

**SEFTON NEW DIRECTIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

SEFTON NEW DIRECTIONS LIMITED

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SEFTON NEW DIRECTIONS LIMITED

Company Information

Directors	M Carney N Daly J J Kelly S L Palmer
Registered office	3rd Floor Burlington House Crosby Road North Liverpool L22 0PJ
Solicitors	DLA Piper UK LLP India Buildings Water Street Liverpool L2 0NH
Bankers	Nat West Bank PLC Bootle Branch 329 Stanley Road Bootle Merseyside L20 3EH
Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT

SEFTON NEW DIRECTIONS LIMITED

Directors' Report for the Year Ended 31 March 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

Directors of the company

The directors who held office during the year were as follows:

M Carney

N Daly

J J Kelly

S L Palmer

J Blackburne (ceased 5 May 2022)

R J Brennan (ceased 30 June 2022)

S T Watson (ceased 13 July 2021)

Employment of disabled persons

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. The company has satisfactorily met the requirements to display the Disability Awareness symbol by meeting commitments in relation to recruitment, consultation, retention and awareness raising for disabled employees and potential employees. It is the policy of the company that training, career development and promotion opportunities are available to all employees.

Employee involvement

The company has a practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company. This is achieved through consultation with Trade Union representatives, staff meetings, participation of employees in a number of Working Groups and Managers' Away Days.

Going concern

The directors have given consideration to the basis of preparing the financial statements and have given particular consideration to additional one-off costs in 2022. However, taking into account the ongoing level of activity with Sefton Council (the company's parent undertaking) the directors consider that the going concern basis remains appropriate.

The company seeks to manage the ongoing COVID-19 risks by frequently reviewing and updating operational policies, redesigning services if required, continuing financial controls, and maximising access to infection control grant aid.

Disclosure of information to the auditors

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 20 December 2022 and signed on its behalf by:

N Daly
Director

SEFTON NEW DIRECTIONS LIMITED

Strategic Report for the Year Ended 31 March 2022

The directors present their strategic report for the year ended 31 March 2022.

Principal activity

The principal activity of the company is providing social care services for adults and those with learning and/or physical disabilities, mental health issues and age related conditions.

Fair review of the business

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements and are discussed in the business review below.

The company has been trading since 2007. Turnover for the year ended 31 March 2022 was £10,365,292 (2021 - £10,442,218) with a pre-tax profit of £27,950 (2021 - loss of £580,081).

The company's parent entity Sefton Council has given a full guarantee to the company in respect of future pension liabilities and therefore the directors have deemed the derecognition of the liability to be appropriate. Future employer pension contributions in respect of the defined benefit pension scheme will be expensed to the profit and loss account as incurred/paid. Net assets following the derecognition of the pension liability increased from net liabilities of £505,120 to net assets of £4,239,713.

Key Performance Indicators

The company's key performance measure is the quality of service delivery, as measured by:

- The volume of service user throughput
- The number and nature of compliments and complaints about service levels
- The quality rating provided by service commissioners and service regulators (Care Quality Commission) who consistently rated most services good or excellent,

The continued use of KPI and performance objectives for individual business units of the company has contributed to performance and further refinement of this will help continue improved performance in the future.

Principal risks and uncertainties

The management of the business and the nature of the company's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business. The directors are of the opinion that a thorough risk management process is adopted, which involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks.

Financial instruments

Objectives and policies

The company uses various financial instruments. These include cash and various items, such as trade debtors and trade creditors that arise directly from its operations.

The main risk arising from the company's financial instruments is liquidity risk. The directors review and agree policies for managing the risk and they are summarised below.

Price risk, credit risk, liquidity risk and cash flow risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest assets safely and profitably.

The directors are acutely aware that the financial position of the company is heavily reliant on the contracts with and funding from Sefton MBC and on the company's ability to maintain the support of its employees in delivering saving in employment costs through improved efficiencies.

Approved by the Board on 20 December 2022 and signed on its behalf by:

N Daly
Director

SEFTON NEW DIRECTIONS LIMITED

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SEFTON NEW DIRECTIONS LIMITED

Independent Auditor's Report to the Members of Sefton New Directions Limited

Opinion

We have audited the financial statements of Sefton New Directions Limited (the 'company') for the year ended 31 March 2022, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, 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, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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.

SEFTON NEW DIRECTIONS LIMITED

Independent Auditor's Report to the Members of Sefton New Directions Limited

Opinion on other matter 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an auditor's report 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

SEFTON NEW DIRECTIONS LIMITED

Independent Auditor's Report to the Members of Sefton New Directions Limited

Owing to the inherent limitations of an audit, there is unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISA's (UK).

