

THE PACE CENTRE LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 December 2019



THE PACE CENTRE LIMITED
(a company limited by guarantee)

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THE PACE CENTRE LIMITED

Company Information

Charity registration number 1011133

Company registration number 2707807

Trustees
Mr Julian Lovelock (Chairman)
Mr Ian Cairns
Mr Dennis Craggs (Honorary Treasurer)
Mr Ian Harper
Mr Clive John
Mr Adrian Pikett
Ms Satyabhama Pudaruth
Mrs Alison Stevenson
Mrs Kay Taylor

Chief Executive Mr Ian Sansbury

Principal and Registered Office
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Aylesbury
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THE PACE CENTRE LIMITED

Trustees' Annual Report

for the year ended 31 December 2019

The trustees have pleasure in presenting their annual report and audited financial statements for the year ended 31 December 2019 for The Pace Centre Limited, also known as Pace. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

Trustees of the Charity

The Company is managed by a Board of Trustees who are also Directors of the Company. The Board shall review the term of each trustee on a regular basis and refresh the Board as may be required.

A list of trustees who have served during the year are:

Trustees	Mr Julian Lovelock (Chairman)
	Mr Dennis Craggs (Honorary Treasurer)
	Mr Clive John
	Mr Adrian Pikett
	Ms Satyabhama Pudaruth
	Mrs Alison Stevenson

As of 8th April 2020 Mrs Kay Taylor and Mr Ian Harper have been appointed trustees and Mr Ian Cairns was appointed a trustee on 15th May 2020.

Our Aims and Objective

Our Purpose: Pace is a specialist charity that is committed to ensuring that children with neurodisabilities have the opportunity to reach their fullest potential in life. Fundamental to our approach is a belief in every child's ability to learn and make progress, whatever the physical or sensory challenges they face. Pace delivers life-changing educational and clinical support to babies, toddlers, children and young people with complex neurodisabilities and practical support and advice to their families. We strive to continually advance best practice in our field.

Our Vision: The Pace vision is that every child in the UK with a neurodisability, and their family, can access educational and clinical support aligned with the Pace approach. To that end, we work very intentionally to share our expertise, to train other providers and practitioners and to campaign for better provision.

Our Guiding Principles

- Our children's current and future needs are at the core of everything we do. We have a positive belief in every child's ability to learn and strive continuously to ensure that they receive an "education for life" which enables them to be as active and independent as possible and to achieve their potential for a fulfilled life
- Pace is a family centred charity. We use our collective knowledge and skills to achieve a comprehensive understanding of the child and their family's unique challenges and goals in order to educate, empower and support. We always work in close partnership with our families
- We are committed to achieving and advancing best practice in our field through active engagement with other partners and aim to set the standard required in transdisciplinary skill sets, teamwork and approach to best meet the needs of children with neurodisabilities and related developmental challenges. We aim to demonstrate the impact of our approach through data collection and research
- The dedication of our staff and community of supporters is a strength of the organisation. We value and respect the contribution that every member of our community brings to the work of Pace
- We always seek what is best for our children and families whilst providing value for money to those who fund our work.

Our Aims and Objective (continued)

Our Guiding Principles (continued)

Pace has become a leading specialist centre for children with neurodisabilities with a growing reputation both nationally and internationally. Our educational services are consistently judged to be "Outstanding" by Ofsted. The report, from our latest inspection in November 2019, can be found at <https://reports.ofsted.gov.uk/inspection-reports/find-inspection-report/provider/ELS/131462>. We were delighted that Ofsted again judged our provision to be Outstanding, under their new and more exacting framework. Our innovative combination of different educational and therapeutic approaches is genuinely unique and is highly effective in meeting the total learning needs of the developing child. We are committed to continuing research in our field and to the dissemination of our practice to others.

What makes us different?

- A strong focus on early assessment and targeted intensive intervention for babies and young children aged 0-3 years when their brain is most receptive to new learning due to its neuroplasticity
- A commitment to working in partnership with parents as equal partners in the education and development of their child
- A transdisciplinary and integrated educational approach which draws on best practice from occupational therapy, conductive education, speech and language therapy, physiotherapy and special education to provide a rich and individually tailored learning environment for our children
- Pace's innovative model, developed over 29 years, which allows for attention to detail, continual review and adaptation based on the changing needs of our children and their families
- Our educational services have been consistently judged as "Outstanding" by Ofsted <https://reports.ofsted.gov.uk/inspection-reports/find-inspection-report/provider/ELS/131462>
- The transdisciplinary skill set of our staff and the high level of expertise which they bring to our services for children with neurodisabilities
- Our commitment to sharing and disseminating knowledge and skills in the field of neurodisabilities with other professionals, practitioners and parents.

The needs we address:

1. Children's needs

- We work with children and young people aged 0-18 who have learning and developmental difficulties as a result of a neurodisability, particularly but not limited to cerebral palsy. Children who have a neurodisability such as cerebral palsy may find it more difficult to move, engage in play, communicate, eat, drink, dress, draw, write, use technology, access the school curriculum, socialise and develop independence. They may also have medical and orthopaedic needs as a result of their condition
- We ensure that we address all these needs as part of a holistic package of intervention, education and care
- We give great attention to the building blocks required for ongoing learning: sensory, perception, motor, communication and play. As a result, children who attend Pace make accelerated progress and become active learners. They learn what they can do for themselves and develop confidence and belief in their own abilities.

Trustees' Annual Report (continued)

for the year ended 31 December 2019

Our Aims and Objective (continued)

2. Families' needs

We know that parents of disabled children are anxious about what the future holds for them and their child. Like any parent, they want to do their very best for their child. Pace helps them by:

- Offering a warm, welcoming environment in which parents feel nurtured, supported and respected
- Providing "hands on" training (particularly in our Child and Family service) and ongoing information, guidance and advice about their child's needs so that parents feel empowered and informed in their parenting role
- Giving positive encouragement and hope for the future by providing very skilled therapeutic and educational intervention for their child at a time when they need it most
- Including them within our community of families from which they can find friendship and camaraderie.

3. The need to train and share expertise with our own staff and others in the specialist area of neurodisabilities

Pace is committed to building expertise in our specialism within our own staff team and in the workforce generally. We offer the following training and development opportunities to our own staff and external practitioners:

- **Student Placements:** Pace is pleased to have been able to offer undergraduate placements for students in Occupational Therapy and Conductive Education. We also regularly host students wishing to gain work experience as part of their sixth form or higher education courses
- **Training Courses:** With the availability of the Cazenove Training Suite, opened as part of the Weston Centre at our Bradbury Campus in 2016, Pace has been able to offer an increased level of training in cerebral palsy and related aspects to our own staff as induction training and ongoing professional development.

