

**THE NATIONAL CENTRE FOR YOUNG PEOPLE WITH EPILEPSY
CHARITABLE TRUST**

Report and Financial Statements

Year Ended

31st July 2019

THE NATIONAL CENTRE FOR YOUNG PEOPLE WITH EPILEPSY CHARITABLE TRUST
Report and Financial Statements for the year ended 31st July 2019

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THE NATIONAL CENTRE FOR YOUNG PEOPLE WITH EPILEPSY CHARITABLE TRUST

Trustees' Report for the year ended 31st July 2019

Introduction by Jane Ramsey, Chair of Trustees

It has been a most invigorating year as we stand on the threshold of achieving new ambitions as a national charity, inspired by the voices of young people living with epilepsy today, with all their hopes and dreams for the future.

This has also been the year when we more closely involved young people and families in shaping the future direction of the charity, with our leadership team working directly with a group of young people and listening to their voices. The Trustees have also had the opportunity to meet directly with our young people.

The emerging Strategy was informed by holding successful co-creation sessions with young people and families, in London, Birmingham and elsewhere – a process we will continue to encourage and embed, into everything we do and deliver.

During the year we said a grateful farewell to our Chief Executive Carol Long who left us in December 2018 after nearly five years of unstinting and thoughtful leadership, and we wish her every success in her new venture. I am also delighted to welcome Mark Devlin, our new Chief Executive, who joined us in January 2019. Mark is leading the team to transform and build a wide-ranging offer, making a real difference to the lives of all children and young people living with epilepsy, across the UK.

We said a fond farewell and gave our heartfelt thanks to our long-standing President, Sir Gerry Acher in June 2019. Sir Gerry has been a huge advocate for our fundraising drive in recent years, culminating in the build of a very special, modern education centre for St Piers which opened its doors in September 2016, the calming design of which remains ground-breaking. We also said good-bye and thank you to one of our longest standing trustees, Ben Osborn.

My final thank you is to our hard-working and committed staff and volunteers who put the welfare of children and young people in our care first and inspire their achievements using a person-centred approach.

Administrative Details

Young Epilepsy is the operating name of The National Centre for Young People with Epilepsy Charitable Trust, which is a charity registered with the Charity Commission (registered number 311877).

The registered address of Young Epilepsy is Young Epilepsy, St Piers Lane, Lingfield, Surrey, RH7 6PW.

During the year, the Trustees were as follows:

Ms Jane Ramsey
Prof Helen Cross
Mr Benjamin Osborn (resigned 28th March 2019)
Dr Anita Devlin
Mr Nigel Kennedy
Mr Keith Cameron
Mr Murray Orr
Ms Vivienne Dews
Dr Julia Coop
Ms Lesley Steeds

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Mr John Stebbings
Mr Stephen Whittingham (resigned 1st December 2019)
Ms Claire Wood-Hill (appointed 27th September 2018)
Mr Nicholas Bell (appointed 12th December 2018)

The Board of Trustees is responsible for the governance of Young Epilepsy and ensuring that its activities are within its charitable objectives. It sets the strategic direction, the responsibility for the execution of which is delegated to the executive management of the organisation through the Chief Executive Officer.

The Chief Executive Officer, Ms Carol Long, resigned on 31st December 2018 and Mr Mark Devlin was appointed on 7th January 2019.

During the year, Young Epilepsy's bankers and professional advisors were:

Bankers

Lloyds Bank plc
Mid Corporates – Education, Charities and Government
3rd Floor
25 Gresham Street
London EC2V 7HN

Solicitors

Russell-Cooke LLP
2 Putney Hill
London SW15 6AB

External Auditors

BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex RH6 0PA

Internal Auditors

MHA MacIntyre Hudson
2 London Wall Place
London EC2Y 5AU

Structure, Governance and Management

Young Epilepsy is regulated by a scheme of the Charity Commission dated 31st October 2002, as amended by deeds of amendment dated 22nd January 2004 and 21st October 2004.

Young Epilepsy has one Corporate Trustee, The National Centre for Young People with Epilepsy, a company limited by guarantee registered in England (number 00756798). The sole purpose of the Corporate Trustee is to act as the Trustee of the charity. The Board members of the Corporate Trustee are referred to as 'Trustees' in this report.

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Trustees Report for the year ended 31st July 2019

Young Epilepsy has one active wholly owned subsidiary trading company in the group, which is St Piers (Services) Limited (Company registration number 04131530). Its principal activity is the development of property for the use of disabled children.

The Board of Trustees is responsible for the governance of Young Epilepsy and ensuring that its activities are within the charitable objectives. It sets the strategic direction, the responsibility for the execution of which is delegated to the executive management through the Chief Executive Officer. Trustees can serve a maximum of two terms of three years, with a third term only in exceptional circumstances.

New Trustees are recruited through an open process and are appointed by the Board of the Corporate Trustee. Young Epilepsy regularly seeks to refresh the Trust Board with Trustees who have the experience and expertise required to enable the charity to perform to a high level.

New Trustees receive an induction programme including mandatory safeguarding training. They are provided supporting materials including formal governance documents. Other training courses are available for Trustees as required.

The Board of Trustees meets on a regular basis. During the year they were supported by the Education Governing Body and six sub-committees:

- Finance, Audit and Risk Committee
- Fundraising and Engagement Committee
- Health Services Committee
- Remuneration Committee
- Nominations Committee
- Residential Services Quality Committee

The Trustees identified the major risks to which Young Epilepsy is exposed and developed relevant mitigating actions. These were as follows:

- Potential harm caused to children and young people - This was managed by a continued focus on safeguarding including reducing staff turnover, regular training, introducing a new safeguarding structure, and regular monitoring and reporting of safeguarding incidents and analysis of any emerging trends with relevant action.
- Failure to deliver strategic objectives within the four strategic offers (detailed below under Objectives and Activities) - This was managed by maintaining financial stability and developing quality core services, development of a digital product, and the development of partnership working.
- Failure to deliver effective decision-making, governance and leadership to enable delivery of strategic objectives - This was managed by having robust recruitment procedures for trustees and executives as well as inductions, appraisals and the provision of tailored training with clear objective setting, clear committee structures and scheme of delegation, and the biennial review of governance arrangements.

- Inability to attract and retain diverse, talented staff with the right skills and capability to deliver positive impact for students - This was managed by having regular and continuous recruitment campaigns to attract staff, up to date refreshed advertising using digital content, annual review of reward package to ensure competitive advantage in attracting new candidates, flexible working contracts to attract candidates from a wider recruitment pool, and having refreshed values and behaviours developed through staff and student involvement.

The Remuneration Committee reviews Executive performance and remuneration annually. We aim to pay salaries at the median level for similar organisations within the 'not for profit' sector and to ensure that increases are consistent with increases awarded in the overall organisational review of remuneration.

Objectives and Activities

The new 5-year Strategy (2020-2025) sets a direction of travel in each of 4 offers and detailed annual planning will happen on a rolling basis each year. The strategy also sets out the measures of success we will use to assess these, as we work through annual plans.

The strategy sets out the three guiding principles:

1. Young people at the centre of everything we do
2. Working together to make a greater difference
3. Being ambitious and courageous for change.

These set the tone by which we deliver our purpose: creating a society where children and young people with epilepsy are enabled to thrive and fulfil their potential. A society in which their voices are respected and their ambitions realised.

The key objectives within each of Young Epilepsy's four offers are:

Information

We equip young people with knowledge and promote public awareness.

