

Company No: 02996621  
Charity No: 1168733



**Report of the Trustees and  
Financial Statements  
for  
the Year Ended 31 March 2017  
for  
Natural Breaks Limited**

SB&P LLP  
Oriel House  
2-8 Oriel Road  
Bootle  
Merseyside  
L20 7EP

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**Natural Breaks Limited**  
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**For the Year Ended 31 March 2017**

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## **Natural Breaks Limited**

**Trustees' Annual Report for the period 1st April 2016 to 31st March 2017 (Including Directors' Report and Strategic Report)**

<b>Charity registration number</b>	1168733	
<b>Company registration number</b>	02996621	
<b>Trustees</b>	Mr Joe Steen Mr Kevin Lloyd Mr Ian Meyer Mrs Julia Erskine Mr Robert Itiokiet Mrs Patricia Nelson Mrs Janet Swan	appointed on 6th June 2016   resigned on 4th April 2016 resigned on 31st December 2016
<b>Chief executive officer</b>	Diane Hesketh	
<b>Registered office</b>	Millennium Resource Centre Blenheim Street Liverpool L5 8UX	
<b>Auditor</b>	SB & P LLP Chartered Accountants & Statutory Auditors Oriel House 2/8 Oriel Road Bootle Merseyside L20 7EP	
<b>Solicitor</b>	Brabners LLP Horton House	
<b>Bankers</b>	Barclays Bank plc 50 Lord Street Liverpool L2 1TD	

## **Introduction**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31st March 2017. 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 2015).

## **Natural Breaks Limited**

**Trustees' Annual Report for the period 1st April 2016 to 31st March 2017 (Including Directors' Report and Strategic Report)**

### **Structure, governance and management**

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

The Articles allow for up to 9 trustees (minimum 3). At the time of this report, the Board had 5 trustees, including its chair.

In the last financial year, Pat Nelson resigned as a member and trustee after many years of dedicated service to the board. 2016-17 also saw the retirement of Jan Swan as Chief Executive and resignation as a member and trustee. Jan has been with Natural Breaks since its inception in 1992 and provided loving service to the people we support and all the staff.

The trustees appointed Diane Hesketh as Chief Executive in March 2017. Diane is not a member or trustee of Natural Breaks.

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

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

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

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

- Governance
- Finance
- Safeguarding and Quality
- Operational

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

## **Natural Breaks Limited**

### **Trustees' Annual Report for the period 1st April 2016 to 31st March 2017 (Including Directors' Report and Strategic Report)**

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

- size and scope of services that can be procured
- fundraising
- staff policies
- staff remuneration
- budget and expenditure
- procurement of assets
- contractual obligations and liabilities

The Governance Committee regularly review the strategic risk register and have identified key risks and determined their mitigation. These include:

- 1. The organisation structure is ineffective. Mitigation -** The trustees and chief executive will conduct a thorough review of the structure in 2017-18 to ensure it is fit for purpose.
- 2. Competition from similar organisations. Mitigation -** All requests for new services are logged and outcomes are reported to the Operational committee. Developments in adult social care in the Merseyside area are monitored. Families and carers are surveyed regularly and their feedback acted upon.
- 3. Over dependency on one key supplier. Mitigation -** The trustees will be developing plans by the end of the 2017-18 year to increase the number of people we support in boroughs outside Liverpool but only where this does not jeopardize existing services.
- 4. Staff turnover. Mitigation -** The trustees and chief executive will review the pay and benefits system in 2017-18. There is a plan to review the recruitment processes and re-energise staff communications and engagement.

## **Objectives and activities**

### **Our Objects**

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

- a. Providing help, support and guidance
- b. Promoting health and wellbeing through supporting individuals to lead full and active lives
- c. Providing supported holidays
- d. Providing opportunities for respite

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

### **Our Mission**

To deliver and develop excellent bespoke services, providing the highest standards of support and best value for money, to people with disabilities and complex needs and their families to live fulfilling lives and be valued members of society.

