

THE DAVID LEWIS CENTRE

Trustees' Report and Financial Statements

For the year ended 31 August 2020

THE DAVID LEWIS CENTRE

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THE DAVID LEWIS CENTRE

OFFICERS AND PROFESSIONAL ADVISERS

TRUSTEES

D K Cornwall
G Devlin
S Devlin
L Feerick
A V Hollows
A M Imrie (Chair)
G Loughlin
M E McLaughlin
S Tebby-Lees
D A Hole (appointed 01/01/2021)

PRINCIPAL OFFICERS – Key Management Personnel

Chief Executive	Anthony Waters
Company Secretary	Neil Edwards, ACMA, CGMA

KEY MANAGEMENT PERSONNEL

Chief Executive
Director of Adult Residential and Day Services
Director of Clinical Services
Director of Education
Financial Controller
Human Resources Manager

PATRONS

HRH, The Countess of Wessex
Viscount Ashbrook

BANKERS

National Westminster Bank Plc
Spring Gardens
Manchester
M60 2DB

SOLICITORS

Hill Dickinson LLP
No.1 St. Paul's Square
Liverpool
L3 9SJ

Chafes Solicitors LLP
22 Church Street
Wilmslow
Cheshire
SK9 1AU

INDEPENDENT AUDITOR

Deloitte LLP
Statutory Auditor
2 Hardman Street
Manchester
United Kingdom
M3 3HF

REGISTERED OFFICE

Mill Lane
Warford
Alderley Edge
Cheshire
SK9 7UD

THE DAVID LEWIS CENTRE

TRUSTEES' REPORT (including the Strategic report)

The Trustees, who are also Directors of the charity for the purposes of the Companies Act, present their annual report, including the Strategic Report, on the affairs of the charity, together with financial statements and auditor's report, for the year ended 31 August 2020.

NAME AND REGISTERED OFFICE OF THE CHARITY

The full name of the charity is The David Lewis Centre and its registered office and principal operating address is Mill Lane, Warford, Alderley Edge, Cheshire, SK9 7UD. In presenting the work of the charity and in respect of specific business areas, the charity also makes itself known as David Lewis, The David Lewis School, and The David Lewis College.

TRUSTEES

The Trustees who served during the year, and thereafter, were:

R M Beressi (resigned 10/05/2020)
D K Cornwall
G Devlin
S Devlin
L Feerick
A V Hollows
A M Imrie (Chair)
G Loughlin
M E McLaughlin
S Tebby-Lees
D A Hole (appointed 01/01/2021)

No Trustee has any financial interest in the charity.

CONSTITUTION

The charity was formed in 1904 and was originally constituted as a trust. On 6 September 1990 the charity converted to a private company limited by guarantee without share capital under Section 30 of the Companies Act. At an Extraordinary General Meeting held on 17 April 2009 the company adopted a new Memorandum of Association under which it is now governed. The Articles of Association were amended by special resolution on 11 December 2018.

The charity's Companies House registration number is 02537501 and the Charity Commission registration number is 1000392.

GOVERNANCE & MANAGEMENT

The charity is managed by a Board of Trustees which is required to meet a minimum of four times per year, although under present practice it meets a minimum of five times per annum. The Board of Trustees has formally adopted the Charity Governance Code for larger charities 2017.

The Board of Trustees delegates some responsibilities to committees which also meet regularly throughout the year. Current committees are Governance, Finance, School and College Governors, each of which is chaired by a Trustee. The minutes of all Trustee Board committees are circulated to all Trustees and the Chairs of each committee report to the Trustee Board meetings.

As recommended by the Charity Governance Code the Board regularly reviews its own performance and that of individual Trustees. Coordinated by the Company Secretary, the assessment process gathers Trustee's feedback on the Board's balance of skills, experience and knowledge, its diversity in the widest sense, how the Board works together and other factors relevant to its effectiveness. The consolidated assessment of performance is reviewed by the Governance Committee, which if required, recommends improvement actions to the Board. From 2019 onwards, the Board adopted the process whereby the Board Chair discusses individual performance with each Trustee and the Board Chair's own performance is discussed and reviewed by the Chair of the Governance Committee, having collated the views of Board members.