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

- We obtained an understanding of the legal and regulatory frameworks applicable to the company financial statements or that had a fundamental effect on the company's operations. We determined that the most significant laws and regulations included UK GAAP, UK Companies Act 2006 and taxation laws.
- We understood how the company is complying with those legal and regulatory frameworks by making inquiries of management, those responsible for legal and compliance procedures
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur.

Audit procedures performed by the engagement team included:

- Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process. Detailed analysis of journals posted through the accounting system during the year to 31 March 2022 has been undertaken;
- Understanding the controls in place to prevent and detect fraud. Reliance was not placed on controls for the entirety of the audit, instead taking a substantive testing approach, however controls were in place to prevent fraud, and they appeared to be working effectively;
- Challenging assumptions and judgements made by management in its significant accounting estimates.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Worsley (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House

Bayshill Road

Cheltenham

GL50 3AT

20 December 2022

SEFTON NEW DIRECTIONS LIMITED

Profit and Loss Account for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Turnover	<u>3</u>	10,365,292	10,442,218
Other operating income	<u>4</u>	8,782	181,144
Cost of sales		<u>(8,471,333)</u>	<u>(9,203,159)</u>
Gross profit		1,902,741	1,420,203
Administrative expenses		<u>(1,631,005)</u>	<u>(1,671,854)</u>
Operating profit before exceptional items		271,736	(251,651)
Exceptional items	<u>6</u>	<u>(244,264)</u>	<u>(218,160)</u>
Operating profit/(loss) after exceptional items	<u>5</u>	27,472	(469,811)
Other interest receivable and similar income	<u>7</u>	<u>478</u>	<u>(110,270)</u>
Profit/(loss) before tax		27,950	(580,081)
Taxation	<u>10</u>	<u>(15,718)</u>	<u>110,967</u>
Profit/(loss) for the financial year		<u><u>12,232</u></u>	<u><u>(469,114)</u></u>

The above results were derived from continuing operations.

SEFTON NEW DIRECTIONS LIMITED**Statement of Comprehensive Income for the Year Ended 31 March 2022**

	2022	2021
	£	£
Profit/(loss) for the year	<u>12,232</u>	<u>(469,114)</u>
Actuarial gain/(loss) recognised on defined benefit pension scheme	-	(46,000)
Deferred tax on actuarial gain/loss recognised on defined benefit pension scheme	-	8,740
Movement on transfer out of defined benefit pension liability	<u>4,687,470</u>	<u>-</u>
	<u>4,687,470</u>	<u>(37,260)</u>
Total comprehensive income for the year	<u><u>4,699,702</u></u>	<u><u>(506,374)</u></u>

The notes on pages 12 to 21 form an integral part of these financial statements.

SEFTON NEW DIRECTIONS LIMITED**(Registration number: 06052757)****Balance Sheet as at 31 March 2022**

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	<u>11</u>	<u>295,947</u>	<u>445,347</u>
Current assets			
Debtors	<u>12</u>	<u>353,709</u>	<u>488,692</u>
Cash at bank and in hand		<u>4,770,705</u>	<u>4,010,614</u>
		5,124,414	4,499,306
Creditors: Amounts falling due within one year	<u>13</u>	<u>(1,180,648)</u>	<u>(708,239)</u>
Net current assets		<u>3,943,766</u>	<u>3,791,067</u>
Total assets less current liabilities		<u><u>4,239,713</u></u>	<u><u>4,236,414</u></u>
Deferred tax liabilities	<u>10</u>	45,131	54,064
Net pension liability	<u>16</u>	-	4,687,470
		<u>45,131</u>	<u>4,741,534</u>
Capital and reserves			
Called up share capital	<u>14</u>	1,000	1,000
Profit and loss account		<u>4,193,582</u>	<u>(506,120)</u>
Total equity		<u>4,194,582</u>	<u>(505,120)</u>
Total capital, reserves and long term liabilities		<u><u>4,239,713</u></u>	<u><u>4,236,414</u></u>

Approved and authorised by the Board on 20 December 2022 and signed on its behalf by:

N Daly
DirectorThe notes on pages 12 to 21 form an integral part of these financial statements.

SEFTON NEW DIRECTIONS LIMITED

Statement of Changes in Equity for the Year Ended 31 March 2022

	Share capital £	Profit and loss account £	Total £
At 1 April 2021	1,000	(506,120)	(505,120)
Profit for the year	-	12,232	12,232
Other comprehensive income	-	4,687,470	4,687,470
At 31 March 2022	1,000	4,193,582	4,194,582

	Share capital £	Profit and loss account £	Total £
At 1 April 2020	1,000	111,254	112,254
Loss for the year	-	(469,114)	(469,114)
Other comprehensive income	-	(37,260)	(37,260)
Dividends	-	(111,000)	(111,000)
At 31 March 2021	1,000	(506,120)	(505,120)

The notes on pages 12 to 21 form an integral part of these financial statements.