Health

We drive improvements in healthcare and advocate for young people's rights to the highest standards of health.

Learning

We deliver innovative education services and advocate for young people with epilepsy so they can exercise their right to education.

Research

We coordinate and fund research into the causes, treatments and impact of childhood epilepsy.

Achievements & Performance

Our aims set at the start of the year included a specific focus on:

1. Development of a new 5 Year Strategy for Young Epilepsy,
2. Investment in infrastructure,
3. Sustaining quality of education and care with strong outcomes for our students at St Piers,
4. Development of our national service profile including new product development, for all children and young people living with epilepsy across the UK and their families, and
5. Growing our reputation in the national debate for young people with epilepsy.

1. Development of a new 5 Year Strategy for Young Epilepsy

We worked closely with young people, families, stakeholders and across our teams at Young Epilepsy to shape a new, ambitious 5 Year Strategy for Young Epilepsy. This is covered in the points below and reviewed in our 'Plans for Next Year' section on page 13.

2. Investment in infrastructure

We embarked on much needed investment in our estate maintenance and IT infrastructure including:

- Refurbishing two of our buildings to allow for the physical expansion of the college. This means that as the profile and needs of our students change, we can provide the best possible environment for them.
- Planning and commencing a programme of works on renovating our children's houses to make them as homely as possible.
- Investing in new IT hardware and infrastructure across the campus, and the rest of the organisation, to create better Wi-Fi coverage, greater systems resilience and a new back-up system.

3. Sustaining quality of care and education with strong outcomes for our students at St Piers

At St Piers, our trans-disciplinary education, health and care offer supported 172 students during the 2018-19 academic year.

We worked closely with Ofsted to maintain our 'Good' rating for our residential services and put in place fresh measures to strengthen our aspiration of securing an outstanding rating in future. School and College continue to improve from their 'Good' Ofsted judgements in November 2017.

In May 2019, St Piers School had a successful Quality Assurance Review by Challenge Partners, conferring an "Outstanding" rating on all fronts and recognising our collaborative ethos to improve life chances of our students.

During the Summer Term, the School secured the Inclusion Quality Mark (IQM) Award and was also accredited as an IQM Centre of Excellence, an amazing achievement for a first assessment.

St Piers College was accredited with the Fair Train Work Experience Quality Standard Gold, a widely and highly respected accreditation/kite-mark. The Work Experience Quality Standard was developed by Fair Train in association with a large number of employers and learning/training providers and leading national organisations, including the Department for Education, Ofsted, the Association of Colleges, the TUC and Association of Employment and Learning Providers.

Student Achievements 2018/19

Targets Across School and College:

- 92% students fully met/on track relative to sensory and physical targets
- 92% students fully met/on track relative to communication and interaction targets
- 89% students fully met/on track relative to social, emotional and mental health targets
- 94% students fully met/on track relative to cognition and learning targets

Qualifications

St Piers College

- Retention Rate of 95%
- Success Rate of 92%

St Piers School

- Retention Rate of 95%
- Success Rate of 86%

Positive Education and Residential Outcomes for Leavers

St Piers College:

- Overall Positive Education, Employment and Training (EET) Destinations of 45% (16% increase on previous year)
- Overall Positive Residential Placements of 92% (31% increase on previous year)

St Piers School:

- Overall Positive Education, Employment and Training (EET) Destinations of 91% (9% decrease on previous year)
- Overall Positive Residential Placements of 91% (9% decrease on previous year)

4. Development of our national service profile including new product development, for all children and young people living with epilepsy across the UK and their families

In the field of health, we embarked on new strategic development of our health service based at the Neville Childhood Epilepsy Centre in Lingfield, with promising early growth in service impact and income already evident.

Following from our world-class research collaboration with Great Ormond Street Hospital and University of College London Institute of Child Health, we also commenced on a new pilot to establish proof of concept for a lightweight shielded room for use with cutting edge, wearable OPM Magnetoencephalography (MEG) technology. MEG is a vital part of neurological diagnostics to which clinicians currently have extremely limited access. This new technology will provide an additional set of metrics, enabling a far greater clarity of image beyond other techniques. The development of these imaging technologies will be an important addition to the assessment tools available to surgeons and clinicians nationally when evaluating epilepsy patients for surgery, and will support the clinicians with making more accurate diagnosis.

The pilot is being conducted in conjunction with our partners at UCL, Nottingham University and Magnetic Shields and is funded by Innovate UK.

Our successful three year Connect programme funded by the Big Lottery Fund came to a natural conclusion, with our case workers having successfully supported 285 children and young people, 348 parents and 126 siblings across Essex, Kent and Blackpool. Four principal outcomes achieved included:

- young people empowered to set more ambitious goals, better manage and reduce anxiety around their condition (93% against 70% target);
- young people more socially integrated, reducing isolation and loneliness, increasing in engagement and participation at school (95% against 60-66% target);
- young people less depressed and more independent and parents better able to cope with the condition (80% against 70% target and 90% against 80% target respectively);
- young people and their parents having greater confidence and success in dealing with services (93% against 66% target and 88% against 66% target respectively).

In 2018/19, we undertook a research survey in partnership with The Mix, engaging the 16-25 age group. Young people repeatedly asked for digital support systems to encapsulate the whole of their epilepsy journey; including mental health and wellbeing, social inclusion and stigma issues. They want more help in becoming independent, for example in self-care, managing sleep, alcohol and their own appointments. The gaps in services they identified include guidance delivered in static websites with no real opportunities for interaction, information targeted at parents with a strong medical focus. Crucially, children and young people with epilepsy rank their emotional needs as having greater impact than their seizures.

Young people's attachment to digital technology today provides us with an opportunity. We have used this learning and the practical outcomes from our national casework and support helpline to embark on a major, ambitious investment into our new digital platform for young people with epilepsy, which is integral to the success of our new 5 Year Strategy.

5. Growing our reputation in the national debate for young people with epilepsy

We made excellent progress to raise our profile as an influential advocate in the national debate for children and young people with epilepsy, framed by two major policy initiatives. These included the release of the NHS Long Term Plan and findings from the Epilepsy12 Audit in collaboration with our epilepsy partners.

The NHS Long Term Plan setting out the future direction of the NHS in England, published in January 2017 included a recurring emphasis on child health and delivering a truly integrated health and care system throughout the document. The three long term childhood conditions highlighted are epilepsy, asthma and diabetes. The points of particular relevance are to:

- roll out clinical networks from 2019/20 to ensure quality of care for children with long-term conditions such as asthma, epilepsy and diabetes,
- introduce Personal Health Budgets for children with a complex learning disability or autism, with all receiving designated key worker support by 2023/24, and
- move towards service models for young people that offer person-centred and age appropriate care for mental and physical health needs, by 2028.

The Epilepsy12 Audit is designed to measure epilepsy care for children and young people against national guidelines and standards set by the National Institute for Health and Care Excellence (NICE). The 2018 report specifically highlighted the deficit in mental health support for children and young people with epilepsy. As members of the project Board, Young Epilepsy welcomed the publication by the RCPCH of the 2018 report. The report found that many children and young people with epilepsy in England and Wales are not getting enough mental health support, or receiving comprehensive, routine care planning and poor referral pathways from childhood into adulthood:

- Established research shows that children with epilepsy are four times more likely to experience a mental health problem than their peers. The Epilepsy12 report found, however, that almost 90% of Health Boards and Trusts do not facilitate mental health provision within epilepsy clinics.
- Just under a quarter of Health Boards and Trusts do not have an agreed referral pathway to adult services.
- Almost a quarter (23%) of all Health Boards and Trusts are failing to provide routine and comprehensive care planning for children and young people with epilepsy.
- Whilst almost a quarter of Health Boards and Trusts are still unable to provide any access to Epilepsy Nurse Specialist support for their children, the overall number of Epilepsy Nurse Specialists employed across England and Wales has increased significantly since 2014.

