)</b>		<b>104,161</b>	<b>(153,478)</b>	<b>-</b>	<b>(49,317)</b>	<b>(71,501)</b>
<b>Transfers between funds</b>	22	<b>22,170</b>	<b>(10,920)</b>	<b>(11,250)</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains/(losses)</b>						
Gains on revaluation of fixed assets		30,000	-	-	30,000	735,321
<b>Net movement in funds</b>		<b>156,331</b>	<b>(164,398)</b>	<b>(11,250)</b>	<b>(19,317)</b>	<b>663,820</b>
<b>RECONCILIATION OF FUNDS</b>						
<b>Total funds brought forward</b>		<b>2,929,936</b>	<b>1,572,237</b>	<b>168,750</b>	<b>4,670,923</b>	<b>4,007,105</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>3,086,267</b>	<b>1,407,839</b>	<b>157,500</b>	<b>4,651,606</b>	<b>4,670,925</b>

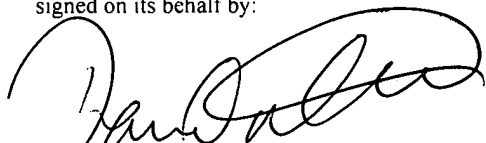
The notes form part of these financial statements

# Kaleidoscope Project

## Consolidated Balance Sheet 31. March 2020

	Notes	Unrestricted fund £	Restricted funds £	Endowment fund £	31.3.20 Total funds £	31.3.19 Total funds £
<b>FIXED ASSETS</b>						
Tangible assets	15	274,271	1,162,322	-	1,436,593	1,653,806
Investment property	16	<u>2,343,155</u>	<u>-</u>	<u>157,500</u>	<u>2,500,655</u>	<u>2,470,655</u>
		2,617,426	1,162,322	157,500	3,937,248	4,124,461
<b>CURRENT ASSETS</b>						
Debtors	17	2,198,824	-	-	2,198,824	1,865,665
Cash at bank and in hand		<u>1,625,478</u>	<u>245,517</u>	<u>-</u>	<u>1,870,995</u>	<u>1,605,611</u>
		3,824,302	245,517	-	4,069,819	3,471,276
<b>CREDITORS</b>						
Amounts falling due within one year	18	(3,197,580)	-	-	(3,197,580)	(2,677,200)
<b>NET CURRENT ASSETS</b>		<u>626,722</u>	<u>245,517</u>	<u>-</u>	<u>872,239</u>	<u>794,076</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,244,148	1,407,839	157,500	4,809,487	4,918,537
<b>CREDITORS</b>						
Amounts falling due after more than one year	19	(146,881)	-	-	(146,881)	(247,612)
<b>PROVISIONS FOR LIABILITIES</b>	21	(11,000)	-	-	(11,000)	-
<b>NET ASSETS</b>		<u>3,086,267</u>	<u>1,407,839</u>	<u>157,500</u>	<u>4,651,606</u>	<u>4,670,925</u>
<b>FUNDS</b>	22					
Unrestricted funds					3,086,267	2,929,938
Restricted funds					1,407,839	1,572,237
Endowment funds					<u>157,500</u>	<u>168,750</u>
<b>TOTAL FUNDS</b>					<u>4,651,606</u>	<u>4,670,925</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 26/1/21 and were signed on its behalf by:

  
Mr D L Antebi - Trustee

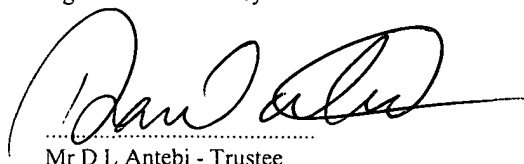
The notes form part of these financial statements