The Board of Trustees appoints a full-time Chief Executive who chairs an Executive Board with responsibility for the day to day management of the charity within the policies, strategy and financial controls approved by the Trustees. There are currently three full-time operational Directors covering Pathways & Community, Education & Life Skills, Assessment & Treatment and two full-time operational managers covering Finance and Human Resources. There is also a part-time Medical Director who takes clinical responsibility for student and adult residents.

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TRUSTEES' REPORT (including the Strategic report) (continued)

The School and College Governors committee is responsible for the conduct of The David Lewis School and The David Lewis College and carries out all the statutory requirements of School and College Governing Boards.

The Trustees appoint up to three of their number to sit on the School and College Governors committee, one of whom chairs the committee.

REMUNERATION POLICY FOR KEY MANAGEMENT PERSONNEL

The trustees have identified the Executive team as the key management personnel of the charity. Executive pay is determined by the Governance committee. Decisions are informed by market testing of salaries, subject to affordability.

The Governance Committee has applied the same criteria of an annual pay review for executives, as is used for all other staff in the organisation, with in general the same percentage uplifts applying as for other staff.

ORGANISATIONAL STRUCTURE AND METHOD OF ELECTION OF TRUSTEES

The Governance Committee oversee the recruitment of new Trustees. The Committee at the request of the Board carry out an annual Trustee skills audit to identify any skills gaps the recruitment should seek to fill. Trustee vacancies are promoted widely, normally in the media and via other organisations and professional bodies so as to encourage a broad and diverse range of applicants. Shortlisting and interviews are completed by the Governance Committee which subsequently makes an appointment recommendation to the Board. All new Trustees are provided with an induction which includes relevant reading materials related to the governance of David Lewis. The Trustees are also required to visit the various services to meet key staff and familiarise themselves with the activities of the charity.

Trustees can be appointed by the Members at any Trustee Board Meeting in accordance with the Articles of Association of the company. The number of Trustees shall not normally be less than seven and no more than twelve. Trustees are appointed for a three year term of office and may offer themselves for re-election at the end of their term of office subject to a total term of office not exceeding nine years.

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

In setting objectives and planning activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

The objects of the charity, as set out in the Memorandum of Association of the company, are:

The relief of those who are in need by reason of mental or physical disabilities, including epilepsy and associated neurological conditions ("the Beneficiaries") in particular but without limitation by providing:

- temporary or permanent accommodation
- education, training and employment opportunities
- medical or clinical treatment
- social and welfare activities for the purpose of improving conditions of life of the Beneficiaries, and
- the preservation and promotion of good health by conducting or supporting study and research into the causes and treatment of the Beneficiaries' disabilities and conditions and publishing and disseminating the useful results thereof

The organisation aims to continue providing a high level, holistic service to benefit those individuals with combinations of complex physical, mental health, behavioural, epilepsy and neurological conditions. A business plan for the year is in place which includes the operation of a Special Needs School, a specialist College of Further Education, adult residential facilities including community housing and adult continuing education facilities. Primary and secondary medical services, together with a wide range of therapies and professions allied to medicine, are available to support the organisation in achieving its stated objectives.

GEOGRAPHICAL ORGANISATION

The charity operates from its head office in Warford, Cheshire. Residential and assessment services are provided at the main site at Warford and community houses are provided in other locations in Cheshire. All services are available for service users and contracting authorities from anywhere in the United Kingdom and occasionally overseas.

INVESTMENTS AND CASH MANAGEMENT

The Memorandum and Articles of Association of the Charity permit wide powers for investment subject to such conditions and such consents as may be required by law. The Trustees' current policy for investment is related to the working capital requirements and banking arrangements of the business. The Trustees believe that at present the most efficient, flexible and risk averse investment is to retain surpluses as cash. The nature of the

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TRUSTEES' REPORT (including the Strategic report) (continued)

business cash flow profile dictates that these surpluses are required to fund activities at certain times of the year. Any surpluses are currently retained as cash.