The Epilepsy12 Audit and NHS Long Term Plan, present a platform for Young Epilepsy to influence future policy implementation and greater equity of access to specialist services that can positively affect outcomes for the children and young people we represent.

During National Epilepsy Week, we launched a new online Guide for Schools, which will help education professionals ensure that children with epilepsy are safe and included in all areas of school life. It achieved national coverage with the Times Educational Supplement and in its first two months received 12,750 unique visitors. In parallel to this, our ambassador, Hum Fleming,

hosted an Exercise for Epilepsy Event profiled in our national media, together with Instagram takeovers by Hum and other young influencers, including Axel Grassi-Havnen, Maisie Adam, Beth Dobbin and Faye Waddams, who collectively reached more than 30,000 subscribers through social media.

Our external partnership activity continues apace. Young Epilepsy joined the Embracing Complexity coalition of neurodevelopmental charities, who are campaigning for better diagnostic pathways/waiting times, increased support following diagnosis and more research into the common challenges that cross diagnostic boundaries for people with neurodevelopmental conditions. Young Epilepsy also joined the Disabled Children's Partnership, a coalition of leading charities campaigning for improvements in health and social care for disabled children, young people and their families.

We are also very pleased to report that Young Epilepsy has secured a seat on NHS England's Children and Young People's Transformation Programme Stakeholder Council, along with other key national charities such as Asthma UK and Diabetes UK. The Council will support and guide the work of the NHS in delivering the Long Term Plan for children's services. It is chaired by the President of the Royal College of Paediatrics and Child Health.

Fundraising

We raise funds through appeals, events, relationship management and project funding applications. All of our fundraising activity is managed internally without the involvement of commercial participators, professional fundraisers or third parties.

We are registered with the Fundraising Regulator and comply with their Code of Practice and publish our Fundraising Promise, complaints policy and procedure on Young Epilepsy's official website. In the year to 31st July 2019, no fundraising complaints in relation to our fundraising activity was received. Our terms of employment require reasonable behaviour at all times, all of our employees receive safeguarding training as part of their induction.

In the year, underlying fundraising performance remained stable after the notification of an exceptionally large legacy income in the previous year accounts. £227k was received from the residue of Mrs Barbara Abbott's generous legacy.

£385k of unrestricted income from voluntary donations represented a 30% decline on the previous year, following the natural ending of the Ronson Pennies Scheme. Restricted income received for projects also reflected the conclusion of several multi-year grant awards principally the Big Lottery Fund for our successful Connect outreach programme with casework.

Our Christmas Appeal film featuring a dramatised absence seizure story was our most successful to date, generating huge social media coverage and reach, bringing in £30k of voluntary donations. We expended much focus on strengthening our partnership work, which will bring dividends in future years, with warm support received from Neville's, James Lewis Foundation, UCB Pharma.

To position us more strongly for a sustainable breakthrough in fundraising income, we undertook a restructuring of our fundraising team with a stronger focus on philanthropy, project funding, individual giving, digital fundraising and challenge events, matched to the new 5 Year Strategy ambitions shaped by the Executive Team and Trust Board.

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Gift in Kind income, with £6,940 worth of employee volunteering time was generously given by Barclays, Pfizer, M&S and Lingfield Park with essential maintenance tasks at our St Piers campus.

We are extremely grateful to our existing and new donors for their continued and generous support.

Financial Review

Income and Expenditure

Following the implementation of component accounting in 2018-19, the prior year figures have been restated to take account of this change in accounting policy. The impact on 2017-18 has been a reduction in the depreciation charge of £113k resulting in an improved net movement in funds for the year by the same amount.

In addition, the Total Funds brought forward have increased from £19,666k to £20,937k.

Total income for the year was £23.3m (2017-18: £25.2m). Fees from local government and health authorities rose to £21.7m (2017-18: £21.1m). The increase was due mainly to greater activity within health services provided. Fundraising and legacy income fell in the year as 2017-18 included £1.9m from two significant legacies.

Total expenditure for the year was £23.5m (2017-18 restated: £23.5m). Staff costs including agency spend fell to £18.3m (2017-18: £18.6m).

Overall, we achieved a consolidated net deficit of £1.9m. This included an unrealised loss of £1.6m on the defined benefit pension scheme. Overall the underlying result, excluding one-off items, was a deficit of £0.3m which compares with a restated underlying surplus in the prior year of £1.8m. However, the 2017-18 figure includes £1.9m of one-off legacy income.

Reserves

When considering our reserves policy, the Trustees take into account the following:

- Reserves are an inherent part of our strategic risk management process. The need for reserves will vary depending on our financial position and our assessment of the risks faced at any time.
- The importance of balancing the short term need for spending on our core programmes with the need to maintain stability in the longer term.

The following reserves are held:

Restricted Funds

These funds are tied to a specific activity by the funder or by the nature of the appeal and cannot be used to fund other activities by Young Epilepsy. More details of our restricted funds (totalling £0.7m at the end of the year) can be found in note 15 of the financial statements.

Funds representing functional Fixed Assets

These funds are equivalent to the net book value of the land and buildings used to support Young Epilepsy's charitable and commercial operations. The Trustees have designated these funds (totalling £21.6m at the end of the year) as representing the element of our reserves which are tied to our charitable assets including land and buildings. Consequently, these reserves are not available to be spent on ongoing activities.

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Pension Reserve

These funds are held to meet the future liabilities of our Final Salary Pension Scheme. The current pension scheme deficit (totalling £8.1m at the end of the year), calculated in accordance with the requirements of Section 28 of FRS 102, is shown as a liability against unrestricted funds. The deficit is due to historic improvements in longevity and reductions in investment returns. An annual payment of £330,000 is made to the fund to reduce the deficit and the situation is being reviewed again this year as part of the tri-annual valuation.

Free Reserves

Free Reserves are funds which are neither restricted or designated, nor applied as functional fixed assets. At the end of the year, Free Reserves stood at £4.9m. This is an increase of £0.8m on last year and represents around 11 weeks operating expenditure at current levels. The Trustees will be reviewing the organisation's reserves policy in the current year to ensure it is relevant for the type of activities undertaken and that the minimum levels set are appropriate based on planned expenditure and anticipated income.

The Trustees recognise that the pension scheme deficit will not crystallise in the near future and that all reserves levels will continue to be monitored closely.

Funding

In total 93.4% (£21.7m) of our income was made up of fees from local authorities and other supporting bodies. This funding is used to provide education and residential care for the students at St Piers School and College and healthcare from our facility in Lingfield. The remaining funding (£1.5m) comes from donations, legacies, rents and other sources and was used to provide national services, support functions and to strengthen the Free Reserves to within the target level.

Going concern

The financial statements are drawn up on the going concern basis which assumes Young Epilepsy will continue in operational existence for the foreseeable future. Young Epilepsy substantially relies on funding from public contracts for its current and future commitments and we seek to manage the risks around this income stream. The going concern basis used in the preparation of these financial statements is based upon the expectation that Young Epilepsy's net income or net expenditure are at a level to ensure reserves and cash flow requirements are met.