SEFTON NEW DIRECTIONS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2022

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:
3rd Floor
Burlington House
Crosby Road North
Liverpool
L22 0PJ

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Summary of disclosure exemptions

This company has not presented a cash flow statement on the grounds that the company is a wholly owned subsidiary and a group cash flow statement is included in the financial statements of Sefton Metropolitan Council.

Name of parent of group

These financial statements are consolidated in the financial statements of Sefton Metropolitan Borough Council.

The financial statements of Sefton Metropolitan Borough Council may be requested from the Council.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Judgements and estimation uncertainty

These financial statements do not contain any significant judgements or estimation uncertainty.

Revenue recognition

Turnover comprises the fair value of the consideration received in respect of the provision of social care services, where the amounts receivable relate to a period which covers the balance sheet date, that amount is apportioned over the period to which it relates.

Contracted financial income is recognised in accordance with the terms of the contract.

Supporting People Funding Income and other income is recognised when the income is receivable provided conditions for receipt have been complied with.

SEFTON NEW DIRECTIONS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2022

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	10% / 20% straight line basis
Fixtures and fittings	20% straight line basis
Office equipment	20% straight line basis

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

SEFTON NEW DIRECTIONS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2022

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Defined benefit pension obligation

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

SEFTON NEW DIRECTIONS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2022

Financial instruments (continued)

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non-financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a 'CGU' is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

3 Turnover

The total turnover of the company has been derived from its principal activity wholly undertaken in the United Kingdom.

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2022	2021
	£	£
Other income	8,782	181,144

Other income within the year consists of monies received from Sefton Metropolitan Borough Council in respect of Infection control grant funding.

5 Operating profit

Arrived at after charging:

	2022	2021
	£	£
Depreciation expense	165,517	171,955
Operating lease expense - other assets	74,284	57,741

SEFTON NEW DIRECTIONS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2022

6 Exceptional items

	2022	2021
	£	£
Exceptional expenses	244,264	218,160

Exceptional items in the current and prior year consist of redundancy payments and COVID-19 related costs.

7 Other interest receivable and similar income

	2022	2021
	£	£
Bank interest receivable	478	2,730
Pension scheme other finance income	-	(113,000)
	478	(110,270)

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£	£
Wages and salaries	7,452,754	7,625,982
Social security costs	544,215	565,616
Pension costs, defined contribution scheme	79,561	52,552
Pension costs, defined benefit scheme	-	902,619
	8,076,530	9,146,769

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Care staff	352	393
Administration and support	21	28
	373	421

9 Auditors' remuneration

	2022	2021
	£	£
Audit of the financial statements	17,400	14,100

SEFTON NEW DIRECTIONS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2022

10 Taxation

Tax charged/(credited) in the profit and loss account

	2022 £	2021 £
Current taxation		
UK corporation tax	29,212	83,393
UK corporation tax adjustment to prior periods	(4,561)	-
	<u>24,651</u>	<u>83,393</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(8,933)	(194,360)
	<u>15,718</u>	<u>(110,967)</u>
Tax expense/(receipt) in the income statement		

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit/(loss) before tax	<u>27,950</u>	<u>(580,081)</u>
Corporation tax at standard rate	5,311	(110,215)
Effect of expense not deductible in determining taxable profit (tax loss)	-	3,716
Depreciation compared to capital allowances	23,901	(4,468)
Change in tax rates	(8,933)	-
Other tax effects for reconciliation between accounting profit and tax expense (income)	(4,561)	-
	<u>15,718</u>	<u>(110,967)</u>
Total tax charge/(credit)		

Deferred tax

Deferred tax assets and liabilities

	Liability £
2022	
Accelerated capital allowances	45,131
	<u></u>
2021	
Accelerated capital allowances	54,064
	<u></u>

SEFTON NEW DIRECTIONS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2022

11 Tangible assets

	Long leasehold land and buildings £	Furniture, fittings and equipment £	Total £
Cost			
At 1 April 2021	170,494	1,024,468	1,194,962
Additions	-	16,117	16,117
At 31 March 2022	170,494	1,040,585	1,211,079
Depreciation			
At 1 April 2021	83,995	665,620	749,615
Charge for the year	21,268	144,249	165,517
At 31 March 2022	105,263	809,869	915,132
Carrying amount			
At 31 March 2022	65,231	230,716	295,947
At 31 March 2021	86,499	358,848	445,347