There have been no acquisitions of investments during the year.

INSURANCE FOR TRUSTEES

The Trustees are included in the Directors and Officers insurance cover which is maintained by the Charity for all Officers, Directors and Trustees. The Memorandum of Association was revised by Special Resolution at the Annual General Meeting in 2004 to enable Trustees to benefit from insurance by providing exemption to the clause which prevents Directors from benefiting from the company.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Charity continues and that appropriate training is arranged. It is the policy of the Charity that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EMPLOYEE CONSULTATION

The Charity places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the charitable company. This is achieved through formal and informal meetings, monthly team briefings, "The Word" internal publications and the annual review. Employee representatives are consulted regularly through the Staff Consultative Forum on a wide range of matters affecting their current and future interests.

FUNDRAISING

The Charity does not contract with any individual, group or company of professional fundraisers in pursuance of its fundraising activities and employs a fundraising manager who is a member of the Institute of Fundraising to oversee fundraising activity. David Lewis is regulated by the Fundraising Standards Board and actively seeks to comply with those standards. The charity has not received any complaints in the reporting period with regards to its fundraising activities.

The Charity operates a fundraising policy whereby detailed standards are laid out to protect vulnerable people and other members of the public. The policy has measures in place to protect those people from behaviours which are an unreasonable intrusion on their privacy, are unreasonably persistent or place undue pressure on a person to give money or other property. There were no complaints received in the year.

S.172 STATEMENT

Trustees have a duty to promote the success of the Charity and, in doing so, are required by section 172(1) of the Companies Act 2006 to have regard to the following specific factors:

- the likely consequences of any decision in the long term (this is referenced in 'Objectives and activities for the public benefit' above and 'Plans for future periods' within the strategic report)
- the interests of the company's employees (referenced in statements on disabled employees and employee consultation above)

With regards to the factors below, the Charity has in place a range of policies and processes that promote corporate responsibility and ethical behaviour to ensure all are satisfied. The Governance Committee review and approve such policies on behalf of the Board. The Board also seeks feedback and offers guidance on actual practices.

- the need to foster the company's business relationships with suppliers, customers and others
 - The Trustees guide the Executive team to ensure this goal is met and are appraised regularly on those relationships
 - This requires strong mutually beneficial relationships with suppliers, commissioning officers, and regulatory bodies. The Charity seeks the promotion and application of certain general principles in such relationships. The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships and this alongside other standards are reviewed periodically. The Charity continuously assesses the priorities

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TRUSTEES' REPORT (including the Strategic report) (continued)

- related to service users and those with whom we do business, and the Charity engages with the businesses on these topics, for example on changing service users' needs. The Trustees also consider the likely consequences of any decision in the long-term
- the impact of the company's operations on the community and the environment
 - The Trustees consistently consider impacts on the community and environment encouraging positive developments
 - the desirability of the company maintaining a reputation for high standards of business conduct
 - The Trustees view this with utmost importance and encourage this continued practice throughout meetings and operations
 - the need to act fairly as between members of the company
 - all members are treated equally with equal voting rights

ENERGY AND CARBON REPORTING

The annual energy use figures are shown below:

Energy consumption	7,007,575 kWh
Emissions from gas and fuel use	1,012 tonnes CO2
Emissions from electricity use	466 tonnes CO2
Aggregate emissions	1,478 tonnes CO2
Emissions per FTE	1.90 tonnes CO2

The above figures are re-produced from the energy and fuel companies' billing statements for the year.

AUDITOR

Deloitte LLP has expressed its willingness to continue in office as auditor and a resolution to reappoint it will be proposed at the forthcoming Annual General Meeting.

The Charity has chosen in accordance with s.414C(11) of the Companies Act 2006 to report the following information within its Strategic Report:-

- Financial review
- Plans for future periods
- Review of principal risks and uncertainties

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

In the 12 months since the last Report and Accounts, the Charity has continued to provide high quality services and make investments in infrastructure and facilities at the Warford site and in neighbouring Cheshire towns.