The Trustees have reviewed our financial position and financial forecasts, taking into account the levels of debt, cash, working capital, net current assets and the systems of financial control and risk management. The Trustees believe that we are well placed to manage operational and financial risks successfully.

Based on their work, the Board considers Young Epilepsy's current and forecast cash resources to be sufficient to cover the working capital requirements of the charity for at least 12 months from the date of signing the accounts and has determined that it remains appropriate to continue to adopt the going concern basis in preparing the accounts.

Plans for next year

A key priority for fundraising is to grow and broaden the donor base, and to increase the level of private sector support. This will include a focus on securing new multi-year funding partnerships for agreed

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key strategic priorities including the new digital programme. In addition, a new legacy programme will be established and implemented to help to support longer-term sustainability.

Statement of Trustees Responsibilities

The Trustees are responsible for preparing the annual financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the group's financial activities during the year, and of its and the charity's financial position at the end of the year (unless the charity is entitled to prepare accounts on the alternative receipts and payments basis).

In preparing the statements giving a true and fair view, the Trustees should follow best practice and:

- Select suitable accounting policies and then apply them consistently,
- Make judgments and estimates that are reasonable and prudent,
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements, and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board of Trustees



Jane Ramsey

Date: 20 January 2020

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Independent Auditors' Report for the year ended 31st July 2019

INDEPENDENT AUDITOR'S REPORT TO TRUSTEES OF THE NATIONAL CENTRE FOR YOUNG PEOPLE WITH EPILEPSY CHARITABLE TRUST

Opinion

We have audited the financial statements of The National Centre for Young People with Epilepsy Charitable Trust ("the Parent Charity") and its subsidiaries ("the Group") for the year ended 31 July 2019 which comprise the Consolidated statement of financial activities, the Consolidated and parent Charity balance sheets, the Consolidated Statement of cash flows and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework, which has been applied in their preparation, is in applicable in 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 Group's and the Parent Charity's affairs as at 31 July 2019 and of the Group's 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 Charities Act 2011.

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 Group and the Parent Charity in accordance with the ethical requirements 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 related 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 Group or the Parent Charity'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 other information comprises the information included in the Trustees Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises the Trustees' Annual Report. The Trustees are responsible for the other information

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.

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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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- adequate accounting records have not been kept; or
- the parent Charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities the Trustees 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 determines 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 Group's and the Parent Charity'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 Group or the parent Charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

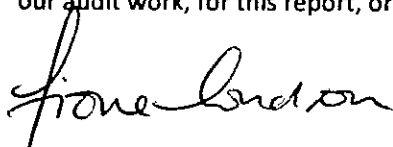
A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

THE NATIONAL CENTRE FOR YOUNG PEOPLE WITH EPILEPSY CHARITABLE TRUST
Independent Auditors' Report for the year ended 31st July 2019

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's trustees 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 Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Fiona Condron (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick

Date: 24 January 2020

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

THE NATIONAL CENTRE FOR YOUNG PEOPLE WITH EPILEPSY CHARITABLE TRUST
Consolidated Statement of Financial Activities for the year ended 31st July 2019

Income from:	Note	2019 Unrestricted funds £'000	2019 Restricted funds £'000	2019 Total funds £'000	2018 Unrestricted funds £'000	2018 Restricted funds £'000	2018 restated Total funds £'000
Donations and legacies	3	661	305	966	2,419	606	3,025
Charitable activities							
Fees – local authorities and other supporting bodies		21,707	-	21,707	21,143	-	21,143
Investment income	4	37	-	37	12	-	12
Other trading activities							
Income from rents and meals		350	-	350	384	-	384
Miscellaneous		191	-	191	668	-	668
Total		22,946	305	23,251	24,626	606	25,232
Expenditure on:							
Raising funds							
Cost of raising funds		433	-	433	541	-	541
Charitable activities		433	-	433	541	-	541
Educational, medical and residential care							
Total	6	22,694	388	23,082	22,432	555	22,987
		23,127	388	23,515	22,973	555	23,528
Net gains on investment assets	10	-	-	-	82	-	82
Net (expenditure)/income		(181)	(83)	(264)	1,735	51	1,786
Transfers between funds	15	35	(35)	-	90	(90)	-
Other recognised gains and losses:							
Actuarial (loss)/gain on defined benefit pension scheme	14	(1,622)	-	(1,622)	811	-	811
Net movement in funds		(1,768)	(118)	(1,886)	2,636	(39)	2,597
Total funds brought forward		20,142	795	20,937	17,506	834	18,340
Total funds carried forward		18,374	677	19,051	20,142	795	20,937

The notes on pages 22 to 39 form part of these financial statements and all amounts relate to continuing activities.

THE NATIONAL CENTRE FOR YOUNG PEOPLE WITH EPILEPSY CHARITABLE TRUST
Consolidated Balance Sheet as at 31st July 2019

Balance Sheet

		2019		2018 restated	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	9		21,589		22,497
Investments	10		1		1
			<u>21,590</u>		<u>22,498</u>
Current assets					
Stocks		-		21	
Debtors	11	935		2,813	
Cash at bank and in hand		<u>6,889</u>		<u>4,754</u>	
		7,824		7,588	
Creditors: amounts falling due within one year	12	<u>(2,265)</u>		<u>(2,179)</u>	
Net current assets			<u>5,559</u>		<u>5,409</u>
Total assets less current liabilities & Net assets excluding pension scheme liability			<u>27,149</u>		<u>27,907</u>
Creditors falling due between one and five years	13	-		(517)	
Defined benefit pension scheme liability	14	<u>(8,098)</u>		<u>(6,453)</u>	
Net assets including pension scheme liability			<u>19,051</u>		<u>20,937</u>
Funds					
Restricted funds:					
Revenue	15	<u>677</u>		<u>795</u>	
			677		795
Unrestricted funds:					
Funds representing functional fixed assets	16	21,589		22,497	
Free reserves	16	4,883		4,098	
Pension reserve	16	<u>(8,098)</u>		<u>(6,453)</u>	
			<u>18,374</u>		<u>20,142</u>
Total funds			<u>19,051</u>		<u>20,937</u>

The financial statements were approved by the Board and authorised for issue on 20/1/20

Jane Ramsey
Trustee

Jane Ramsey

The notes on pages 22 to 39 form part of these financial statements.

THE NATIONAL CENTRE FOR YOUNG PEOPLE WITH EPILEPSY CHARITABLE TRUST
Charity Balance Sheet as at 31st July 2019

		2019		2018	
	Note	£'000	£'000	restated £'000	£'000
Fixed assets					
Tangible assets	9		21,589		22,497
Investments	10		1		1
			<u>21,590</u>		<u>22,498</u>
Current assets					
Stocks		-		21	
Debtors	11	934		2,812	
Cash at bank and in hand		6,839		4,751	
		<u>7,773</u>		<u>7,584</u>	
Creditors: amounts falling due within one year	12	<u>(2,209)</u>		<u>(2,425)</u>	
Net current assets			<u>5,564</u>		<u>5,159</u>
Total assets less current liabilities & Net assets excluding pension scheme liability			<u>27,154</u>		<u>27,657</u>
Creditors falling due between one and five years	13		-		(267)
Defined benefit pension scheme liability	14		<u>(8,098)</u>		<u>(6,453)</u>
Net assets including pension scheme liability			<u>19,056</u>		<u>20,937</u>
Funds					
Restricted funds:					
Revenue	15	<u>677</u>		<u>795</u>	
			677		795
Unrestricted funds:					
Funds representing functional fixed assets and amounts owed from subsidiary company	16	21,589		22,497	
Free reserves	16	4,888		4,098	
Pension reserve	16	<u>(8,098)</u>		<u>(6,453)</u>	
			<u>18,379</u>		<u>20,142</u>
Total funds			<u>19,056</u>		<u>20,937</u>

The financial statements were approved by the Board and authorised for issue on



Jane Ramsey
Trustee

The notes on pages 22 to 39 form part of these financial statements.