This rigour in our training provision has brought us to a place where we can increasingly offer training courses to other centres and practitioners, both locally through the Cazenove Training Suite and online through our digital services, which is described in more detail within the strategy section of this report.

Public Benefit

In establishing the annual objectives and activities which will fulfil Pace's overall aims, the trustees have regard to the principles of public benefit at all times. It is central to the charity's ethos to assist children and young people on the basis of educational and medical suitability for the services offered and not to impose narrow geographical boundaries or unreasonable financial burdens on those that attend. Pace needs to fundraise on behalf of every child, whether they attend full or part time, as the costs for each child substantially exceed the combination of statutory (LEA) funding and parental contributions. In addition, there have always been children in attendance who are not in receipt of any LEA funding, either for part or the whole of their time at Pace. This is particularly true for children in our early years' service which is heavily subsidised by our charitable income.

Trustees' Annual Report (continued)

for the year ended 31 December 2019

Our Values

Our work is informed by our values which are deeply held:

- **Child and Family Centred:** We always place the children, young people and families we support at the very heart of all that we do.
- **Innovative:** We are creative problem-solvers, both in meeting the needs of our children, young people and families and organisationally.
- **Specialist:** We are committed to achieving and continually advancing best practice in our field. We are intellectually curious and always seek to learn.
- **Dedicated:** The dedication of our staff and volunteers is greater than one finds in many organisations. We believe that this is an important part of our success.
- **Compassionate:** Our practice is always informed by a sense of intelligent compassion for the children and families we support and by deep respect for each other. Intelligent compassion is always informed by what is in the best long-term interests of the child and the family and Pace's long-term sustainability.
- **Aspirational:** We aspire to the very best outcomes for our children, young people and families. We aspire to be the best we can be, both as individuals and as an organisation.

Strategic Progress

Achievements and performance

The trustees established the following objectives for 2019.

Objectives for 2019	Activities and achievements
SMART School	
To begin Pace's transformation into a fully and genuinely SMART special school, through which the power of assistive technology will be fully harnessed to further enhance the outcomes that we can achieve for our children, young people and families.	<p>During 2019, we finalised an ambitious business plan for the SMART School initiative. We have had a number of encouraging funding conversations – and since the year end we are delighted that St James's Place Charitable Foundation has generously funded the first three phases of this important project with a grant of £150,000. This will fund the development of our SMART curriculum, our 'SMART Lab', and the Mobile AT Lab during the remainder of 2020.</p> <p>However, we have not waited for that funding to make a start on this critically important initiative. Our teaching team, together with support and input from our conductors and therapists, have started a project to articulate our specialist integrated curriculum. We have documented the first two terms and started a third term. We have been able to refine the process and the format of the documentation in order to shape it into the most useful tool for Pace. Within this curriculum articulation, we have fully incorporated the use of SMART technology and ensured a real focus on the skills needed to record and access work.</p>

Objectives for 2019	Activities and achievements (continued)
SMART School (continued)	<p>We have also been very active in developing relationships with a number of technology companies, both large and small. Our relationship with IBM Research has seen the prototype development of a universal switch interface, the result of an IBM hack day that was dedicated to working with Pace. We are delighted that a team of IBM interns will carry that work forward in the summer of 2020. We have also developed research relationships with smaller technology companies, for instance focusing on the application of virtual reality and gamification to physiotherapy (The Parallel VR) and smart tools for hand therapy (Gripable). Since the year end two of our occupational therapists have recently joined the clinical advisory board for Gripable.</p> <p>During the year, we also rolled out an initial version of our Mobile AT Lab, allowing our Assistive Technology (AT) Lead to bring together a range of AT devices into a mobile 'kit' which can be deployed across both of our sites, for home visits and visits to other schools. We have also developed and applied for a patent for the Pace simulator chair, a device which allows children and young people with complex needs to learn how to use a motorised wheelchair safely.</p>
CP Hub	
<p>To develop and launch CP Hub, an online portal and resource for families and practitioners that will provide high quality guidance, training and support on cerebral palsy and related conditions.</p>	<p>2019 was an investigatory year for the CP Hub initiative. Through conversation with a number of key stakeholders (families, technologists and potential funders) we are now very confident that there is a need to develop Pace's digital offering and that it is a very compelling funding proposition. However, we also learned that:</p> <ul style="list-style-type: none"> • to have the greatest possible impact, developing our digital offering properly is a bigger project than we had originally envisaged, particularly in terms of technology build and resourcing. • in order to secure funding, we need to have a far more detailed analysis of need and a more honed specification for the technology build. <p>We are now embarking on the next phase of planning for the project, as outlined in the 2020 objectives outlined below.</p>
Impact Reporting	
<p>To continue to refine our ability to record, measure and communicate the outcomes that Pace achieves, partly to ensure continuing and growing support from our funding</p>	<p>We continue to work on the development of our impact framework for Pace. We have completed a theory of change model for our early intervention programme within Child and Family and have been working to refine the existing theory of change for our school services. As part of that work, and to confirm and refine the strategic outcomes we achieve for our children and families (our purpose), we conducted a Delphi study</p>

Objectives for 2019	Activities and achievements (continued)
Impact reporting (continued)	
<p>stakeholders (particularly local authorities and charitable trusts) but also to ensure that we can continue to develop our practice and enhance the outcomes we achieve for the children, young people and families we support</p>	<p>of the outcomes that our stakeholders (particularly our families and staff) value most.</p> <p>During 2019 we identified and procured the Evidence for Learning platform as our new tool for measuring the progress of our children and young people. This new tool will allow for the digitisation of individual learning plans and for better recording of individual outcomes, through classroom-based tablet devices.</p> <p>In 2019 we also recognised that effective impact reporting will be a significant driver for the growth of our early intervention work and for its wider replication, nationally and internationally. While research evidence is strong for the effectiveness of early intervention in babies and toddlers with neurodisabilities, effective operating models have not been well documented and clinical outcomes have not been translated into economic impact to incentivise commissioners to invest in such work. Towards the end of the year, we therefore launched a three year funding programme to fund our early intervention work in its entirety and to support rigorous academic evaluation and cost benefit analysis. We are currently seeking funding to support this £1.3m three year programme.</p>
Marketing	
<p>To continue to develop the marketing of our School and Child and Family Services to families and to commissioners in order to increase the number of children and families who can access those services.</p>	<p>During 2019, we focused a great deal of senior time on improving relationships with key local authority stakeholders, particularly Buckinghamshire (our 'home' authority, from which around half of our children come) and the West London Alliance, a commissioning consortium of local authorities which is growing to include Buckinghamshire, among others. We have worked hard to articulate our very specialist practice and the differential outcomes that we achieve for our children and young people.</p> <p>In the first part of the year, we developed a marketing document articulating the breadth in which Pace can support local authorities as a trusted specialist partner. Over the year we have hosted a significant number of senior members of the Buckinghamshire education and commissioning teams as well as commissioners from the West London Alliance. That process of engagement has been successful, relationships have been significantly enhanced and appear to be resulting in a gradual increase in placement numbers. In addition, we have worked harder on developing the Pace brand and our wider marketing efforts. We invested significantly in donor communications, particularly through our reinvigorated donor newsletters, and have been far more active on</p>