## Natural Breaks Limited

### Trustees' Annual Report for the period 1st April 2016 to 31st March 2017 (Including Directors' Report and Strategic Report)

#### Our Values

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

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

#### Business Objectives

Our key business objectives for 2016-2017 were:

- To ensure we deliver the highest possible standards to the people we support and their families and carers
- To provide value for money to the people and organisations who commission our services
- To regain our position as a Tier 1 provider for Liverpool Adult Social Services and be a preferred supplier with all local authorities in the areas where we operate
- To identify and relocate our base to more appropriate premises that will reduce our overheads and provide opportunities to develop our range of services and activities
- To convert from a not for profit company to a charitable company

## **Natural Breaks Limited**

### **Trustees' Annual Report for the period 1st April 2016 to 31st March 2017 (Including Directors' Report and Strategic Report)**

#### **Activities**

**Supported Living** - We support 32 people providing support at the right level that enables people to live their lives in their own homes. Support is provided by teams who are dedicated to each person. Teams have a co-ordinator who is directly responsible to a senior manager.

**Social and Learning** - We work with 55 people who have been assessed as needing one or more people to support them. This involves our support staff meeting people at the places where they live or at a pre-arranged place so that they can get out regularly to get involved in things that will enhance their wellbeing i.e. college or other classes; employment or voluntary work; sports and exercise.

**Out and About** - 15 people use this service which is similar to Social and Learning support, but where people can be safely supported in small groups. The groups take part in various things which mainly centre on social activities, with the focus being on health and wellbeing.

**Newquay Holiday** - this is an annual event that takes place in August. This year 13 people with needs went with 3 support staff. The trustees are extremely grateful to Liverpool Lions and Newquay Lions who provided their facilities for us and have done so for free for many years.

**Blackpool Weekend Trip** - 6 people with needs enjoyed this trip last year.

Other activities in 2016-17 included:

- Clubbercise - a weekly exercise session for people we support and open to other people with needs. Great fun and healthy.
- Sports Day - an event involving team games, inflatable assault course for people we support and open to other people with needs.
- Christmas Party and trip to see a Christmas Panto - open to everyone we support.
- The Opening of our new premises - which was open to everyone we support, staff, representatives from Vauxhall Neighbourhood Council and friends and colleagues working in the adult social care sector. The opening was carried out by Councillor Malcolm Kennedy, Cabinet Member for Regeneration in Liverpool City Council.

#### **Achievements and performance**

In the year to 31 March 2017 our key achievements were as follows:

- Providing quality services to the people we support and their families and carers. In our user's feedback survey in 2016, 82% of respondents stated that the service provided by Natural Breaks was either 'excellent' or 'very good'.
- Obtaining Tier 1 provider status with Liverpool Adult Social Services based on meeting strict quality and financial criteria, scoring 97% in a contract monitoring exercise.
- Holding approved provider status with the local authorities for Wirral, Sefton and Cheshire West and Chester.

## Natural Breaks Limited

### Trustees' Annual Report for the period 1st April 2016 to 31st March 2017 (Including Directors' Report and Strategic Report)

- Being awarded an overall rating of GOOD by Care Quality Commission following an inspection in November 2017. The inspection focused on the five key areas as to whether the service provided is safe, effective, caring, responsive and well-led. Natural Breaks was rated as GOOD in all areas. The report also stated:  
*'We saw that one of the values of the organisation was 'person centred' and we saw evidence of this in the records we viewed during our inspection and from our conversations with staff and people who use the service. This means that the values of the organisation were well implemented in everything the company does.'*
- Negotiating with Vauxhall Neighbourhood Council a lease for part of their premises at the Millennium Resource Centre which will reduce our on-going overheads. The move was carried out successfully with minimal disruption to services. The accommodation will provide Natural Breaks with opportunities to expand the range of services and activities we provide.
- Having our application to the Charity Commission approved.
- Recruiting our new Chief Executive, Diane Hesketh, who came through an extensive selection process.