# Kaleidoscope Project

## Company Balance Sheet 31 March 2020

	Notes	Unrestricted fund £	Restricted funds £	Endowment fund £	31.3.20 Total funds £	31.3.19 Total funds £
<b>FIXED ASSETS</b>						
Tangible assets	15	241,013	1,144,522	-	1,385,535	1,589,979
Investment property	16	<u>1,430,000</u>	<u>-</u>	<u>-</u>	<u>1,430,000</u>	<u>1,400,000</u>
		1,671,013	1,144,522	-	2,815,535	2,989,979
<b>CURRENT ASSETS</b>						
Debtors	17	3,247,703	-	-	3,247,703	2,931,381
Cash at bank and in hand		<u>1,230,432</u>	<u>245,517</u>	<u>-</u>	<u>1,475,949</u>	<u>1,200,605</u>
		4,478,135	245,517	-	4,723,652	4,131,986
<b>CREDITORS</b>						
Amounts falling due within one year	18	(3,156,859)	-	-	(3,156,859)	(2,493,624)
<b>NET CURRENT ASSETS</b>		<u>1,321,276</u>	<u>245,517</u>	<u>-</u>	<u>1,566,793</u>	<u>1,638,362</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,992,289	1,390,039	-	4,382,328	4,628,341
<b>CREDITORS</b>						
Amounts falling due after more than one year	19	(146,881)	-	-	(146,881)	(247,612)
<b>NET ASSETS</b>		<u>2,845,408</u>	<u>1,390,039</u>	<u>-</u>	<u>4,235,447</u>	<u>4,380,729</u>
<b>FUNDS</b>	22					
Unrestricted funds					2,845,408	2,885,389
Restricted funds					<u>1,390,039</u>	<u>1,495,340</u>
<b>TOTAL FUNDS</b>					<u>4,235,447</u>	<u>4,380,729</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 26/1/20 and were signed on its behalf by:



Mr D L Antebi - Trustee

The notes form part of these financial statements

# Kaleidoscope Project

## Consolidated Cash Flow Statement for the Year Ended 31 March 2020

	Notes	31.3.20 £	31.3.19 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	<u>117,856</u>	<u>29,089</u>
Net cash provided by operating activities		<u>117,856</u>	<u>29,089</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		-	(22,126)
Sale of tangible fixed assets		<u>147,528</u>	<u>-</u>
Net cash provided by/(used in) investing activities		<u>147,528</u>	<u>(22,126)</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<u>265,384</u>	<u>6,963</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>1,605,611</u>	<u>1,598,648</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><u>1,870,995</u></u>	<u><u>1,605,611</u></u>

The notes form part of these financial statements

# Kaleidoscope Project

## Notes to the Consolidated Cash Flow Statement for the Year Ended 31 March 2020

### 1. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.3.20 £	31.3.19 £
<b>Net expenditure for the reporting period (as per the Statement of Financial Activities)</b>	(49,317)	(71,501)
<b>Adjustments for:</b>		
Depreciation charges	49,934	79,295
Losses on investments	-	202,500
Loss on disposal of fixed assets	19,750	-
(Increase)/decrease in debtors	(333,163)	156,615
Increase/(decrease) in creditors	<u>430,652</u>	<u>(337,820)</u>
<b>Net cash provided by operations</b>	<u>117,856</u>	<u>29,089</u>

### 2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.19 £	Cash flow £	At 31.3.20 £
<b>Net cash</b>			
Cash at bank and in hand	<u>1,605,611</u>	<u>265,384</u>	<u>1,870,995</u>
	<u>1,605,611</u>	<u>265,384</u>	<u>1,870,995</u>
<b>Total</b>	<u>1,605,611</u>	<u>265,384</u>	<u>1,870,995</u>

The notes form part of these financial statements

## Kaleidoscope Project

### Notes to the Consolidated Financial Statements for the Year Ended 31 March 2020

#### 1. ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

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

##### **Basis of consolidation**

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

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

The subsidiary is Arch initiative, Company number 02812012, charity number 1024945. Their results for 31 March 2020 were turnover of £194,013, expenditure of £68,048 giving a net result for this year of £125,965. This result contributed to the overall balance sheet year end position of £416,159 which is made up of assets of £1,526,509 less liabilities of £1,110,350.

##### **Income**

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

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

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

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

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

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

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

##### **Expenditure**

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

##### **Employee benefits**

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

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



## Kaleidoscope Project

### Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2020

#### 1. ACCOUNTING POLICIES - continued

##### **Allocation and apportionment of costs**

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

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

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

##### **Tangible fixed assets**

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

Freehold property - 2% to 33.33% on cost

Long leasehold - 1% on cost

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

Motor Vehicles - 33% on cost

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

##### **Investments**

Fixed asset investments in subsidiaries are held at cost.