Objectives for 2019	Activities and achievements (continued)
Marketing (continued)	social media. During the year, we also worked to soften the brand and make it less 'corporate' and developed a range of templates for adverts and flyers to make them more professional and in line with our core brand. We re-implemented our Google Ads programme, placed ads in a range of local and national publications and advertised across a number of local Facebook groups.
People frameworks and internal communications	
To continue to invest in our people by developing the frameworks through which we can recruit, develop, motivate and retain our staff and volunteers.	<p>During 2019, we implemented a new HR Management System, Breathe HR, which has enabled us to digitise a significant amount of our HR data and processes. We also brought our payroll processes back in house, giving more control over those systems and making some meaningful cost savings. We gave a significant focus in 2019 to leadership development, particularly within Pace's Leadership Team, and to re-evaluating our organisational values. The Leadership Team engaged in a rigorous, externally-driven 360° evaluation and a Myers Briggs analysis which culminated in a leadership meeting offsite in June. The team has also re-evaluated and evolved Pace's organisational values, including the creation of twelve associated Pace 'habits' – and these will be reiterated to staff during 2020.</p> <p>During the year we also focused closely on employee absence, both long-term and short-term, and updated our policies, processes and supervisor training in order to address observed levels of absence. A renewed focus on these policies, on the rigorous measurement of 'Bradford factors' through Breathe HR and an improved 'return to work' process has resulted in a reduction in employee absence. Late in the 2019, a new HR strategy was developed which will take forward Pace's ongoing enhancements in recruitment, learning and development, performance evaluation and reward. A separate volunteer strategy has also been developed.</p>
Freehold purchase	
To continue to review the opportunities to purchase the freehold of the Bradbury Campus, on which our purchase option extends to the end of the lease in 2046.	We have continued to have exploratory conversations with funders (both charitable trusts and individual major donors) about grants and/or loan finance to support the purchase of the freehold on our Bradbury Campus. Given the many other funding priorities for Pace at the moment (notably SMART School, our digital service development and our early intervention programme) as well as our need to fund core costs, we do not currently intend to launch a capital appeal for this purchase but will continue to engage funders opportunistically with the aim of building a critical mass of support.

Trustees' Annual Report (continued)

for the year ended 31 December 2019

Objectives for 2020

The objectives for 2020 reflect a great deal of continuity from the prior year. The trustees have a continued focus on the need to improve the charity's financial sustainability and the objectives for 2020 support this overriding objective.

1. Early Intervention Programme – Strategic Funding Programme and Evaluation

As noted above in our review of 2019, our impact reporting work resulted in a recognition that successful growth and wider national replication of our ground-breaking early intervention programme would rely on enhanced outcome reporting. We recognise that in order to be a catalyst for wider change, we need to scale up our aspirations quite significantly. To that end, we plan:

- to secure three years of programme funding (from charitable trusts and foundations and individual major donors) for our Child and Family service to allow us to deliver early and intensive intervention to babies and toddlers at no cost to the family. This will reduce the barriers to NHS referral and to family affordability.
- to articulate our practice in such a way that it can be more widely replicated, both by statutory and third sector providers.
- to engage a university-based research clinician to develop an academically rigorous evaluation of our clinical outcomes.
- to engage an economic cost benefit analysis of our early intervention work and to recommend solutions to the disincentives that exist in local authority finance for prevention-based commissioning.

We have projected the cost of this three-year programme at approximately £1.3m.

Our overall goal is that this three-year programme and our reporting from it will drive changes in commissioning behaviour, based on the significant value generated by this work. We believe that this will help to deliver statutory funding for our service and the handful of other similar services around the UK but that it will also foster wider replication in the many parts of the UK that currently lack such provision.

By the end of 2020, we aim to have secured the majority of the funding towards this three year programme and will have fully documented our practice in a way that can be replicated more widely. We intend to have engaged a research clinician who will have started to monitor and evaluate our outcomes and we will be planning engagement with an appropriate partner to assess the economic aspects of the programme.

2. SMART School

We intend that 2020 will see the completion, or at the very least substantial progress towards, the first three phases of our SMART School initiative. During the year, we expect to complete the overall articulation of our specialist integrated curriculum and, within it, the specific roles of technology, particularly in terms of access to the curriculum and recording learning.

If appropriate funding is forthcoming, we also intend to deliver our SMART Lab (our pilot SMART classroom and an important facility through which we can develop and test what technology and infrastructure works best, particularly with external technology companies and research partners). We will also further enhance the Mobile AT Lab through specific equipment purchases and deliver more home and school visits during 2020.

We will also be working hard, off the back of the outcomes and learning from these initial phases of the project, to secure funding for the wider rollout of the SMART classroom concept across the rest of the school.

Objectives for 2020 (continued)

3. Pace Digital Services

We will continue to develop Pace's digital offering, particularly given what we have learnt from the lockdown caused by the Covid 19 epidemic. We envisage that this will embed our emerging teletherapy practice, in addition to the online one-stop shop for advice and training for families and practitioners that we originally conceived. These digital services will allow Pace to extend its impact geographically, enabling us to reach many more children and families through our transformational practice. It will also enable us to substantially develop our profile, nationally and internationally.

In 2020, we plan to:

- draw together a skilled project team, comprising families, staff, trustees and other skilled volunteers
- demonstrate the need for our digital offering, through a national family survey and a detailed needs analysis
- develop a specification for the technology, web and social media build
- secure funding for at least the first phase of development
- develop and test initial resources and training materials (blogs, vlogs, research articles, online training modules etc.).

4. Impact Reporting

During 2020, we will continue to develop our impact reporting across Pace. We will significantly enhance outcome measurement in our early intervention programme, as outlined in objective 1 above, through the funding and recruitment of a research clinician to drive forward our monitoring and evaluation work.

For the school, we will finalise our re-evaluation of our existing theory of change and identify the generalised outcome sets that we will seek to measure across all children and young people. We will explore ways in which we can dovetail our existing and very comprehensive child-centred goal-setting processes into this wider framework of aggregated outcomes. We will explore and develop the use of Goal Attainment Scaling as a means to standardise and aggregate progress across Pace and we will roll out Evidence for Learning as the platform for all school outcome reporting

5. People Frameworks

During 2020, we will continue to enhance our HR processes, in line with our wider HR strategy. We will communicate our re-evaluated and somewhat evolved organisational values and employee habits to staff and start to embed them into all of our HR processes (particularly recruitment and performance review). We will develop core competencies for all roles and upgrade our performance review framework and revise our salary structures. We will continue our focus on leadership development, particularly with our wider supervisor group in mind, and we will continue to focus on specific improvements to staff engagement and wellbeing.