## Financial Review

Our principal funding came from commissioners in the local authorities of Liverpool, Sefton and Wirral PCT. Other funding came from direct payments and Independent Living Fund (ILF) payments by people we support, their carers and families.

There was a small amount of funds raised through donations and events.

There were no restricted grants or funds in 2016-17.

## Reserves

In the current climate, Natural Breaks is determined to keep a level of reserves commensurate with balancing the need to release funds with the need to retain sufficient funds to support two months operating and redundancy costs. The calculation of average monthly operating costs includes all recurring predictable expenses such as redundancy for office based staff, salaries, tax/NI and rent. A breakdown is held with the organisation's Reserve policy. The current designated fund is £502,000.

The level of reserves at 31 March 2017 is £641,763 (see page 11). The trustees acknowledge that whilst this level is higher than that required by the reserves policy they believe that at this time of transition and general economic uncertainty, it is appropriate. The reserves policy will be kept under regular review.

## Investments

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

## Natural Breaks Limited

### Trustees' Annual Report for the period 1st April 2016 to 31st March 2017 (Including Directors' Report and Strategic Report)

#### Plans for future periods

The trustees recognise the ever-increasing challenges Natural Breaks face delivering social care; with the need to balance the pressures on income, with the expectations of people we support and their families and carers, with the need to excel in regulatory requirements and meet the needs to reward and develop our staff.

Natural Breaks started 25 years ago and has adapted to change through that time whilst not losing sight of our mission and core values.

Our strategy is to concentrate on getting the company infrastructure right during 2016/2018 to give a platform to expand the range of services and activities we can provide in future years.

2016-17 saw us take steps to reduce our overheads and open up new sources of funding. Our plans for 2017-18 focus on measures to ensure we are in ideal shape to build on the achievements in 2016-17 and deliver our mission to more people. These will include:

- holding a series of events, involving people we support, families and carers and other people with needs. '25 for 25' to mark our 25<sup>th</sup> anniversary.
- identifying grant and fundraising opportunities, to provide activities outside those provided through commissioned services
- reviewing the entire organisation structure to ensure it is fit for purpose
- reviewing the pay and reward system to ensure we can attract, develop and retain the staff to deliver the high standards we demand
- reviewing the financial position of services delivered
- forming strategic partnerships with housing providers
- redesigning our internal processes
- reviewing the values and behaviours and implementing a programme to ensure these continue to be practiced by every single member of Natural Breaks

**Natural Breaks Limited**  
**Statement of Directors' Responsibilities**

**STATEMENT OF TRUSTEES RESPONSIBILITIES**

The trustees (who are also the directors of Natural Breaks Ltd. For the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance

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 these financial statements the trustees are required to

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and 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.

**MEMBER OF MANAGEMENT COMMITTEE**

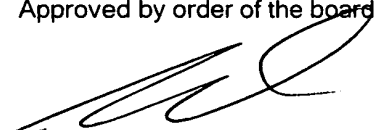
So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

Members of the management committee, who are directors for the purposes of company law and trustees for the purposes of charity law, who served during the year and up to the date of this report are set out on page 1. In accordance with company law as the company's directors, we certify that:

so far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and

as the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any information and to establish that the charity's auditors are aware of that information.

Approved by order of the board of trustees on 18/12/2017 and signed on its behalf by:

  
.....  
K Lloyd, Trustee

**Natural Breaks Limited**  
**Independent auditors' report**  
**to the member of Natural Breaks Limited**

We have audited the financial statements of Natural Breaks Limited for the year ended 31 March 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and related notes. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

**Respective responsibilities of directors and auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 8, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

**Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report<sup>2</sup> to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion 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 Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees Annual Report has been prepared in accordance with applicable legal requirements.
- The corresponding figures are unaudited