##### **Investment property**

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

##### **Debtors**

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

##### **Cash at bank and in hand**

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

##### **Creditors and provisions**

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

##### **Financial instruments**

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

##### **Taxation**

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

##### **Fund accounting**

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

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

##### **Restricted funds comprise:**

##### **Residential Services Fund**

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

## Kaleidoscope Project

### Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2020

#### 1. ACCOUNTING POLICIES - continued

##### **Fund accounting**

###### Elderly Fund

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

###### Asset Fund

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

###### Legacy Fund

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

Restricted funds comprise:-

###### Public Health England Grant

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

###### Endowment funds

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

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

##### **Leasing commitments**

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

##### **Pension costs and other post-retirement benefits**

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

##### **Critical accounting estimates and judgements**

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

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

##### **Related Organisation**

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

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

##### **Employee benefits**

The costs of any unused holiday entitlement is recognised in the year in which the employee's services are received.

# Kaleidoscope Project

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2020

### 1. ACCOUNTING POLICIES - continued

#### Critical accounting estimates and judgements

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

### 2. DONATIONS AND LEGACIES

	31.3.20	31.3.19
	£	£
Donations	1,093	2,285
Capital grants	191,181	-
Management income	-	100,192
	<u>192,274</u>	<u>102,477</u>

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

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

	31.3.20	31.3.19
	£	£
Capital Grants	<u>191,181</u>	<u>-</u>

### 3. OTHER TRADING ACTIVITIES

	31.3.20	31.3.19
	£	£
Miscellaneous income	<u>83,042</u>	<u>55,878</u>

### 4. INVESTMENT INCOME

	31.3.20	31.3.19
	£	£
Rents received	266,016	326,341
Bank Interest	-	1,907
	<u>266,016</u>	<u>328,248</u>

### 5. INCOME FROM CHARITABLE ACTIVITIES

	Activity	31.3.20	31.3.19
		£	£
Service Level Agreements	Drug and alcohol treatment services	7,952,372	10,248,881
Cairn House	Residential Services	1,131,534	1,214,183
Service Level Agreements	Residential Services	60,846	71,224
Alfriston day centre	Elderly	<u>135,901</u>	<u>145,541</u>
		<u>9,280,653</u>	<u>11,679,829</u>

# Kaleidoscope Project

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2020

### 6. RAISING FUNDS

#### Raising donations and legacies

	31.3.20	31.3.19
	£	£
Staff costs	12,750	14,175
Premises costs	35,845	34,887
Telephone	3,026	3,026
	<u>51,621</u>	<u>52,088</u>

### 7. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 8) £	Support costs (see note 9) £	Totals £
Drug and alcohol treatment services	8,207,822	218,047	8,425,869
Residential Services	1,254,501	18,887	1,273,388
Elderly	167,897	458	168,355
	<u>9,630,220</u>	<u>237,392</u>	<u>9,867,612</u>

### 8. DIRECT COSTS OF CHARITABLE ACTIVITIES

	31.3.20	31.3.19
	£	£
Staff costs	7,188,881	9,155,762
Leasing of premises and equipment	3,197	6,964
Premises costs	922,913	826,076
Medical supplies	956,021	859,388
Catering costs	98,817	74,627
Training and staff costs	40,385	77,602
Office expenses	137,257	151,999
Travel & subsistence	172,924	245,463
Client costs	68,134	106,994
Dilapidations provision	10,293	-
Depreciation	31,398	47,029
	<u>9,630,220</u>	<u>11,551,904</u>

### 9. SUPPORT COSTS

	Management	Governance costs	Totals
	£	£	£
Drug and alcohol treatment services	215,547	2,500	218,047
Residential Services	18,887	-	18,887
Elderly	458	-	458
	<u>234,892</u>	<u>2,500</u>	<u>237,392</u>