6. Board Development

During 2019, we started the process of strengthening the board of trustees and in further developing our governance frameworks. During 2020, we intend to grow the size and breadth of expertise of the board and to create a sub-committee structure, not least so that we can ensure particular scrutiny of our school and Child and Family services. We will appoint an external clerk to the trustees.

Trustees' Annual Report (continued)

for the year ended 31 December 2019

Fundraising standards information

A fundraising strategy has been prepared and approved by the trustees which identifies our income streams and the approach taken for each activity. This strategy takes into account best practice and current standards. With the introduction of GDPR from 25 May 2018 we have continued to review and, where appropriate, revise our policies and procedures including: data capture, complaints procedure, transferring of data and the implementation of the data subjects' preferences.

All fundraising is done in house and not outsourced to any professional fundraisers or commercial participators.

Pace has opted to join the Fundraising Regulator. The Fundraising Regulator holds the Code of Fundraising Practice for the UK. We follow the standards for charitable fundraising, ensuring that our fundraising is respectful, open, honest and accountable to the public. Pace has not knowingly failed to comply with the standards of practice.

Pace has not received any complaints regarding its fundraising efforts in the year ended 31 December 2019 or to the date of this report.

In all our policies and practices we have not actively sought additional data that is not already in the public domain. We only record data that people opt to provide to us. It is our policy to not knowingly contact persons over a certain age. We have actively purchased dates of birth to help us achieve this objective. Our communication programme focuses on less intrusive types of communication, for example email. Our direct mail campaigns are minimal and targeted. All fundraising requests are passive as we do not run face to face or telephone campaigns.

Financial review

The trustees have a continued focus on the need to improve the charity's financial sustainability and the charity has taken appropriate action. The charity is making all possible efficiencies whilst continuing to develop new income generating activities. As noted earlier in this report, this includes proactive engagements with local authorities to increase numbers of school placements, further developing our charity profile through more intensive marketing and continuing to diversify and grow our voluntary income.

A rolling three-year strategic plan and budget have been prepared and are being implemented to support the drive for ongoing sustainability. As a result of the continued successful implementation of this plan, there was an overall net surplus in income over expenditure of £938. This comprised a surplus on unrestricted funds of £177,968 less a deficit on restricted funds of £177,030. The restricted fund deficit arose after a charge for depreciation of £120,603.

Trustees' Annual Report (continued)

for the year ended 31 December 2019

Financial review (continued)

This was achieved by:

- Charitable activities income increased by £264,000 due to
 - an increase in the number of students attending Pace school and the average fee per child being increased, as this included private placements as well as children being placed by Local Authorities
 - an increase in the number of children seen by Child and Family services in sessions was offset by a slight decrease in the number of students receiving therapeutic input either in their own school, at home or sessions at Pace
 - The provision of staff to other schools increasing
 - The inclusion of the therapists in Child and Family in an NHS study into the use of sensory integration for primary aged children with autism attending mainstream schools for which we received £36,000.
- Fundraising events income increased by £100,000 although the cost of running such events also increased by £24,000. Our Big Walk in April 2019 had over 250 walkers and raised £21,000. In addition, Le Grande Adventure, a cycle ride over four days in three countries raised £54,000 gross income and after costs generated £36,000. We were also fortunate to have the support of the group Marillion who raised £10,000. In 2018 we reported that Pace had increased the number of active supporters by 1,062. By December 2019 there was a further increase to 1,072 allowing for new supporters and those who have lapsed.
- Offset against these was a decrease in donations of £219,000 arising from:
 - A fall in trust income of £88,000 which was partly due to a change in the team in the year
 - a reduction in In memoriam funds (in 2018 we received donations in memory of two former Pace supporters of £25,000)
 - a further conversion of £150,000 of our interest free loan (£200,000 in 2018)
 - In 2018 we had £40,000 gift in kind from a corporate donor to assist us in our development of our assisted technology programme
- The costs of our charitable activities increased due to higher salary costs. This was partly due to the impact of the increase in the employer pension contribution, the increase in the national minimum wage and an increase in market salaries, particularly for therapists.

Approximately 67% of our funding is from Local Authorities and the remainder continues to be raised through Pace fundraising and the generous support of many trusts, companies and individuals.

The cash flows of the charity showed a net decrease in cash of £98,732 (2018: net decrease £217,326). This is mainly the result of an increase in debtors. Debtors were higher at the year-end, as several Local Authorities were later in settling the Spring term invoices. These have been received since the year end but have taken much longer to settle than usual.

Investment Policy: The trustees feel that the most appropriate policy for investing the unrestricted reserve is a deposit account or fixed-term deposit (with a maximum maturity of two years) with a major UK institution, preferably in a product that has been designed for the charity sector.

Trustees' Annual Report (continued)

for the year ended 31 December 2019

Financial review (continued)

Reserves Policy: The trustees reviewed and updated their policy for the charity in 2016 and they maintain that the minimum level of reserves (excluding funds not otherwise committed or restricted) should be between 6 and 12 months of budgeted expenditure. The strategic plan and budget have been prepared to achieve this objective.

At 31 December 2019:

- the total reserves were £2,450,415 (2018: £2,449,477)
- the restricted reserves, which can only be spent as directed by the donor were £2,429,823 (2018: £2,606,853). These reserves principally represent incurred capital costs on the development at Wendover Road and are being released as the development cost is depreciated. The depreciation charge for the year is £112,519
- The unrestricted reserves before the long term loan are £170,592 (2018: £142,624)
- Unrestricted reserves at 31 December 2019 were £20,592 after the long term loan.

Going Concern: The financial statements have been prepared on a going concern basis. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from the date of approval of these financial statements. Detailed cash flow forecasts have been prepared and reviewed by the trustees and continue to be reviewed on a regular basis against actual results.

In carrying out this review, the trustees have considered estimates of the expected impact of the coronavirus pandemic, which is ongoing at the date of approval of these financial statements, on future income levels, whilst also taking into account planned cost savings and the use of government backed financial support schemes as appropriate. In view of the nature of this event, there must however be a significant uncertainty about its impact, particularly on fundraising income, the continued availability of government backed support schemes and its potential effect on operations and therefore on ongoing income from our charitable activities.

We comment further below on the impact of the pandemic and how it is being addressed by Pace.

In order to provide support to the charity, in 2016 a long term interest free loan facility of £1,000,000 was provided by a donor whilst the sustainability strategy first adopted in 2016 comes to fruition and, as detailed in note 13, is now not due for repayment until after 1 January 2022. At the beginning of the year £500,000 had been drawn down. In the year, the donor agreed to gift a further £150,000 (2018: £200,000) of this amount, leaving £150,000 of the drawn-down amount outstanding.