The external environment has continued to follow the trend for devolved decision making to local government organisations. Pressure on public finances more generally continues, with all agencies having to make difficult decisions on how to prioritise and ration the money available while facing an upward trend in the number of people with complex needs requiring specialist services which are resource intensive and relatively expensive when compared to the needs of the general population.

Our continued insistence that commissioners fund assessed need in full means we are able to maintain and improve service standards and invest in new facilities and staff development to meet the changing needs of residential and day service users.

Against this backdrop in the year to 31 August 2020, David Lewis:

- Provided high quality, specialist care, education and medical services to 328 people from across the UK with a wide range of complex needs
- Operated an "Outstanding" special education needs College
- Operated 26 residential homes which were all assessed as "Fully Compliant" with the Care Quality Commissions' "Essential Standards of Safety and Care"
- Provided employment, training and career development opportunities to up to 927 full and part time members of staff
- Invested £0.4 million in improving and developing facilities
- Contributed £28 million across the year to the local economy through salaries and supply contracts with local companies.

Our staff teams are our most important asset. By investing in training, ensuring our employment terms are well matched against the local and national employment market and providing support to ensure employee

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absences are well managed, we continue to ensure that low staff turnover and absence rates, combined with a highly skilled workforce, consistently deliver a high standard of care to people placed in our care.

Through the year the number of service users accessing services in each part of the organisation was as follows:

	2020	2019
	No	No
Pathways & Community – residential	163	157
Pathways & Community – day placement	129	129
Education & Life Skills – residential*	16	20
Education & Life Skills – day placement*	20	23
	<hr/>	<hr/>
Total	328	329
	<hr/> <hr/>	<hr/> <hr/>

* at the end of the summer term

FINANCIAL REVIEW

The Charity receives the majority of its income from local authorities, clinical commissioning groups and the Education Funding Authority (EFA) for education and social care services. Fee and service related income increased to £28,787,000 in the year ended 31 August 2020 (2019: £27,821,000) due to higher numbers of residential Service Users and receipt of £426k of Covid-19 grant income, as detailed in Note 4

Before accounting for the impact of movements in the pension liability, the overall result produced net income for the year of £1,189,000 (2019: £1,093,000). Cash at bank was £3,803,000 (2019: £2,842,000).

Net current assets at £2,935,000 (2019: £2,324,000) have increased this year due to increased cash reserves and lower level of trade creditors at the year end. Capital additions in the year of £367,000 include investment in new vehicles, site road infrastructure, site wide defibrillators, Benn Levy home refurbishment and completion of the re-development of the Maple Corner/Laurel House property.

The amount of total funds held by the Charity at 31 August 2020 is £14,795,000 (2019: £14,596,000), of which £78,000 (2019: £76,000) are restricted funds.

The Charity is not dependent upon the support of any individual, corporation or class of donor.

PLANS FOR FUTURE PERIODS

The Charity continues to be flexible and responsive to an uncertain and difficult operating environment. The lack of clarity in a demand led market makes detailed planning over an extended time horizon extremely difficult. The added complexity of the Covid-19 pandemic has exacerbated future uncertainty. This lack of certainty is likely to continue year on year affecting all those working in this sector. The organisation will continue to respond and evolve.

In July 2019 the Trustees approved the Long Term Plan 2019-2023. This plan anticipates that Pathways & Communities is expected to grow organically. College and School student numbers are expected to decline slightly, but the College and School will seek, where possible, to maintain student numbers by responding flexibly to the changes in the commissioning environment for day, residential and weekly boarders on full time or part time placements. The plan also includes major investment into residential property refurbishment on the Warford site and in new facilities in the community. Due to Covid-19, many of the major investment decisions have been put on hold until such a time as more certainty is ascertained and the plan will need to be revisited at such time. Because of this uncertainty, the Charity has chosen to retain surpluses as reserves.

We will continue to review our adult day service provision with a view to offering a suitable Covid-safe service that local authorities wish to commission subject to ensuring all costs are sufficiently met by the revenues.