THE NATIONAL CENTRE FOR YOUNG PEOPLE WITH EPILEPSY CHARITABLE TRUST
Consolidated Statement of cash flows for the year ended 31st July 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities:			
<i>Net cash provided by/(used in) operating activities</i>	18	<u>2,365</u>	<u>(370)</u>
Cash flows from investment activities:			
Dividends and interest received		37	12
Purchase of tangible fixed assets		-	(2,036)
Sale of investments		-	4,003
Net cash used in investing activities		<u>37</u>	<u>1,979</u>
Cash flows from financing activities:			
Loan Repayment		(267)	(267)
Net Cash flows from financing activities		<u>(267)</u>	<u>(267)</u>
Change in cash and cash equivalents in the reporting period		2,135	1,342
Cash and cash equivalents brought forward		4,754	3,412
Cash and cash equivalents carried forward		<u>6,889</u>	<u>4,754</u>

THE NATIONAL CENTRE FOR YOUNG PEOPLE WITH EPILEPSY CHARITABLE TRUST

Notes to the Financial Statements for the year ended 31st July 2019

Notes to the Financial Statements

1 Charity status

The charity's sole trustee is The National Centre for Young People ("the corporate Trustee"), a company which is limited by guarantee, the liability of each member in the event of the company winding up is limited to £1. The registered office of the corporate Trustee is St Piers Lane, Lingfield, Surrey RH7 6PW. The charity is registered with the Charity Commission and constitutes a public benefit entity as defined by FRS102.

2 Accounting policies

- a) The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and are in accordance with the Statement of Recommended Practice: Accounting and reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (the 'SORP'), FRS 102: The Financial Reporting Standard applicable in the UK and Ireland ('FRS 102'), the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The preparation of the financial statements in accordance with FRS102 requires the Trustees to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas where assumptions or estimates were significant to the financial statements are disclosed in note 2 below.

b) **Consolidation**

The statement of financial activities (SOFA) and the balance sheet consolidate the financial statements of the charity and its subsidiary undertaking (see note 20). The results of the subsidiary are consolidated on a line by line basis. No separate SOFA has been presented for the charity alone as permitted by paragraph 397 of the SORP 2005.

c) **Income**

Income is accounted for on an accruals basis, except cash donations which are accounted for when received. Income received net of taxation recoverable is accounted for gross. Fee income from contracts is accounted for with regard to any in-year admissions and leavers along with any contractual reviews of service levels. Legacy income is recognised when there is entitlement to the monies, probability of receipt and the amount due is able to be measured reliably.

d) **Expenditure**

Expenditure is accounted for on an accruals basis. Costs are attributed directly to activities where possible on either actual or estimated time basis. Indirect costs are shown as support costs, where these relate to the infrastructure in which charitable services are provided, including gaining support for the furtherance of the charity's objectives. Governance costs comprise those costs incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

e) **Investments**

Listed investments are shown at market value. Realised and unrealised gains on listed investments are taken to the fund to which they relate in the Statement of Financial Activities. Investments in subsidiary undertakings are stated at cost.

2 Accounting policies (continued)

f) Depreciation

Capital assets costing below £10,000 have been written off in the year in which the expenditure is incurred. Assets above £10,000 are capitalised in the balance sheet.

Depreciation has been provided on tangible and intangible fixed assets at the following rates which are anticipated to reduce their cost to residual value by the end of their expected useful lives.

Plant and Machinery	20% on cost
Computer Software	20% on cost
Motor Vehicles	25% on cost
Buildings	1%-7% on cost

An exercise was undertaken during the financial year to identify material components of buildings and each category has been depreciated over its expected useful life. This is detailed under note 22.

Donated fixed assets are capitalised at their open market values at time of donation and depreciated in line with the above rates.

g) Pensions

The charity has three principal pension schemes for staff, the St Piers Lingfield Retirement Benefits Scheme, the Teachers' Pension Scheme (TPS) and The Pensions Trust. The first two schemes are defined benefit schemes, which are externally funded and contracted out of the State Second Pension.

St Piers Lingfield Retirement Benefits Scheme

During the year, the charity operated a defined benefit scheme, which had been closed to new members on 7 April 2000, hence any liabilities will be restricted to current members only, and this number will decline over time.

The difference between the fair value of the assets held in the St Piers Lingfield Retirement Benefits Scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Charity's balance sheet as a pension scheme asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the Charity is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The pension scheme balance is recognised net of any deferred tax balance.

Teachers' Pension Scheme

Pension costs in respect of the TPS charged to the SOFA are equal to the contributions paid to this arrangement. The contribution rate is calculated in such a way that it is a substantially level percentage of current and future pensionable payroll. Not less than every four years, with a supporting interim valuation in between, the Government Actuary conducts a formal actuarial review of the TPS in order to specify the level of future contributions.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contributions by the Charity are charged to the SOFA in accordance with FRS 102 section 28. Under the definitions set out in Financial Reporting Standard 102 section 28, the Teachers Pension Scheme is a multi-employer pension scheme. The charity is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the charity has taken advantage of the exemption in FRS 102 section 28 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

2 Accounting policies (continued)

h) The Pensions Trust

A money purchase pension scheme with The Pensions Trust is available to all members of staff.

i) Fund accounting

The treatment of restricted and designated funds are explained in notes 16 and 17.

j) Accounting estimates and key management judgements

Accounting estimates and judgements

In preparing the financial statements within the accounting frameworks set out in note 2, the Trustees are required to adopt those accounting policies most appropriate to the charity's circumstances with a view to presenting fairly the charity's financial position. In determining and applying accounting policies Trustees make estimates and judgements and the matters set out below are considered to be the most important in understanding the judgements that have been involved in preparing the financial statements and the uncertainties that could impact the amounts reported.

Estimation of assets useful lives

The charge in respect of periodic depreciation is derived from determining an estimate of an assets expected useful life and the expected residual value at the end of its life. The estimates of the lives by asset category are set out in note 1(g). The useful lives and residual values are determined by management at the time the asset is acquired and reviewed annually for appropriateness.

Provision for doubtful debts

Provisions have been made against specific invoiced debts where the collectability of these debts is uncertain taking into account their age, activity on the account and any correspondence.

Actuarial assumptions in respect of defined benefit pension scheme

The application of actuarial assumptions relating to the Defined Pension Scheme is incorporated in the financial statements in accordance with FRS102. In applying FRS102, advice has been taken from an independent qualified actuary. In this context, significant judgement is exercised in a number of areas, including future change.