12 Debtors

	Note	2022 £	2021 £
Trade debtors		26,632	18,727
Amounts owed by parent undertaking	17	160,590	337,195
Other debtors		11,843	3,402
Prepayments and accrued income		154,644	129,368
		353,709	488,692

13 Creditors

	2022 £	2021 £
Due within one year		
Trade creditors	171,825	146,211
Social security and other taxes	267,296	254,842
Outstanding defined contribution pension costs	13,999	-
Other creditors	7,629	70,295
Accruals and deferred income	454,338	153,498
Corporation tax	29,212	83,393
Deferred income	236,349	-
	1,180,648	708,239

SEFTON NEW DIRECTIONS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2022

14 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

15 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	53,613	59,650
Later than one year and not later than five years	123,640	162,350
Later than five years	503,512	509,967
	<u>680,765</u>	<u>731,967</u>

16 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £79,561 (2021 - £52,552). Contributions totalling £13,999 (2021 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

Defined benefit scheme

The company operates a defined benefit pension scheme in the UK.

The date of the most recent comprehensive actuarial valuation was 31 March 2021. A full actuarial valuation was carried out as at 31 March 2021 by a qualified, independent actuary. The valuation for FRS 102 purposes as at 31 March 2021 was based on a set of assumptions and assumes that the experience of the fund will be in line with these assumptions.

The pension liability previously recognised in the company's balance sheet as at 31 March 2021 amounting to £4,687,470 has been derecognised during the year and consequently has been credited to the statement of comprehensive income on page 9 of the financial statements. The company's parent entity Sefton Metropolitan Borough Council has given a full guarantee to the company in respect of future pension liabilities and therefore the directors have deemed the derecognition of the liability to be appropriate. Future employer pension contributions in respect of the defined benefit pension scheme will be expensed to the profit and loss account when incurred/paid.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £Nil (2021 - £872,000).

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2022 £	2021 £
Fair value of scheme assets	49,895,000	44,972,000
Present value of defined benefit obligation	<u>(51,292,000)</u>	<u>(50,759,000)</u>
	(1,397,000)	(5,787,000)
Other amounts recognised in the statement of financial position	<u>1,397,000</u>	<u>1,099,530</u>

Defined benefit pension scheme deficit

- 19 -

- (4,687,470)

SEFTON NEW DIRECTIONS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2022

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2022 £
Present value at start of year	50,759,000
Current service cost	971,000
Past service cost	2,000
Interest cost	1,055,000
Actuarial gains and losses	(367,000)
Benefits paid	(1,282,000)
Member contributions	154,000
	<hr/>
Present value at end of year	51,292,000

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2022 £
Fair value at start of period	44,972,000
Interest income	933,000
Actuarial gains and losses	5,131,000
Contributions by scheme participants	154,000
Benefits paid	(1,282,000)
Administrative expenses	(13,000)
	<hr/>
Fair value at end of year	49,895,000

Analysis of assets

The major categories of scheme assets are as follows:

	2022 £	2021 £
Cash and cash equivalents	2	2
Equity instruments	50	52
Debt instruments	13	13
Property	10	9
	<hr/>	<hr/>
	75	76

Return on scheme assets

	2022 £	2021 £
Return on scheme assets	6,063,000	6,330,000

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

SEFTON NEW DIRECTIONS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2022

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

	2022	2021
	%	%
Discount rate	2.80	2.10
Future salary increases	4.90	4.20
Future pension increases	3.50	2.70
Inflation	3.40	2.80

Post retirement mortality assumptions

	2022	2021
	Years	Years
Current UK pensioners at retirement age - male	21.00	21.00
Current UK pensioners at retirement age - female	24.00	24.00
Future UK pensioners at retirement age - male	22.00	24.00
Future UK pensioners at retirement age - female	26.00	26.00

17 Related party transactions

Summary of transactions with parent

Sefton Metropolitan Borough Council

During a previous year the company agreed a contract with Sefton MBC. The value of the income receivable under this contract was £7,369,004 (2021 - £7,727,002). The company also received Supporting People Funding from Sefton MBC amounting to £144,950 (2021 - £317,079). Additional contract income of £260,649 (2021 - £244,206), domiciliary care income of £742,399 (2021 - £1,137,170), rapid response income of £283,496 (2021 - £280,496) and residential care income of £797,953 (2021 - £498,811) was also received in the year. These figures are included within turnover within these financial statements.

At the balance sheet date, the amount due from Sefton MBC was £160,590 (2021 - £337,195).

18 Parent and ultimate parent undertaking

The company's share capital is held in its entirety by Sefton Metropolitan Borough Council, which is the company's ultimate parent undertaking and the largest group where consolidated accounts are produced.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.