**Natural Breaks Limited**  
**Independent auditors' report**  
**to the member of Natural Breaks Limited**

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

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

- 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



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

19/12/2017

**Natural Breaks Limited**  
**Statement of Financial Activities and Income and Expenditure Account**  
**for the year ended 31 March 2017**

	Notes	2017	2016 <i>as restated</i>
		Unrestricted funds £	Total £
<b>Income</b>			
Income from charitable activities	2	2,447,798	2,539,907
Income from investments		111	194
Other income		42,770	24,022
		<u>2,490,679</u>	<u>2,564,123</u>
<b>Expenditure</b>			
Expenditure on charitable activities		2,475,149	2,502,070
		<u>2,475,149</u>	<u>2,502,070</u>
Net (Expenditure)/Income		15,530	62,053
Total funds brought forward as previously reported	688,319		611,312
Prior year adjustment as restated	<u>(62,086)</u>		<u>(47,132)</u>
		626,233	564,180
Total funds carried forward		<u>641,763</u>	<u>626,233</u>

**CONTINUING OPERATIONS**

The statement of financial activities includes all gains and losses in the year. All income and expenditure derive from continuing activities.

The notes form part of these financial statements.

**Natural Breaks Limited**  
**Balance Sheet**  
**As at 31 March 2017**

	Notes	2017 £	2016 <i>as restated</i> £
<b>Fixed assets</b>			
Tangible assets	15	80,990	1,625
<b>Current assets</b>			
Debtors	16	188,336	269,266
Cash at bank and in hand		<u>485,023</u>	<u>576,619</u>
		673,359	845,885
<b>Creditors: amounts falling due within one year</b>	17	(112,586)	(221,277)
<b>Net current assets</b>		<u>560,773</u>	<u>624,608</u>
<b>Net assets</b>		<u>641,763</u>	<u>626,233</u>
<b>Charity Funds</b>			
Unrestricted funds.	19	641,763	626,233
<b>Total charity funds</b>		<u>641,763</u>	<u>626,233</u>

The financial statements were approved and authorised for issue by the board on  
Signed on behalf of the board of trustees

18/12/2017



K Lloyd, Trustee

The notes form part of these financial statements.

**Natural Breaks Limited**  
**Statement of Cash Flows**  
**for the year ended 31 March 2017**

	Notes	2017	2016
		£	<i>as restated</i> £
<b>Operating activities</b>			
Profit for the financial year		15,530	62,053
Adjustments for:			
Interest receivable		(111)	(194)
Depreciation		13,935	2,000
Decrease/(increase) in debtors		80,930	(179,058)
Decrease in creditors		(108,691)	(14,353)
		<u>1,593</u>	<u>(129,552)</u>
Interest received		111	194
Cash generated by/(used in) operating activities		<u>1,704</u>	<u>(129,358)</u>
<b>Investing activities</b>			
Payments to acquire tangible fixed assets		(93,300)	-
Cash used in investing activities		<u>(93,300)</u>	<u>-</u>
<b>Net cash used</b>			
Cash generated by/(used in) operating activities		1,704	(129,358)
Cash used in investing activities		(93,300)	-
Net cash used		<u>(91,596)</u>	<u>(129,358)</u>
Cash and cash equivalents at 1 April		<u>576,619</u>	<u>705,977</u>
Cash and cash equivalents at 31 March		<u>485,023</u>	<u>576,619</u>
Cash and cash equivalents comprise:			
Cash at bank		<u>485,023</u>	<u>576,619</u>

The notes form part of these financial statements.

**Natural Breaks Limited**  
**Notes to the Accounts**  
**for the year ended 31 March 2017**

**1 Summary of significant accounting policies**

**(a) General information and basis of preparation**

Natural Breaks Limited is a public benefit entity in England / Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 3 of these financial statements. The nature of the charity's operations and principal activities are provision of supported livings and social learnings.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with 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) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £0.