# Kaleidoscope Project

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2020

### 9. SUPPORT COSTS - continued

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

				31.3.20	31.3.19
	Drug and treatment services £	Residential Services £	Elderly £	Total activities £	Total activities £
Wages	5,500	-	-	5,500	58,943
Hire of plant and machinery	4,739	-	-	4,739	24,540
Licences & registration	8,427	3,127	191	11,745	5,085
Office expenses	34,671	5,169	-	39,840	94,360
Legal & professional fees	69,157	-	-	69,157	39,308
Audit & accountancy	12,700	-	-	12,700	7,112
Hire of plant & machinery	-	-	-	-	100,192
Insurance, health & safety	56,711	10,550	267	67,528	62,619
Finance Charges	4,083	41	-	4,124	3,037
Travel & subsistence	6,795	-	-	6,795	6,779
No description	-	-	-	-	3,254
Depreciation of tangible and heritage assets	12,764	-	-	12,764	15,900
Auditors' remuneration	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>10,312</u>
	<u>218,047</u>	<u>18,887</u>	<u>458</u>	<u>237,392</u>	<u>431,441</u>

### 10. NET INCOME/(EXPENDITURE)

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

	31.3.20 £	31.3.19 £
Auditors' remuneration	2,500	10,312
Depreciation - owned assets	49,935	79,295
Hire of plant and machinery	7,936	31,504
Deficit on disposal of fixed assets	<u>19,750</u>	<u>-</u>
	31.03.20 £	31.03.19 £
Depreciation - owned assets	49,934	79,295
Loss on assets	19,750	-
Leasing of premises and equipment	7,936	31,504
Auditor's remuneration	13,000	10,312
Pensions	170,194	139,807
Interest payable and other charges	<u>3,916</u>	<u>3,037</u>

### 11. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2020 nor for the year ended 31 March 2019.

# Kaleidoscope Project

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2020

### 11. TRUSTEES' REMUNERATION AND BENEFITS - continued

#### Trustees' expenses

During the year, five (2019: four) trustees were reimbursed travel expenses amounting to £258 (2019: £444).

### 12. STAFF COSTS

	31.3.2020	31.3.2019
	£	£
Wages & salaries	6,625,318	10,258,151
Social security costs	411,619	594,034
Other pension costs	<u>170,194</u>	<u>217,358</u>
	<u>7,207,131</u>	<u>11,069,543</u>

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

	31.3.20	31.3.19
Charitable activities	234	258
Management and administration	<u>31</u>	<u>55</u>
	<u>265</u>	<u>313</u>

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

	31.3.20	31.3.19
£60,001 - £70,000	<u>1</u>	<u>1</u>

The total employee benefits including pension contributions of the key management personnel were £303,318 (2019: £318,611).

### 13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Endowment fund £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>				
Donations and legacies	102,477	-	-	102,477
<b>Charitable activities</b>				
Drug and alcohol treatment services	10,248,881	-	-	10,248,881
Residential Services	-	1,285,407	-	1,285,407
Elderly	-	145,541	-	145,541
Other trading activities	55,878	-	-	55,878
Investment income	<u>328,248</u>	<u>-</u>	<u>-</u>	<u>328,248</u>
<b>Total</b>	10,735,484	1,430,948	-	12,166,432
<b>EXPENDITURE ON</b>				
Raising funds	52,088	-	-	52,088
<b>Charitable activities</b>				
Drug and alcohol treatment services	10,469,713	15,900	-	10,485,613
Residential Services	-	1,333,845	-	1,333,845
Elderly	-	163,887	-	163,887
<b>Total</b>	<u>10,521,801</u>	<u>1,513,632</u>	<u>-</u>	<u>12,035,433</u>

# Kaleidoscope Project

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2020

### 13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund £	Restricted funds £	Endowment fund £	Total funds £
Net gains/(losses) on investments	(202,500)	-	-	(202,500)
<b>NET INCOME/(EXPENDITURE)</b>	11,183	(82,684)	-	(71,501)
<b>Transfers between funds</b>	16,350	(5,100)	(11,250)	-
<b>Other recognised gains/(losses)</b>				
Gains on revaluation of fixed assets	735,321	-	-	735,321
<b>Net movement in funds</b>	762,854	(87,784)	(11,250)	663,820
<b>RECONCILIATION OF FUNDS</b>				
<b>Total funds brought forward</b>	2,167,084	1,660,021	180,000	4,007,105
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u>2,929,938</u>	<u>1,572,237</u>	<u>168,750</u>	<u>4,670,925</u>