Taking into account the availability of the undrawn balance of this loan facility of £500,000, on the basis of this analysis, the trustees have a reasonable expectation that Pace will have adequate resources to continue in operational existence for the foreseeable future and it is therefore appropriate to adopt the going concern basis of accounting for these financial statements.

Whilst 2020 is a long way from our original hopes and plans, nonetheless, the trustees are confident that Pace remains a going concern.

Trustees' Annual Report (continued)

for the year ended 31 December 2019

Financial review (continued)

Financial objectives: The trustees remain focused on improving the charity's financial sustainability and the charity continues to develop income generating activities from the services provided. This is being done alongside an investment in Pace's marketing, communications and fundraising.

Objectives in the financial plan continue to be:

- To develop our relationship with local authorities to increase their fee contribution as well as developing referral programmes which ensure optimum financial efficiency for both Pace and local authorities.
- To open our admissions to privately funded pupils and develop a marketing strategy to promote this provision.
- To continue to develop our fundraising capabilities following the changes to the team in 2019.
- To deliver a training programme for external practitioners to generate income.
- To continue to review our costs at all levels to ensure that we carry out our core services as efficiently and effectively as possible.

Risk Review: The trustees, together with staff, have implemented controls and procedures throughout the organisation to minimise external and internal risk and ensure a consistently high quality of education and care for the children and appropriate working conditions for staff. At a strategic level, and as noted elsewhere in this report, the trustees have continued to focus on the mitigation of the key risks; the need to maximise the cash resources of the charity and the need for the charity to continue to be sustainable.

The key risks have been identified as follows:

- The School does not meet the practice, educational and regulatory standards required of a school as measured by Ofsted and the Department for Education. The risk would be that our reputation as an Outstanding school would be lost and this would impact on pupil placement at the school and our charitable fundraising. To mitigate this risk, on joining the organisation, all staff members receive rigorous induction training including safeguarding, health and safety, educational and clinical practice modules, observation and assessment by the senior team. In addition, all staff members are required to read all the regulatory policies held on the organisation's intranet in their first month and their supervisor ensures that this has been done. The Director of Education reviews these policies on a regular basis and any changes are communicated to all staff. If a breach, however small, is noticed, all staff are reminded of the policy. Regulatory training is carried out for all staff routinely throughout the year. Pace has very clear and robust standards of practice which are shared with new staff and existing staff at performance reviews. In 2020 it is planned to set up a School sub committee of trustees to review processes and procedures.
- Safeguarding of children at Pace is paramount. The risk is that a serious incident relating to non-compliance with the statutory guidance would affect our reputational risk and the placing of children at the school. All staff members have training in child protection as soon after their appointment as possible. Any issues are brought to the attention of the designated safeguarding officer and are followed up immediately. There are termly safeguarding and health and safety monitoring meetings which review any matters. Nominated trustees have overall responsibility for safeguarding and health and safety and carry out spot checks from time to time to ensure compliance. Safeguarding and health and safety are on all Senior School Management team, Leadership team and Trustee meeting agenda
- As the charity relies on income from fundraising, there is a risk of non-compliance with best practice by Pace fundraisers which could impact negatively on donations to the charity and incur financial penalties. The Director of Fundraising therefore ensures that the team complies with best practice at all times. Fundraising standards of practice and operations are overseen by the Chief Executive and the Board of Trustees.

Post balance sheet and Covid 19

At the time of the approval of this report by the trustees, the coronavirus pandemic was taking hold around the world. As for many charities, we expect that the pandemic will have a significant impact on Pace, both in terms of our financial performance and on our operations. In fundraising terms, our Spring and Summer events programme has been severely impacted, with our Big Walk postponed from April to September 2020 and our Children's Challenge event moved from May to November. Several of our other small events have been cancelled and we have still to decide if and when these can be rebooked. We are also seeing reductions in our income from corporate and institutional funders.

We are mitigating the financial impact of the virus as much as we can, but there is continuing significant uncertainty around the duration and severity of its impact on the charity. Our current expectation is that our fundraising income will be about £300,000 lower than we had originally planned, driven primarily by reductions in income from events and community fundraising. However, we have redirected our efforts to applying for grants from charitable trusts and foundations. We have adjusted our budgets appropriately and the trustees and management have implemented a number of cost saving measures, including taking advantage of the government Job Retention Scheme where appropriate. In addition, we have launched an urgent fundraising appeal to help raise funds from our existing supporter base.

Due to the lockdown and physical distancing policies that have been adopted, the virus is also significantly affecting our ability to deliver our typical school and therapy programmes. However, we have adapted quickly and successfully and are continuing to provide high quality support to our children and their families through the resources and technologies available to us. This includes online learning through Google Classroom, teletherapy sessions and close engagement with and support to our families, who are particularly isolated during this time of lockdown. This has not been without its challenges, as so much of our practice is typically hands-on, but based on the feedback we are receiving, both our children and families have evidently been very happy with what we have delivered. The trustees are very grateful for the efforts of all the Pace staff team in their rapid and innovative response to this current situation. We eagerly, but patiently, await the time when we can get back into our premises and return to more normal ways of working. Whilst 2020 is a long way from our original hopes and plans, nonetheless, the trustees are confident that Pace remains a going concern.

Trustees' Annual Report (continued)

for the year ended 31 December 2019

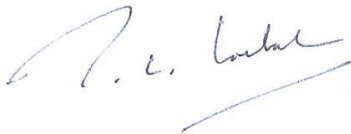
Small company provision

In preparing this report, the trustees have taken advantage of the small companies' exemption provided by section 415A of the Companies Act 2006.

Structure, governance and management

The trustees are appointed by the Board who elect or re-elect the trustees. The Board of Trustees review the term of each trustee on a regular basis to refresh the Board as may be required. An induction programme is in place which involves both information and training delivered by senior staff. Trustees are also invited to take an active part in the life of Pace at open days, fundraising and other corporate events.

The day to day activities of the charity are run by the Leadership team consisting of the Chief Executive, Director of Finance, Director of Education, Director of Clinical Services and Director of Fundraising. The remuneration of the charity's key management personnel is based on benchmarking against similar roles at similar size charities and is approved by the trustees.



Mr J Lovelock

For and on behalf of the trustees

Date: 1 June 2020

THE PACE CENTRE LIMITED

Statement of Trustees' Responsibilities

The trustees (who are also directors of The Pace Centre Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the 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 in the Charities 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.