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

**(b) Funds**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**Natural Breaks Limited**  
**Notes to the Accounts**  
**for the year ended 31 March 2017**

**(c) Income recognition**

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Revenue in respect of service contracts is credited to income in the period in which entitlement becomes due.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

Investment income is earned through holding assets for investment purposes such as deposit bank accounts. It includes interest. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

**(d) Expenditure recognition**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Expenditure on charitable activities ; and
- Other expenditure represents those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

**(e) Support costs allocation**

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources. The basis of the allocation of premises overheads and other overheads is shown in Note 7.

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

The analysis of these costs is included in note 7.

**Natural Breaks Limited**  
**Notes to the Accounts**  
**for the year ended 31 March 2017**

**(f) Tangible fixed assets**

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended. Items costing £1,000 or less are not capitalised.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Leasehold improvements	Straight line over the lease term
Plant and machinery	20% p.a. on a reducing balance basis

**(g) Debtors receivable within one year**

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

**(h) Creditors payable within one year**

Short term creditors are measured at transaction price (which is usually the invoice price). Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

**(i) Impairment**

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

**(j) Provisions**

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

**(k) Leases**

Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future finance charges, are included in creditors.

Rentals payable and receivable under operating leases are charged to the SoFA on a straight line basis over the period of the lease.

**Natural Breaks Limited**  
**Notes to the Accounts**  
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**(l) Tax**

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

**(m) Going concern**

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

**(n) Judgements and key sources of estimation uncertainty**

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

(o) Holiday pay is accrued where employees are entitled to carry forward holidays at the year end. This is measured as the salary cost for the period of absence owing.

<b>2 Income from charitable activities</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<i>as restated</i> <b>£</b>
Supported living services	2,447,798	2,539,907
	<u>2,447,798</u>	<u>2,539,907</u>

**3 Prior year adjustment**

In previous years the charity had not accrued for overtime and other staff costs which are paid one month in arrears. The prior year adjustment has therefore reduced general reserves by £62,036.

<b>4 Income from investments</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<i>as restated</i> <b>£</b>
Bank deposit interest receivable	111	194
	<u>111</u>	<u>194</u>

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**Notes to the Accounts**  
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<b>5 Other income</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Historic creditors written off	42,770	24,022
	<u>42,770</u>	<u>24,022</u>

**6 Analysis of expenditure on charitable activities**

	Provision for supported living and social learning	Support costs	Total
Direct costs	2,000,309	-	2,000,309
Allocated costs	410,989	77,279	488,268
	<u>2,411,298</u>	<u>77,279</u>	<u>2,488,577</u>

£2,540,931 (2016 - £2,531,205) of the above costs were attributable to unrestricted funds.

**7 Allocation of support costs**

Support cost	Basis of allocation	Provision for supported living and social learning	Support costs	Total
Governance	80% v 20%	13,687	3,422	17,109
Premises costs	85% v 15%	58,025	10,240	68,265
Information Technology	80% v 20%	14,790	3,697	18,487
Human resources	85% v 15%	254,504	47,570	302,074
Depreciation	85% v 15%	11,845	2,090	13,935
Office costs	85% v 15%	58,138	10,260	68,398
Total		<u>410,989</u>	<u>77,279</u>	<u>488,268</u>

<b>8 Governance costs</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>as restated £</b>
Directors remuneration	-	32,873
Consultancy	5,117	7,395
Auditors remuneration	3,180	-
Support costs	7,312	11,592
Other	1,500	1,625
	<u>17,109</u>	<u>53,485</u>

**Natural Breaks Limited**  
**Notes to the Accounts**  
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9 Net Income/(expenditure) for the year.	2017	2016 <i>as restated</i>
	£	£
Net income/(expenditure) is stated after charging:		
Depreciation of owned fixed assets	13,935	2,000
Operating lease rentals - plant and machinery	5,979	3,734
Operating lease rentals - land and buildings	55,345	45,000
Auditors' remuneration	<u>3,180</u>	<u>-</u>

**10 Auditor's remuneration**

The auditor's remuneration amounts to an audit examination fee of £3,180 (2016 £nil).