### 14. CHARITABLE COMPANY RESULTS

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

	Total 2020 £	Total 2019 £
Total income resources	9,695,652	9,433,316
Total resources expended	(9,870,934)	(9,591,721)
Net gains on investments	30,000	735,321
<b>Net</b>	<b>(145,282)</b>	<b>576,916</b>
<b>Funds:</b>		
At 1 April 2019	<u>4,380,729</u>	<u>3,803,813</u>
At 31 March 2020	<u>4,235,447</u>	<u>4,380,729</u>

# Kaleidoscope Project

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2020

### 15. TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 April 2019	1,666,972	245,481	1,091,606	51,589	3,055,648
Disposals	(202,539)	-	-	-	(202,539)
At 31 March 2020	<u>1,464,433</u>	<u>245,481</u>	<u>1,091,606</u>	<u>51,589</u>	<u>2,853,109</u>
<b>DEPRECIATION</b>					
At 1 April 2019	343,980	3,008	1,003,265	51,589	1,401,842
Charge for year	28,370	3,008	18,557	-	49,935
Eliminated on disposal	(35,261)	-	-	-	(35,261)
At 31 March 2020	<u>337,089</u>	<u>6,016</u>	<u>1,021,822</u>	<u>51,589</u>	<u>1,416,516</u>
<b>NET BOOK VALUE</b>					
At 31 March 2020	<u>1,127,344</u>	<u>239,465</u>	<u>69,784</u>	<u>-</u>	<u>1,436,593</u>
At 31 March 2019	<u>1,322,992</u>	<u>242,473</u>	<u>88,341</u>	<u>-</u>	<u>1,653,806</u>

### CHARITABLE FIXED ASSETS (CHARITABLE COMPANY)

	Freehold Property £	Long Leasehold £	Fixtures and fixtures £	Motor Vehicles £	Total £
<b>Cost or Valuation</b>					
At 1 April 2019	1,666,972	245,481	755,784	51,589	2,719,826
Additions	-	-	-	-	-
Disposals	(202,539)	-	-	-	-
At 31 March 2020	<u>1,464,433</u>	<u>245,481</u>	<u>755,784</u>	<u>51,589</u>	<u>2,517,287</u>
<b>Depreciation</b>					
At 1 April 2019	343,980	3,008	731,270	51,589	1,129,847
Charge	28,370	3,008	5,788	-	37,166
Eliminated	(35,261)	-	-	-	-
At 31 March 2020	<u>337,089</u>	<u>6,016</u>	<u>737,058</u>	<u>51,589</u>	<u>1,131,752</u>
<b>Net Book Value</b>					
At 31 March 2019	<u>1,322,992</u>	<u>242,473</u>	<u>24,514</u>	<u>0</u>	<u>1,589,979</u>
At 31 March 2020	<u>1,127,344</u>	<u>239,465</u>	<u>18,726</u>	<u>0</u>	<u>1,385,535</u>

### Charitable Company DEPRECIATION

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

The Welsh Assembly Government has a legal charge over the property at Powells Place, Newport which has a net book value of £585,615 (2019: £600,527) at the balance sheet date.



# Kaleidoscope Project

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2020

### 16. INVESTMENT PROPERTY

	£
<b>FAIR VALUE</b>	
At 1 April 2019	2,470,655
Fair value adjustment	<u>30,000</u>
At 31 March 2020	<u>2,500,655</u>
<b>NET BOOK VALUE</b>	
At 31 March 2020	<u>2,500,655</u>
At 31 March 2019	<u>2,470,655</u>
<b>Charitable Company</b>	
	£
<b>MARKET VALUE</b>	
As at 1 April 2019	1,400,000
Revaluation	<u>30,000</u>
As at 31 March 2020	<u>1,430,000</u>
<b>NET BOOK VALUE</b>	
At 31 March 2020	<u>1,430,000</u>
At 31 March 2019	<u>1,400,000</u>

The investment property was revalued at £1,430,000 by Sneller Commercial Charter Surveyors in November 2019.