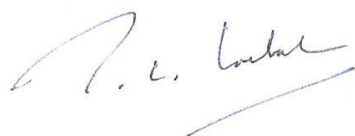
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply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

The trustees each confirm that

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

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

For and on behalf of the trustees



Mr J Lovelock

Date: 1 June 2020

Independent auditor's report to the members of The Pace Centre Limited

Opinion

We have audited the financial statements of The Pace Centre Limited (the 'charitable company') for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of cash flows and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

We draw attention to the disclosures relating to the impact of coronavirus since the year end set out in notes 1d and 23 to the financial statements. Our opinion is not modified in this matter.

Independent auditor's report to the members of The Pace Centre Limited

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

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

Independent auditor's report to the members of The Pace Centre Limited

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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.

Paul Creasey (Senior Statutory Auditor)
For and on behalf of Wilkins Kennedy Audit Services
Statutory Auditor
Amersham
1 June 2020

THE PACE CENTRE LIMITED

Statement of Financial Activities (including an Income and Expenditure account)

for the year ended 31 December 2019

	Note	Unrestricted Funds	Restricted Funds	Total Funds 2019	Total Funds 2018
		£	£	£	£
Income from					
Donations and legacies	2	386,095	314,052	700,147	919,298
Charitable activities	3	1,789,779	-	1,789,779	1,525,737
Other trading activities: fundraising events		233,762	2,638	236,400	136,628
Investments	4	936	-	936	364
Other		4,748	-	4,748	2,198
Total Income		<u>2,415,320</u>	<u>316,690</u>	<u>2,732,010</u>	<u>2,584,225</u>
Expenditure on					
Costs of generating funds					
Raising funds	5	245,431	2,160	247,591	224,282
Charitable activities: provision of school services, outreach and sessional services and training and development	6	1,991,921	491,560	2,483,481	2,409,104
Total expenditure		<u>2,237,352</u>	<u>493,720</u>	<u>2,731,072</u>	<u>2,633,386</u>
Net (expenditure)/ income and net movement in funds		177,968	(177,030)	938	(49,161)
Total funds brought forward		<u>(157,376)</u>	<u>2,606,853</u>	<u>2,449,477</u>	<u>2,498,638</u>
Total funds carried forward	14	<u>20,592</u>	<u>2,429,823</u>	<u>2,450,415</u>	<u>2,449,477</u>

All income and expenditure derive from continuing activities.

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

THE PACE CENTRE LIMITED

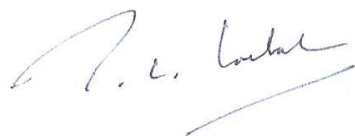
Company registration number: 02707807

Balance Sheet

as at 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	10		2,344,944		2,465,547
Current assets					
Debtors	11	579,239		456,116	
Cash at bank and in hand		453,226		551,958	
		1,032,465		1,008,074	
Creditors: amounts falling due within one year	12	(776,994)		(724,144)	
Net current assets			255,471		283,930
Total assets less current liabilities			2,600,415		2,749,477
Creditors: amounts falling due after more than one year	13		(150,000)		(300,000)
Net assets			2,450,415		2,449,477
Charity funds					
Restricted funds	14		2,429,823		2,606,853
Unrestricted funds	14		20,592		(157,376)
Total charity funds			2,450,415		2,449,477

These accounts were approved by the trustees on 1 June 2020



Mr J Lovelock
Chairman

The accompanying notes form part of these financial statements

THE PACE CENTRE LIMITED

Statement of cash flows

Year ended 31 December 2019

	Note	2019 £	2018 £
Cash flows from operating activities and net cash flow from operating activities	16	<u>(99,668)</u>	<u>(201,373)</u>
Cash flows from investing activities			
Payments to acquire tangible fixed assets		-	(16,317)
Interest received		936	364
Net cash flows from investing activities		<u>936</u>	<u>(15,953)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(98,732)</u>	<u>(217,326)</u>
Cash and cash equivalents at 1 January		<u>551,958</u>	<u>769,284</u>
Cash and cash equivalents at 31 December		<u><u>453,226</u></u>	<u><u>551,958</u></u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		167,115	276,393
Short term deposits		286,111	275,565
Cash and cash equivalents at 31 December		<u><u>453,226</u></u>	<u><u>551,958</u></u>

Notes to the financial statements

Year ended 31 December 2019

1 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies remain unchanged from the prior year.

a) General information and basis of preparation.

The Pace Centre Limited (also known as Pace) is a company limited by guarantee incorporated in England and Wales.

The charity constitutes a public benefit as defined by FRS 102. The financial statements have been prepared in pounds sterling (which is the functional currency) under the historical cost convention, the Companies Act 2006, 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) and UK Generally Accepted Accounting Practice as it applies from 1 January 2019.

b) Significant estimates and judgements:

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- depreciation rates (see (h) below)
- allocation of support costs (see (g) below)

c) 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. The aim and use of each restricted fund is set out in the notes to the financial statements.

d) Going concern

The financial statements have been prepared on a going concern basis.

The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from the date of approval of these financial statements. Detailed cash flow forecasts have been prepared and reviewed by the trustees and continue to be reviewed on a regular basis against actual results.

In carrying out this review, the trustees have considered estimates of the expected impact of the coronavirus pandemic, which is ongoing at the date of approval of these financial statements, on future income levels, whilst also taking into account planned cost savings and the use of government backed schemes as appropriate. In view of the nature of this event, there must however be a significant uncertainty about its impact, particularly on fund raising income, the continued availability of government backed support schemes and its potential effect on operations and therefore on ongoing income from our charitable activities. However, in particular taking into account the availability of an undrawn loan facility of £500,000 (see note 13), on the basis of this analysis, the trustees have a reasonable expectation that Pace will have adequate resources to continue in operational existence for the foreseeable future and it is therefore appropriate to adopt the going concern basis of accounting for these financial statements.

Notes to the financial statements (continued)

Year ended 31 December 2019

e) 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.

Income from Charitable Activities is measured at the fair value of the consideration received or receivable for services rendered, and is recognised as the services are delivered.

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the value of general volunteer time is not recognised although the trustees' annual report sets out more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained, then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

As provided in the SORP (FRS 102) no amount is included in the financial statements for volunteer time.

For legacies, the point of entitlement is the earlier of the date of the charity being notified of an impending distribution or the date the legacy is received. At this point income is recognised. On occasion legacies will be notified to the charity however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

Investment income is earned through holding assets for investment purposes such as on short term bank deposit and solely comprises bank interest.

f) 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:

- Costs of raising funds includes the costs associated with the Fundraising team, including payroll for the members of that team and the direct costs of fundraising events
- Expenditure on charitable activities includes the cost of clinical and teaching staff together with the costs of providing the educational and therapeutic interventions
- 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.

Notes to the financial statements (continued)

Year ended 31 December 2019

g) 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 and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include strategy development. 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. General overheads have been allocated on a staff pro rata basis.