**11 Trustees' and key management personnel remuneration and expenses**

Key management received remuneration of £149,348 during the year (2016: £166,945).

Diane Hesketh - CEO  
Karen Burke - Finance Manager  
Jacqueline Afflick - HR Manager  
Susan Gerrard - Service Manager  
Joanne Savill - Service Manager  
Keely Atkinson - Service Manager

Nil (2016 - £Nil) trustees are accruing pension arrangements.

The trustees have £544 expenses reimbursed during the year (2016 - £ Nil).

**12 Staff costs and employee benefits**

The average monthly number of employees and full time equivalent (FTE) during the year was as follows:

	2017 Number	2017 FTE	2016 Number	2016 FTE
Charitable activities	<u>123</u>	<u>89</u>	<u>128</u>	<u>86</u>
	<u>123</u>	<u>89</u>	<u>128</u>	<u>86</u>

Natural Breaks Limited  
Notes to the Accounts  
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13 Analysis of Staff costs	2017	2016 <i>as restated</i>
	£	£
Wages and salaries	2,052,184	2,095,101
Social security costs	149,431	147,227
Defined contribution pension costs	18,641	25,000
Staff training and welfare	25,855	17,045
Temporary staff and recruitment	3,081	9,725
	<u>2,249,192</u>	<u>2,294,098</u>

No employee received total employee benefits of more than £60,000.

14 Corporation Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

15 Tangible fixed assets

	Leasehold property improvements <i>At cost</i> £	Fixtures, fittings, tools and equipment <i>At cost</i> £	Total £
<b>Cost or valuation</b>			
At 1 April 2016	-	32,808	32,808
Additions	75,789	17,511	93,300
At 31 March 2017	<u>75,789</u>	<u>50,319</u>	<u>126,108</u>
<b>Depreciation</b>			
At 1 April 2016	-	31,183	31,183
Charge for the year	10,105	3,830	13,935
At 31 March 2017	<u>10,105</u>	<u>35,013</u>	<u>45,118</u>
<b>Carrying amount</b>			
At 31 March 2017	<u>65,684</u>	<u>15,306</u>	<u>80,990</u>
At 31 March 2016	<u>-</u>	<u>1,625</u>	<u>1,625</u>

16 Debtors	2017	2016 <i>as restated</i>
	£	£
Trade debtors	172,874	254,882
Other debtors	7,903	14,384
Prepayments and accrued income	7,559	-
	<u>188,336</u>	<u>269,266</u>

**Natural Breaks Limited**  
**Notes to the Accounts**  
**for the year ended 31 March 2017**

<b>17 Creditors: amounts falling due within one year</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<i>as restated</i> <b>£</b>
Other creditors	46,451	116,680
Accruals and deferred income	66,135	104,597
	<u>112,586</u>	<u>221,277</u>

**18 Leases**

**Operating leases**

Total future minimum lease payments under non-cancellable operating leases are as follows

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<i>as restated</i> <b>£</b>
Not later than one year	23,543	36,173
Later than one year and not later than five years	111,467	-
	<u>135,010</u>	<u>36,173</u>

<b>19 Unrestricted funds</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<i>as restated</i> <b>£</b>
At 1 April	626,233	564,180
Profit for the financial year	15,530	62,053
	<u>641,763</u>	<u>626,233</u>
At 31 March		

**20 Legal form of entity and country of incorporation**

Natural Breaks Limited is a private company limited by guarantee and incorporated in England. Natural Breaks Limited is registered with the Charities Commission.

**21 Principal place of business**

The address of the company's principal place of business and registered office is

Millennium Resource Centre  
 Blenheim Street  
 Liverpool  
 L5 8UX

**22 Transition to FRS 102**

The transitional date to FRS 102 was 1st April 2015 for the charity. No adjustment arose on transition.