THE NATIONAL CENTRE FOR YOUNG PEOPLE WITH EPILEPSY CHARITABLE TRUST
Notes to the Financial Statements for the year ended 31st July 2019

3 Donations and legacies

	2019	2018
	£'000	£'000
Donations		
Projects and residential house funds	84	243
National Services Programmes	-	66
BBC Children in Need – London Transitions	44	9
Unrestricted income	384	549
Research Funds	62	18
Big Lottery Fund	-	179
EFA	115	91
	689	1,155
Legacies		
Barbara Abbott	277	1,800
Stanley Davies	-	70
	277	1,870
Total Donations and Legacies	966	3,025

4 Investment Income

	2019	2018
	£'000	£'000
Interest from bank deposit account	37	12
	37	12

5 Employees

	2019	2018
	£'000	£'000
Staff costs consist of:		
Wages and salaries	16,077	16,538
Social security costs	1,265	1,293
Other pension costs	944	812
	18,286	18,643

Included within wages and salaries are agency costs of £1,913,184 (2018 - £1,797,804) incurred during the year.

5 Employees (continued)

Employer's pension costs comprise the following:	2019	2018
	£'000	£'000
Teachers pension scheme	106	119
Defined contribution scheme	350	242
Defined benefit scheme	40	44
Deficit repayment for defined benefit scheme	447	400
NHS pension scheme	-	8
	943	813

	2019	2018
	No.	No.
The average number of employees during the period was:		
Teaching and Education Support Staff	201	198
Residential Care	292	292
Medical and Clinical Staff	64	64
Other Staff	73	90
	630	644
Full time equivalent	517	509

Number of staff with total remuneration (including settlements and benefits but excluding pensions) greater than £60,000 in bands of £10,000:

	2019	2018
	No.	No.
£60,001-£70,000	-	1
£70,001-£80,000*	2	2
£80,001-£90,000	3	1
£100,001-£110,000	1	2
£120,001-£130,000	-	1
	6	7

*This includes remuneration for the incoming Chief Executive, who joined part way through the year.

Contributions made in the year for the provision of money purchase benefits on behalf of 4 (2018 – 5) higher paid employees was £14,809 (2018 - £18,516). There is 1 (2018 – 2) higher paid staff to whom retirement benefits are accruing under defined benefit schemes. The total remuneration paid to key management personnel amounted to £505,148 (2018 - £595,838).

6 Total Expenditure

	Education, Medical and Residential Care £'000	Fundraising £'000	2019 Total £'000	Restated 2018 Total £'000
Staff costs	15,158	328	15,486	15,881
Other direct expenditure	915	105	1,020	931
Support staff costs	2,801	-	2,801	2,809
Support costs	3,261	-	3,261	3,005
Auditors' remuneration	39	-	39	36
Depreciation	908	-	908	866
2019 Total	<u>23,082</u>	<u>433</u>	<u>23,515</u>	<u>23,528</u>
2018 Total	<u>22,987</u>	<u>541</u>	<u>23,528</u>	

Auditor's remuneration relates solely to audit related services and is inclusive of Value Added Tax where not recovered.

Included in expenditure are governance costs amounting to £78,519 (2018: £49,474) which relate to audit fees, legal advice for trustees and costs associated with constitutional and statutory requirements.

7 Trustees' transactions

The Trustees do not receive any remuneration in respect of their services. Seven Trustees (2018 - 5) received expenses reimbursed in line with the Trustees Expenses Policy amounting to £5,760 (2018 - £5,532). Further costs incurred on behalf of Trustees relate to Trustees indemnity insurance costs of £5,112 (2018 - £5,040).

8 Taxation

The organisation is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporate Tax Act or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The subsidiary trading company makes qualifying donations of taxable profit to the charity to the full extent allowable. Unless material any corporation tax liability arising in the subsidiary is included within the expenditure by the Group.

THE NATIONAL CENTRE FOR YOUNG PEOPLE WITH EPILEPSY CHARITABLE TRUST
Notes to the Financial Statements for the year ended 31st July 2019

9 Tangible and intangible assets

	Freehold land and Buildings	Plant and Machinery	Computer Software	Motor vehicles/ Tractors	Total
Group	£'000	£'000	£'000	£'000	£'000
<i>Cost</i>					
At 1 August 2018	38,071	1,300	199	323	39,893
At 31 July 2019	38,071	1,300	199	323	39,893
<i>Depreciation</i>					
At 1 August 2018 restated	16,031	1,003	80	282	17,396
Provided for the year	744	109	40	15	908
At 31 July 2019	16,775	1,112	120	297	18,304
<i>Net book value</i>					
At 31 July 2019	21,296	188	79	26	21,589
At 31 July 2018 restated	22,040	297	119	41	22,497

Freehold land and buildings have been included in the balance sheet at historic cost less the depreciation charged on the buildings.

	Freehold land and Buildings	Plant and Machinery	Computer Software	Motor Vehicles/ Tractors	Total
Charity	£'000	£'000	£'000	£'000	£'000
<i>Cost</i>					
At 1 August 2018	38,071	1,300	199	323	39,893
At 31 July 2019	38,071	1,300	199	323	39,893
<i>Depreciation</i>					
At 1 August 2018 restated	16,031	1,003	80	282	17,396
Provided for the year	744	109	40	15	908
At 31 July 2019	16,775	1,112	120	297	18,304
<i>Net book value</i>					
At 31 July 2019	21,296	188	79	26	21,589
At 31 July 2018 restated	22,040	297	119	41	22,497

All assets are held for direct charitable use.

10 Investments

	Group and Charity	
	2019	2018
	£'000	£'000
Market value as at 1 August	1	3,922
(Disposals)	-	(4,003)
Net realised/unrealised gains on investments	-	82
Market value as at 31 July	<u>1</u>	<u>1</u>

The investments are analysed as follows:

	Group and Charity	
	2019	2018
	£'000	£'000
Building Society Deposits	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

	Group and Charity	
	2019	2018
	£'000	£'000
Cash on deposit in UK	<u>1</u>	<u>1</u>
Market value as at 31 July 2019	<u>1</u>	<u>1</u>

11 Debtors

	Group		Charity	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Operating debtors	588	709	588	708
Other debtors	5	16	4	16
Accrued income and prepayments	<u>342</u>	<u>2,088</u>	<u>342</u>	<u>2,088</u>
	<u>935</u>	<u>2,813</u>	<u>934</u>	<u>2,812</u>

All amounts shown under operating debtors fall due for payment within one year.

12 Creditors: amounts falling due within one year

	Group		Charity	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Loan	266	266	266	266
Operating creditors	785	1,151	535	872
Accruals and deferred income	<u>1,214</u>	<u>762</u>	<u>1,408</u>	<u>1,287</u>
	<u>2,265</u>	<u>2,179</u>	<u>2,209</u>	<u>2,425</u>

13 Creditors: Amounts falling due over one year

	Group		Charity	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Loan repayable between 1-2 years	-	267	-	267
Operating creditor repayable between 1-2 years	-	250	-	-
	<u>-</u>	<u>517</u>	<u>-</u>	<u>267</u>

During 2017, an interest free loan facility amounting to £800,000 was provided by Surrey County Council. The final instalment of the loan is payable on the 31st December 2019.

14 Pension Schemes

St Piers Lingfield Retirement Benefits Scheme

The Charity operates the St Piers Lingfield Retirement Benefits Scheme ("the Scheme"), a UK registered trust based pension scheme that provides defined benefits. Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The Pension Scheme Trustee is responsible for running the Scheme in accordance with the Scheme's Trust Deed and Rules, which sets out their powers. The Pension Scheme Trustee is required to act in the best interests of the beneficiaries of the Scheme. There are three categories of pension scheme members:

- Active members: currently employed by the Employer;
- Deferred members: former active members of the Scheme who are not yet in receipt of a pension; and
- Pensioner members: in receipt of pension.