Fundraising 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.

h) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes costs directly attributable to making the asset capable of operating as intended.

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:

Improvements to long leasehold land and buildings	25 to 32 years straight line
Fixtures, fittings and equipment	3 to 10 years straight line

Assets costing over £1,000 are capitalised at cost.

i) 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.

j) Leases

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

k) 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.

l) Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Notes to the financial statements (continued)

Year ended 31 December 2019

m) Financial instruments

Debtors

Trade and other debtors are measured at transaction price less any impairment unless the arrangement constitutes a financing transaction in which case the transaction is measured at the present value of the future receipts discounted at the prevailing market rate of interest.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with an original maturity of date of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Creditors and provisions

Creditors and provisions are recognised when the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their transaction price after allowing for any trade discounts due unless the arrangement constitutes a financing transaction in which case the transaction is measured at present value of future payments discounted at prevailing market rate of interest. Other financial liabilities are initially measured at fair value net of their transaction costs. They are subsequently measured at amortised cost using the effective interest method.

n) Concessionary loans

Concessionary loans received for the purposes of furthering the objectives of the charity are initially recognised in the balance sheet at the amount received and are subsequently adjusted to reflect any accrued interest payable under the terms of the agreement.

THE PACE CENTRE LIMITED

Notes to the financial statements (continued)

Year ended 31 December 2019

2 Income from donations and legacies

	Unrestricted	Restricted	2019 Total	Unrestricted	Restricted	2018 Total
	£	£	£	£	£	£
Donations	386,095	314,052	700,147	459,976	459,322	919,298

Pace benefits greatly from the enthusiastic support and involvement of its many volunteers and supporters. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

Included in restricted donations in 2018 was £40,000 as a donation in kind from Elixirr who provided pro bono consultancy to help Pace move forward on its Assistive Technology practice, skills, opportunities, facilities and services.

3 Charitable activities: all unrestricted

	2019 £	2018 £
LEA funding	1,356,918	1,281,810
Early Years funding	35,884	26,247
Parental funding	108,772	27,249
Provision of staff and equipment to other schools	240,681	180,007
Training	2,249	3,310
Other	45,275	7,114
	1,789,779	1,525,737

4 Investment income

All of the investment income of £936 (2018: £364) arises from money held on interest bearing deposit accounts.

5 Analysis of expenditure on raising funds

	2019 £	2018 £
Salaries and consultancy including training	179,723	169,435
Event and function costs	54,444	41,514
Direct costs	1,072	932
Support costs (see note 7)	12,352	12,401
	247,591	224,282

Expenditure on raising funds was £247,591 (2018: £224,282) of which £2,160 (2018: £9,514) was restricted and £245,431 (2018: £214,768) was unrestricted.

Notes to the financial statements (continued)

Year ended 31 December 2019

6 Analysis of expenditure on charitable activities	2019	2018
	£	£
Salaries and consultancy including training	1,862,670	1,715,631
Facilities and other costs	234,318	224,260
Classroom resources	64,706	78,283
Pro bono consultancy services (see note 2)	-	40,000
Depreciation	120,603	121,402
Governance costs (see note 7)	31,748	37,318
Support costs (see note 7)	169,436	192,210
	<u>2,483,481</u>	<u>2,409,104</u>

Expenditure on charitable activities was £2,483,481 (2018: £2,409,104) of which £491,560 (2018: £527,731) was restricted and £1,991,921 (2018: £1,881,373) was unrestricted.

7 Analysis of support costs 2019	Raising funds £	General support £	Governance function £	Total £	Basis of allocation
Salaries, wages and related costs	8,565	117,484	15,857	141,906	Prorated on number of staff
General office	3,787	51,952	7,012	62,751	Prorated on number of staff
Auditor's remuneration	-	-	8,330	8,330	Governance
Legal and other professional fees	-	-	549	549	Governance
	<u>12,352</u>	<u>169,436</u>	<u>31,748</u>	<u>213,536</u>	

Analysis of support costs

2018	Raising funds £	General support £	Governance function £	Total £	Basis of allocation
Salaries, wages and related costs	9,720	150,662	21,870	182,252	Prorated on number of staff
General office	2,681	41,548	6,031	50,260	Prorated on number of staff
Auditor's remuneration	-	-	8,680	8,680	Governance
Legal and other professional fees	-	-	737	737	Governance
	<u>12,401</u>	<u>192,210</u>	<u>37,318</u>	<u>241,929</u>	

The charity identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified the governance costs, the remaining support costs together with the governance costs are apportioned between raising funds and the charitable activities in the year.

Notes to the financial statements (continued)

Year ended 31 December 2019

8 Net income /(expenditure) for the year is stated after charging:

	2019	2018
	£	£
Depreciation of tangible fixed assets	120,603	121,402
Operating lease rentals	107,201	107,201
Auditor's remuneration	8,330	8,680
	<u>236,134</u>	<u>237,283</u>

9 Trustees' and key management personnel remuneration and expenses

No trustee either received or waived any remuneration during the year (2018: £nil).

The total amount of employee benefits received by key management personnel is £225,508 (2018: £229,802). The charity considers its key management personnel comprise the trustees, Chief Executive, Director of Education, Director of Finance, Director of Fundraising and Director of Clinical Services.

	2019	2018
	£	£
Salaries	1,918,763	1,815,729
Social security costs	156,907	148,030
Pension costs	70,471	51,809
	<u>2,146,141</u>	<u>2,015,568</u>

No employee received remuneration greater than £60,000 (2018: none).

The average number of employees, analysed by function was	2019	2018	2019	2018
	FTE	FTE	Number	Number
Raising funds	5	4	5	5
Charitable activities	64	62	82	78
Governance and support	9	9	10	11
	<u>78</u>	<u>75</u>	<u>97</u>	<u>94</u>

The trustees did not have any expenses reimbursed during the year (2018: £nil). There are no related party transactions during the year.

THE PACE CENTRE LIMITED

Notes to the financial statements (continued)

Year ended 31 December 2019

10 Tangible fixed assets

	Improvements to leasehold buildings £	Fixtures, Fittings and Equipment £	Total £
Cost			
At 1 January 2019	3,328,179	133,619	3,461,798
Additions	-	-	-
Disposals	-	-	-
At 31 December 2019	<u>3,328,179</u>	<u>133,619</u>	<u>3,461,798</u>
Depreciation			
At 1 January 2019	926,057	70,194	996,251
Provided in the year	110,798	9,805	120,603
Depreciation on disposals	-	-	-
At 31 December 2019	<u>1,036,855</u>	<u>79,999</u>	<u>1,116,854</u>
Net book value			
At 31 December 2019	<u>2,291,324</u>	<u>53,620</u>	<u>2,344,944</u>
At 31 December 2018	<u>2,402,122</u>	<u>63,425</u>	<u>2,465,547</u>

The net book values above represent the historical cost less depreciation for the assets, however funded. Included, therefore, are assets purchased from Restricted Funds which are analysed in note 14.