### 17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.20	31.3.19
	£	£
Trade debtors	1,994,351	1,632,355
Other debtors	164,320	188,116
Prepayments and accrued income	<u>40,153</u>	<u>45,194</u>
	<u>2,198,824</u>	<u>1,865,665</u>
<b>Charitable Company</b>		
	31.3.18	31.3.19
	£	£
Trade debtors	1,984,602	1,589,028
Amounts owed by group undertakings	1,058,629	1,109,041
Other debtors	164,320	188,116
Prepayments and accrued income	<u>40,152</u>	<u>45,196</u>
	<u>3,247,703</u>	<u>2,926,571</u>

Included within other debtors, in both the Group and Charitable Company, is £80,840 (2019: £74,786) due from Kaleidoscope (Kingston) Housing Association Limited.

# Kaleidoscope Project

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2020

### 18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.20	31.3.19
	£	£
Trade creditors	1,479,636	1,196,197
Social security and other taxes	114,329	120,055
Other creditors	374,566	331,869
Accruals and deferred income	<u>1,229,049</u>	<u>1,029,079</u>
	<u>3,197,580</u>	<u>2,677,200</u>

#### Charitable Company

	31.3.2020	31.3.2019
	£	£
Bank loan	-	4,520
Trade creditors	1,479,636	1,076,086
Social security and other taxes	114,329	105,973
Other creditors	374,566	331,869
Accruals and deferred income	<u>1,229,049</u>	<u>975,176</u>
	<u>3,197,580</u>	<u>2,493,624</u>

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

	31.3.20	31.3.19
	£	£
Other creditors	<u>146,881</u>	<u>247,612</u>

#### Charitable Company

	31.3.2020	31.3.2019
	£	£
Other creditors	<u>146,881</u>	<u>247,612</u>
	<u>146,881</u>	<u>247,612</u>

### 20. LEASING AGREEMENTS

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

	31.3.20	31.3.19
	£	£
Within one year	72,730	103,850
Between one and five years	<u>130,075</u>	<u>230,806</u>
	<u>202,805</u>	<u>334,656</u>

### 21. PROVISIONS FOR LIABILITIES

	31.3.20	31.3.19
	£	£
Provisions	<u>11,000</u>	<u>-</u>

A provision of £11,000 is being carried for the amount due on the subsidiary's defined benefit pension scheme. The details of the scheme are disclosed in the notes to the accounts.

# Kaleidoscope Project

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2020

### 22. MOVEMENT IN FUNDS

	At 1.4.19 £	Net movement in funds £	Transfers between funds £	At 31.3.20 £
<b>Unrestricted funds</b>				
General fund	2,929,936	134,161	22,170	3,086,267
<b>Restricted funds</b>				
Residential Services	-	(74,496)	74,496	-
Elderly	-	(32,453)	32,453	-
Asset Fund	1,460,280	(33,765)	(64,126)	1,362,389
Legacy Income	35,060	-	(7,410)	27,650
Public Health England Grant	76,897	(12,764)	(46,333)	17,800
	1,572,237	(153,478)	(10,920)	1,407,839
<b>Endowment funds</b>				
Wirral PCT	168,750	-	(11,250)	157,500
<b>TOTAL FUNDS</b>	<u>4,670,923</u>	<u>(19,317)</u>	<u>-</u>	<u>4,651,606</u>

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General fund	8,343,941	(8,239,780)	30,000	134,161
<b>Restricted funds</b>				
Residential Services	1,218,642	(1,293,138)	-	(74,496)
Elderly	135,902	(168,355)	-	(32,453)
Asset Fund	191,181	(224,946)	-	(33,765)
Public Health England Grant	-	(12,764)	-	(12,764)
	1,545,725	(1,699,203)	-	(153,478)
<b>TOTAL FUNDS</b>	<u>9,889,666</u>	<u>(9,938,983)</u>	<u>30,000</u>	<u>(19,317)</u>

# Kaleidoscope Project

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2020

### 22. MOVEMENT IN FUNDS - continued

#### Comparatives for movement in funds

	At 1.4.18 £	Net movement in funds £	Transfers between funds £	At 31.3.19 £
<b>Unrestricted funds</b>				
General fund	2,167,084	746,504	16,350	2,929,938
<b>Restricted funds</b>				
Residential Services	-	(48,438)	48,438	-
Elderly	-	(18,346)	18,346	-
Asset Fund	1,498,513	-	(38,233)	1,460,280
Legacy Income	68,711	-	(33,651)	35,060
Public Health England Grant	92,797	(15,900)	-	76,897
	1,660,021	(82,684)	(5,100)	1,572,237
<b>Endowment funds</b>				
Wirral PCT	180,000	-	(11,250)	168,750
<b>TOTAL FUNDS</b>	<u>4,007,105</u>	<u>663,820</u>	<u>-</u>	<u>4,670,925</u>