The Pension Scheme Trustee is required to carry out an actuarial valuation every 3 years. The last full actuarial valuation of the Scheme was performed by the Scheme Actuary for the Pension Scheme Trustee as at 5 April 2016. The 5th April 2019 valuation is currently underway but final results are not yet available.

The 2016 valuation revealed a funding shortfall of £2,830,000. The Employer agreed to pay annual contributions of 18.05% of members' pensionable salaries, less Employee contributions of 8.25% of members' pensionable salaries, each year to meet the cost of future service accrual. In respect of the deficit in the Scheme as at 5 April 2016, the Employer has agreed to pay £332,000 p.a. for 8 years and 2 months from 5 July 2017.

In addition, the Employer will pay £9,000 per month to cover administration expenses and 2.0% of members' pensionable salaries each year to meet the premiums for death in service lump sums associated with the Scheme.

The Employer therefore expects to pay £487,823 to the Scheme during the accounting year beginning 1 August 2019 based on a pensionable salary payroll of £405,283 as at the 31st July 2019.

14 Pension Schemes (continued)

The initial results of the formal actuarial valuation as at April 2019 have been updated to 31 July 2019 by a qualified independent actuary. The assumptions used were as follows:

	2019	2018
<u>Significant actuarial assumptions:</u>		
Discount rate	2.00%	2.70%
Inflation (RPI)	3.40%	3.20%
Inflation (CPI)	2.40%	2.20%
<u>Other actuarial assumptions:</u>		
Rate of increase in salaries	2.00%	2.00%
Rate of increase in pensions:		
Non Pensioners – Pre 05 benefits	3.10%	3.10%
Non Pensioners – Post 05 benefits	2.50%	2.50%
Pensioners – Pre 05 benefits	3.30%	3.10%
Pensioners – Post 05 benefits	2.50%	2.50%
Revaluation of deferred pensioners in excess of GMP	2.40%	2.20%

The demographic mortality assumptions adopted at 31 July 2019 imply the following life expectancies at age 65:

	2019	2018
<u>Mortality assumptions:</u>		
Mortality	S3PMA/S3PF A CMI 2018 1.25%	S2PMA/S2PFA CMI 2017 1.00%
<u>Life expectancies:</u>		
Male currently age 45 at 65	22.9 years	22.8 years
Female currently age 45 at 65	24.8 years	24.9 years
Male currently age 65	21.6 years	21.8 years
Female currently age 65	23.3 years	23.7 years

Under FRS102 the expected return on the schemes assets is now assessed using the discount rate underlying the valuation of the schemes liabilities, which is based on AA rated corporate bond yields.

At 31 July 2019 the discount rate used to calculate the schemes liabilities and hence the assumed rate of return on the Schemes assets was 2.0% p.a. (2018 2.7%).

14 Pension Schemes (continued)

	Value at 2019 assets £'000	% of total Scheme	Value at 2018 Assets £'000	% of total Scheme
The fair value of the assets in the scheme were:				
Bonds	3,451	23%	3,160	22%
Gilts	2,099	14%	1,862	13%
Cash	72	1%	194	1%
Annuities	1,354	9%	1,320	9%
Other	7,830	53%	7,579	54%
Total market value of assets	14,806		14,115	
Present value of scheme liabilities	(22,904)		(20,568)	
Net pension liability	(8,098)		(6,453)	

	2019 £'000	2018 £'000
The actual return on assets over the period was:	1,032	244
Interest income	377	350
Return on assets less interest income	655	(106)
Total return of assets	1,032	244

	2019 £'000	2018 £'000
<i>Analysis of changes in the value of the scheme liabilities over the year:</i>		
Opening present value of the defined benefit obligation	(20,568)	(21,418)
Service cost	(206)	(148)
Interest cost	(547)	(530)
Member contributions	(29)	(39)
Benefits paid	723	650
Actuarial losses	(2,277)	917
Closing present value of the defined benefit obligation	(22,904)	(20,568)

	2019 £'000	2018 £'000
<i>Analysis of changes in the value of the scheme assets over the year:</i>		
Opening market value of Scheme assets	14,115	14,106
Expected return on Scheme assets (excluding interest income)	655	(106)
Interest income	377	350
Employer contributions	487	485
Member contributions	29	39
Benefits paid	(723)	(650)
Administration expenses	(134)	(109)
Closing market value of Scheme assets	14,806	14,115

14 Pension Schemes (continued)

	2019		2018	
	£'000	£'000	£'000	£'000
<i>Analysis of the amounts charged to Statement of Financial Activities:</i>				
Current service cost	(103)		(148)	
Past service cost	(103)		-	
Administration expenses	(134)		(109)	
Total service cost		(340)		(257)
Net finance charge		(170)		(180)
Total pension cost charged to Statement of Financial Activities		(510)		(437)
		2019		2018
		£'000		£'000
<i>Analysis of actuarial loss recognised in the Statement of Financial Activities:</i>				
Actual return on assets less interest		655		(106)
Actuarial (losses)/gains on defined benefit obligation		(2,277)		917
Total (loss)/gain recognised in the Statement of Financial Activities		(1,622)		811
		2019		2018
		£'000		£'000
<i>Movement in deficit during the year:</i>				
(Deficit) in scheme at the beginning of the year		(6,453)		(7,312)
Movement in year:				
Current service cost		(103)		(148)
Past service cost		(103)		-
Administration expenses		(134)		(109)
Net finance charge		(170)		(180)
Contributions		487		485
Return on assets excluding interest income		655		(106)
Actuarial (losses)/gains		(2,277)		917
(Deficit) in scheme at end of year		(8,098)		(6,453)

Teachers' Pension Scheme

Under the definitions set out in Financial Reporting Standard 102 section 28, the Teacher's pension scheme (TPS) is a multi-employer pension scheme. As the TPS is underwritten by central government and the Charity has no future obligation to make contributions to the scheme, this is effectively a defined contribution scheme in so far as it affects the charity. As a result, contributions to this scheme are accounted for as if the scheme was a defined contribution scheme.

The charity has set out below the information available on the Scheme and the implications for the charity in terms of the anticipated contribution rates.

The employers' contribution rates for the charity's academic staff were 16.4% of pensionable salaries throughout the year (2018 - 16.4%). From September 2019, the employers' contributions will increase to 23.68%.

14 Pension Schemes (continued)

The Teachers' Pension Scheme is a statutory, contributory, unfunded, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. Contributions are credited to the Exchequer on a "pay as you go" basis under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purposes of determining contribution rates.

The Government Actuary's report of March 2019 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £218.1 billion. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £196.1 billion. The assumed real rate of return is 2.4% in excess of prices. The rate of real earnings growth is assumed to be 2.2%. The assumed gross rate of return is 4.45%.