11 Debtors

	2019 £	2018 £
Trade debtors	500,318	324,120
Other debtors	5,299	8,414
Prepayments	73,622	123,582
	<u>579,239</u>	<u>456,116</u>

12 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	50,287	25,186
Accruals and deferred income	677,661	663,017
Social security and other taxes	36,676	35,941
Other creditors	12,370	-
	<u>776,994</u>	<u>724,144</u>

THE PACE CENTRE LIMITED

Notes to the financial statements (continued)

Year ended 31 December 2019

13 Creditors: amounts falling due after more than one year	2019	2018
	£	£
Other creditor	150,000	300,000

In 2016, a generous benefactor pledged an interest free loan of up to £1,000,000 to be available for at least three years, since extended so that the earliest repayment is now due on 1 January 2022. By 31 December 2019, £500,000 of this loan had been drawn down. During 2018, £200,000 of this drawn-down amount was extinguished by way of a donation with the agreement of the benefactor, supplemented by a further waiver of £150,000 in 2019.. There remains an undrawn loan facility of £500,000.

14 Analysis of charitable funds

	Balance 01/01/2019	Incoming resources	Resources expended	Balance 31/12/2019
	£	£	£	£
Analysis of movements in funds				
General fund	(157,376)	2,415,320	(2,237,352)	20,592
Leasehold Building fund	138,176	-	(27,180)	110,996
First Steps Appeal fund	2,160,519	-	(76,906)	2,083,613
Salary fund	125,387	306,178	(328,670)	102,895
Other equipment and services fund	182,771	10,512	(60,964)	132,319
	2,606,853	316,690	(493,720)	2,429,823

The **Leasehold Building fund** was set up in 1996 to record the cost of the new development of the Coventon Road site against donations received for that purpose. The total fund at 31 December 2019 represents the depreciated historical cost of the building and subsequent extensions. The original building and improvements are carried out under licence granted by the freeholder. The land at Coventon Road is leasehold, with 103 years remaining.

The **First Steps Appeal fund** exists to provide resources to develop the Bradbury Campus at Wendover Road as a new Early Years Centre and Independence Training Centre. The funds are being released as the improvements are depreciated. The total fund at 31 December 2019 is the net depreciated amount.

The **Salary fund** represents various donations to fund salaries in school and child and family during the year.

The **Other equipment and services fund** comprises various donations to fund the purchase of teaching aids and equipment and other services such as school holidays, visits, consultancy and training and our new minibus. The fund, summarised above, contains the donations of many individuals, trusts and organisations.

15 Analysis of net assets between funds 2019

	Unrestricted funds	Restricted funds	Total
	£	£	£
Fixed assets	104,072	2,240,872	2,344,944
Debtors	578,844	395	579,239
Cash	254,025	199,201	453,226
Creditors: amounts falling due within one year	(766,349)	(10,645)	(776,994)
	170,592	2,429,823	2,600,415
Creditors: amounts falling due after one year	(150,000)	-	(150,000)
	20,592	2,429,823	2,450,415

THE PACE CENTRE LIMITED

Notes to the financial statements (continued)

Year ended 31 December 2019

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

	2019	2018
	£	£
Net income / (expenditure) for the year	938	(49,161)
Interest receivable	(936)	(364)
Depreciation	120,603	121,402
Increase in debtors	(123,123)	(169,259)
Decrease in creditors	(97,150)	(103,991)
Net cash flow from operating activities	<u>(99,668)</u>	<u>(201,373)</u>

17 Analysis of changes in net debt 2019

	Balance at beginning of year £	Cash Flow £	Other changes £	Balance at end of year £
Long term borrowings	(300,000)	-	150,000	<u>(150,000)</u>
Total liabilities	(300,000)	-	150,000	<u>(150,000)</u>
Cash and cash equivalents	551,958	(98,732)	-	<u>453,226</u>
Total net debts	<u>251,958</u>	<u>(98,732)</u>	<u>150,000</u>	<u>303,226</u>

18 Pension and other post-retirement benefits

The charity operates a defined contribution pension plan for its employees. The amount recognised as an expense in the year was £70,471 (2018: £51,809).

19 Operating leases

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

	2019	2018
	£	£
Less than one year	113,478	107,153
Between one and five years	417,565	407,132
Later than five years	<u>3,508,825</u>	<u>3,608,042</u>

20 Membership Liability

In accordance with clause 6 of the company's Memorandum of Association, every member of the company undertakes to contribute to the assets of the company in the event of the same being wound up during the time that they are a member, or within one year afterwards for payments of debts and liabilities of the company contracted before the time at which they ceased to be a member, and of the costs, charges and expenses of winding up the same, and for the adjustment of the rights of the contributories, such amount as maybe required not exceeding one pound.

THE PACE CENTRE LIMITED

Notes to the financial statements (continued)

Year ended 31 December 2019

21 Financial instruments

The carrying amounts of the charity's financial instruments are as follows:

	2019 £	2018 £
Financial assets: Debt instruments measured at amortised cost		
Trade debtors (note 11)	500,318	324,120
Other debtors (note 11)	5,299	8,414
	<u>505,617</u>	<u>332,534</u>
Financial liabilities: measured at amortised cost		
Trade creditors (note 12)	50,287	25,186
Other creditors (note 12)	690,031	663,017
	<u>740,318</u>	<u>688,203</u>
Loan commitments: measured at cost less impairment		
Other loan	<u>150,000</u>	<u>300,000</u>

22 Prior year Statement of Financial Activities

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds £
Income from				
Donations and legacies	2	459,976	459,322	919,298
Charitable activities	3	1,525,737	-	1,525,737
Other trading activities: fundraising events		134,619	2,009	136,628
Investments	4	364	-	364
Other		2,198	-	2,198
Total Income		<u>2,122,894</u>	<u>461,331</u>	<u>2,584,225</u>
Expenditure on				
Costs of generating funds				
Raising funds	5	214,768	9,514	224,282
Charitable activities: provision of school services, outreach and sessional services and training and development	6	1,881,373	527,731	2,409,104
Total expenditure		<u>2,096,141</u>	<u>537,245</u>	<u>2,633,386</u>
Net (expenditure)/income and net movement in funds		26,753	(75,914)	(49,161)
Total funds brought forward		(184,129)	2,682,767	2,498,638
Total funds carried forward	14	<u>(157,376)</u>	<u>2,606,853</u>	<u>2,449,477</u>

23 Post balance sheet events

In 2020 the world was shaken with the onset of coronavirus. The trustees have assessed its operational and financial impact on the charity in the Trustees report on page 15 and in the going concern statement at note 1d.