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General fund	10,735,484	(10,521,801)	532,821	746,504
<b>Restricted funds</b>				
Residential Services	1,285,407	(1,333,845)	-	(48,438)
Elderly	145,541	(163,887)	-	(18,346)
Public Health England Grant	-	(15,900)	-	(15,900)
	1,430,948	(1,513,632)	-	(82,684)
<b>TOTAL FUNDS</b>	<u>12,166,432</u>	<u>(12,035,433)</u>	<u>532,821</u>	<u>663,820</u>

#### Charitable Company

	At 1.4.19 £	Net movement in funds £	Transfers between funds £	At 31.3.20 £
<b>Unrestricted funds</b>				
General fund	2,885,389	(4,568)	(35,413)	2,845,408
<b>Restricted funds</b>				
Residential	-	(74,496)	74,496	-
Elderly	-	(32,453)	32,453	-
Asset fund	1,460,280	(33,765)	(64,126)	1,362,389
Legacy income	35,060	-	(7,410)	27,650
<b>TOTAL FUNDS</b>	<u>4,380,729</u>	<u>(145,282)</u>	<u>-</u>	<u>4,235,447</u>

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

## Kaleidoscope Project

### Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2020

#### 22. MOVEMENT IN FUNDS - continued

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

Restricted funds comprise:-

##### Residential Services Fund

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

##### Elderly Fund

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

##### Asset Fund

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

##### Legacy Fund

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

##### Public Health England Grant

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

##### Endowment funds

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

#### 23. EMPLOYEE BENEFIT OBLIGATIONS

Arch Initiatives 9(the subsidiary)participates in The Mercer DB Master Trust (the scheme), formerly know as The Federation Pension Plan.

The scheme is a multi employer defined benefit scheme. This is the first year that the Charity has been able to fully disclose the assets and liabilities which relate specifically to its share.

Membership of the scheme is made up of no active members, 6 Deferred pensioners and 2 Retired pensioners giving a total of 8.

At the 5 April 2020 accounts have been prepared detailing the Charity's transactions and current asset position, these accounts do not take into account the obligations to pay pensions and benefits which fall due after the end of the plan year:

Fund Account	£
Employer Contributions - Additional	21,190
Employer Contributions - Deficit funding	3,000
Employee Contributions	-
Transfers In	-
Other Income	-
Benefits paid - Pensions	(2,073)
Payment to and on account of leavers	-
Administration expenses - audit fees	(252)
Administration expenses - PPF Levy	(1,436)
Administration expenses - Trustee management fees	(19,776)
	<hr/>
Net Additions from dealings with members	653
Investment Income - interest on cash deposits	5
Change in market Investments	(3,891)
	<hr/>
Net returns on Investment	(3,886)

# Kaleidoscope Project

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2020

### 23. EMPLOYEE BENEFIT OBLIGATIONS - continued

Net decrease in the fund during year	<u>(3,222)</u>
<b>Statement of Net Assets available for Benefits</b>	<b>£</b>
Pooled Investment Vehicles	229,631
AVC Investment	<u>-</u>
Total Net Investment	<b>229,631</b>
<b>Current Assets</b>	
Contributions due from employer in respect of deficit funding	250
Contributions due from employer in respect of additional funding	1,630
DIS contributions - cash balances	7,321
<b>Current Liabilities</b>	
Accrued Administration expenses	(5,196)
Tax payable	<u>(14)</u>
<b>Net assets of the plan at end of year</b>	<b><u>233,622</u></b>

The market value of the pooled investment vehicle is totally attributable to Monbius - FPP Default amounts totalling £229,631. The movements in the year were:

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

The last full actuarial valuation, taking into account the present value of past service liabilities, was completed in 2017. In compiling these figures the assumptions used are noted below:

Pre retirement discount rate	4.7% per annum
Post retirement rate	2.2% per annum
Return on existing assets and new contributions over the deficit recovery period	4.7% per annum
Rate of inflation - RPI	3.5% per annum
Rate of inflation - CPI	2.75% per annum
Revaluation of pensions in deferment	2.75% and 3.5% per annum
Increases to pensions in payment	2.75% and 3.5% per annum
Rate of withdrawals	No allowance will be made for withdrawals from the section
Members taking transfer values	No allowance will be made for members taking transfer values from the section
Retirements	All members will be assumed to retire at their normal retirement date
Cash commutation	It is assumed that 50% of members who do not have a cash benefit will commute pension to provide a cash sum of 3n/80ths x salary, with a pension commuted on current rates. The current commutation factors are 12:1 but may change in the future.
Ill health retirements	Any strains arising from ill health are assumed to be met by additional contributions from the employer.
Mortality - pre retirement	No allowance will be made.
Mortality - post retirement	The basis adopted for the valuation was: Base mortality table - 100% of the mortality rates in the standard tables S2PMA for males and S2PFA for females, projected to the valuation date in line with the approach below. Allowance for future improvements - CMI core projection model with a 1.25% per annum long term projected rate of improvement (CMI-2016 (1.25% using a year of birth approach.)

# Kaleidoscope Project

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2020

### 23. EMPLOYEE BENEFIT OBLIGATIONS - continued

Contingent dependants pensions	90% of members will be assumed to be married at retirement (or on earlier death. This proportion reduces each year after retirement based on the mortality assumptions relating to the spouse. This allowance is designed to cover all contingent dependants pensions (including non married partners and childrens pensions where applicable rather than separate assumptions being made for such benefits.)
Dependants ages	Males will be assumed to be three years older than females. There has not been any practice of granting discretionary benefits or increases in benefits under the section and consequently no allowance will be made for this.
Discretionary benefits	The actuarial method used in the calculation of the technical provisions will be the defined accrued benefits method. Management and administration expenses will be paid as an additional amount based on an agreed formula. The employer will also pay amounts as needed to meet audit fees and the levies payable to the Pensions Regulator and the Pension Protection Fund.
Further calculation principles	

The above assumptions generated the following position:

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

The above has been included in provisions. The next valuation for the 2020 position will not be available until 2021.

## **Kaleidoscope Project**

### **Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2020**

#### **24. CONTINGENT LIABILITIES**

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

Included in Investment properties is the purchase and refurbishment costs of a building on Argyle Street, Birkenhead. A grant of £500,000 was received from the Wirral Primary Care Trust (WPCT) towards these costs. WPCT hold a legal charge over the property dated 31 March 2009, the terms of which are that should the property be sold within 20 years a set percentage of the sales proceeds will revert back to WPCT. The percentage remittable is tapered down to 0% over 20 years. As at 31 March 2020 the percentage repayable would be 50% of the sale proceeds: £157,500.

Also included in Investment properties is a grant of £178,000 was awarded by Public Health England to pay for refurbishment and other assets at Birchwood and Argyle Street. All expenditure has been capitalised and the grant has been amortised over 5 years. The terms of reimbursement are that should either of the properties be sold within the period of amortisation, the residual value of the grant will be repaid to Public Health England. At 31 March 2020 the amount repayable would be £17,800.

#### **25. RELATED PARTY DISCLOSURES**

During the year, Kaleidoscope Project Limited paid management fees to Kaleidoscope (Kingston) Housing Association Limited of £45,000 (2019: £45,000). At the year end, included in debtors is a balance of £80,840 (2019: £70,306) which remained outstanding from Kaleidoscope (Kingston) Housing Association Limited. This amount is repayable on demand and is non-interest bearing.

There were no other related party transactions in either the year ended 31 March 2020 or the year ended 31 March 2019.

#### **26. POST BALANCE SHEET EVENTS**

Post year end the parent and subsidiary entity Arch Initiatives have merged to form one entity.

The charity are currently in the process of selling Kaleidoscope and Church buildings in Kingston for the sum of £5.7 million. Contracts have been exchanged but completion has been deferred until March 2021.

#### **27. LEGAL STATUS OF THE CHARITABLE COMPANY**

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