15 Restricted funds – Group and charity

	As at 31 July 2018 £'000	Income £'000	Expenditure £'000	Transfer £000	As at 31 July 2019 £'000
Revenue					
Research Funds	118	62	(67)	-	113
Big Lottery Project – CEIS	42	-	(47)	-	(5)
National Services Programmes	86	-	(73)	-	13
True Colours Trust - Epilepsy Infancy	55	-	1	-	56
BBC Children in Need - London					
Transitions	1	44	(38)	-	7
Other funds	402	84	(99)	(32)	355
EFA grants	91	115	(65)	(3)	138
Restricted funds wholly represented by net current assets	795	305	(388)	(35)	677

	As at 31 July 2017 £'000	Income £'000	Expenditure £'000	Transfer £000	As at 31 July 2018 £'000
Revenue					
Research Funds	131	23	(51)	15	118
Big Lottery Project – CEIS	17	179	(154)	-	42
National Services Programmes	88	66	(68)	-	86
True Colours Trust - Epilepsy Infancy	89	-	(64)	30	55
BBC Children in Need - London					
Transitions	28	9	(36)	-	1
Blagrave Trust	(2)	-	-	2	-
Other funds	473	238	(172)	(137)	402
EFA grants	10	91	(10)	-	91
Restricted funds wholly represented by net current assets	834	606	(555)	(90)	795

15 Restricted funds – Group and charity (continued)

Fund accounting

Where funds are received for specific purposes set out by the donor or implied by the terms of appeal, these are shown as restricted income in the Statement of Financial Activities. Expenditure for the purposes specified is applied against the income and any amounts unexpended at the balance sheet date are shown within restricted funds. Amounts used to purchase tangible fixed assets are transferred to funds representing functional fixed assets at the time the assets are acquired.

16 Unrestricted funds

	As at 31 July 2018 restated £'000	Net movement on unrestricted funds £'000	Transfers £'000	As at 31 July 2019 £'000
Group				
Undesignated funds				
Funds representing functional fixed assets	22,497	-	(908)	21,589
Free reserves	4,098	(158)	943	4,883
Pension reserve	(6,453)	(1,645)		(8,098)
Total unrestricted funds	20,142	(1,803)	35	18,374
Charity				
Undesignated funds				
Funds representing functional fixed assets and amount owed from subsidiary company	22,497	-	(908)	21,589
Free reserves	4,098	(153)	943	4,888
Pension reserve	(6,453)	(1,645)	-	(8,098)
Total unrestricted funds	20,142	(1,798)	35	18,379

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16 Unrestricted funds (continued)

	As at 31 July 2017 restated £'000	Net movement on unrestricted funds £'000	Transfers £'000	As at 31 July 2018 restated £'000
Group				
Undesignated funds				
Funds representing functional fixed assets	23,328	-	(831)	22,497
Free reserves	1,490	1,687	921	4,098
Pension reserve	(7,312)	859	-	(6,453)
Total unrestricted funds	17,506	2,546	90	20,142
Charity				
Undesignated funds				
Funds representing functional fixed assets and amount owed from subsidiary company	23,328	-	(831)	22,497
Free reserves	2,104	1,073	921	4,098
Pension reserve	(7,312)	859	-	(6,453)
Total unrestricted funds	18,120	1,932	90	20,142

17 Analysis of net assets between funds

	Unrestricted Funds £000's	2019 Restricted Funds £000's	Total Funds £000's
Group			
Tangible Fixed Assets	21,589	-	21,589
Investments	1	-	1
Net Current Assets	4,882	677	5,559
Total Assets Less Current Liabilities	26,472	677	27,149
Defined Benefit Pension Scheme Liability	(8,098)	-	(8,098)
Net Assets	18,374	677	19,051
Charity			
Tangible Fixed Assets	21,589	-	21,589
Investments	1	-	1
Net Current Assets	4,887	677	5,564
Total Assets Less Current Liabilities	26,477	677	27,154
Long term Liabilities	-	-	-
Defined Benefit Pension Scheme Liability	(8,098)	-	(8,098)
Net Assets	18,379	677	19,056

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17 Analysis of net assets between funds (continued)

	Unrestricted Funds restated £000	2018 Restricted Funds £000	Total Funds restated £000
Group			
Tangible Fixed Assets	22,497	-	22,497
Investments	1	-	1
Net Current Assets	4,614	795	5,409
Total Assets Less Current Liabilities	27,112	795	27,907
Long term liabilities	(517)	-	(517)
Defined Benefit Pension Scheme Liability	(6,453)	-	(6,453)
Net Assets	20,142	795	20,937
Charity			
Tangible Fixed Assets	22,497	-	22,497
Investments	1	-	1
Net Current Assets	4,364	795	5,159
Total Assets Less Current Liabilities	26,862	795	27,657
Long term liabilities	(267)	-	(267)
Defined Benefit Pension Scheme Liability	(6,453)	-	(6,453)
Net Assets	20,142	795	20,937

18 Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2019 £'000	2018 restated £'000
Net (expenditure)/income for the reporting period	(264)	1,786
Adjustments for:		
Depreciation	908	867
Adjustment for pension funding	23	(48)
(Gains) on investments	-	(82)
Dividends and interest from investments	(37)	(12)
Decrease in stock	21	51
Decrease/(increase) in debtors	1,878	(2,009)
(Decrease) in creditors	(164)	(923)
Net cash increase/(decrease) provided by operating activities	2,365	(370)

19 Operating Leases

Total minimum lease payments:	2019 £'000	2018 £'000
Within one year	44	46
Within two to five years	17	61
	61	107

20 Subsidiary company

The charity owns the whole of the issued ordinary share capital of St Piers (Services) Limited, a company registered in England. The subsidiary is used for non-primary purpose trading activities, namely to develop facilities for disabled children. All activities have been consolidated on a line by line basis in the SOFA. The results below are for the period to 31 July 2019.

	2019	2018
	£'000	£'000
Turnover	-	-
Cost of sales/administrative expenses	<u>(5)</u>	<u>(37)</u>
Net loss	(5)	(37)
	2019	2018
	£'000	£'000
The aggregate of the assets, liabilities and funds was:		
Assets	50	3
Liabilities	<u>(1,162)</u>	<u>(1,110)</u>
	(1,112)	(1,107)

The National Centre for Young Epilepsy is a trust corporation and acts as a trustee for the National Centre for Young People with Epilepsy Charitable Trust.

21 Results of Parent Company

Included in the consolidated statement of financial activities are the following amounts in respect of the charity:

	2019	2018
	£'000	restated £'000
Total income	23,252	25,232
Total expenditure	(23,510)	(24,140)
Net gain on investment assets	-	82
Actuarial loss on defined benefit pension scheme	(1,622)	811
Net movement in funds	(1,880)	1,985

22 Prior Year Adjustment

A Prior Year Adjustment has been made for the year ended 31st July 2018 following the adoption of component accounting for buildings. This has the effect of reducing the depreciation charge for 2018 by £112,872 and reducing the accumulated depreciation as at 31st July 2018 by £1,270,544.

Likewise the Funds representing functional fixed assets has increased by £1,270,544.

These changes in treatment have been reflected as prior year adjustments, with the impact shown below.

Group

	Previously reported £'000	Prior year adjustment £'000	Restated £'000
Depreciation charge	(979)	113	(866)
SOFA net movements in funds	<u>(979)</u>	<u>113</u>	<u>(866)</u>
Tangible and intangible assets - Cost	39,893	-	39,893
Cumulative depreciation	(18,667)	1,271	(17,396)
Tangible and intangible assets - Net book value	<u>21,226</u>	<u>1,271</u>	<u>22,497</u>
Funds representing functional fixed assets	21,226	1,271	22,497
Total Funds	<u>21,226</u>	<u>1,271</u>	<u>22,497</u>

Charity

	Previously reported £'000	Prior year adjustment £'000	Restated £'000
Tangible and intangible assets - Cost	39,893	-	39,893
Cumulative depreciation	(18,667)	1,271	(17,396)
Tangible and intangible assets - Net book value	<u>21,226</u>	<u>1,271</u>	<u>22,497</u>
Funds representing functional fixed assets	21,226	1,271	22,497
Total Funds	<u>21,226</u>	<u>1,271</u>	<u>22,497</u>

23 Post balance Sheet Events

There are no post balance sheet events to report.