Where appropriate, plans will be developed to consider new services which meet the aims and objectives of the Charity.

The Charity will continue to adapt and improve residential properties at Warford and in the community to respond to changing needs and demands. The Charity will continue to monitor any required development of new community properties when and where necessary, however recent experience has shown no current demand for this, resulting in the sale of the Chester Road, Winsford property post balance sheet date. There will continue to be investments in IT systems to promote effective and efficient operations in key areas, particularly care management, facilities will be developed supported by fundraising and grants to promote

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TRUSTEES' REPORT (including the Strategic report) (continued)

development of learning and skills for service users and provide facilities which differentiate David Lewis from local authority run provision.

The programme of significant renewals investment at the Warford site in bathrooms, kitchens and infrastructure will be maintained to ensure that our facilities continue to be recognised as high quality and are well matched to the needs of our service users.

Following the withdrawal from actively participating in the Cheshire Pension Fund Local Government Pension Scheme in May 2011 we will continue to monitor the performance of this fund and take action as necessary to ensure that this significant drain on our financial resources is managed in an effective way.

GOING CONCERN

The Charity has sufficient financial resources, together with contracts with local authorities and suppliers varying from 1 to 24 months depending on the service provided. Having reviewed the Charity's forecasts and other relevant evidence including various downside scenarios, the Trustees have a reasonable expectation that David Lewis has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

RISK MANAGEMENT

The Trustees regularly review the Charity's activities to identify the major strategic, business and operational risks which the Charity faces and to confirm that systems have been established to enable regular reports to be produced so that the necessary steps are taken to mitigate these risks. The systems established to mitigate risks are periodically reviewed to ensure that they still meet the needs of the Charity and to determine whether any remedial action needs to be taken. Risks are reviewed regularly by the Governance Committee and reviewed annually by the Board. The last such review by the Board took place on 20 October 2020.

The principal risks and uncertainties identified through this review are:

- Protection of the Charity's beneficiaries from adverse incidents of clinical or care practice. This is mitigated by safer recruitment practices, thorough staff training programmes, safeguarding policies, employment of a trained social work team and close working relationships with other safeguarding agencies.
- The volatility of contributions to the Cheshire Pension Fund as a consequence of future Fund valuations. This risk is mitigated by agreeing a fixed repayment plan with the Fund and entering into discussion with them at each actuarial valuation.
- Continued recruitment of sufficient, skilled care staff. This is mitigated by an ongoing proactive approach to recruitment with campaigns running across a range of press, radio and social media networks together with continued investment in the pay of care staff.
- In addition, this year a significant section was added to the risk register to identify and mitigate where possible all the risks posed by Covid-19 such as significant health risks to staff and service users and potential financial loss to the Charity.

RESERVES POLICY

The Trustees review the reserves policy annually to reassess the risks and reflect changes in the environment in which David Lewis is operating, recognising that it is vulnerable to economic downturns given the pressures which affect its core local government marketplace. Moreover, despite the measures taken, the pension fund deficit continues to place a burden on the available resources.

The Trustees consider that David Lewis needs to hold reserves and net liquid funds to protect core activities (which means being able to fund obligations, including employer pension contributions, but not at the cost of charitable activities) in the event of an income shortfall and to promote balanced long-term strategic planning. Based on an evaluation of the services David Lewis provides, the Trustees' review of the reserves policy on 14 February 2017 confirmed the Charity should hold a level of unrestricted funds and unrestricted net liquid funds of at least £500,000 and £1,750,000 respectively.

At 31 August 2020 the unrestricted funds (excluding fixed assets and the pension fund deficit) amounted to £2,466,000 (2019: £1,787,000) and unrestricted net liquid funds (cash at bank and in hand, less designated and restricted funds) amounted to £3,725,000 (2019: £2,766,000). The Trustees have excluded the pension fund deficit and bank loans from the calculation of unrestricted funds because the strategy for the recovery of the deficit and payment of the loans is clearly defined and the annual cost is fully provided for in the business plans.

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TRUSTEES' REPORT (including the Strategic report) (continued)

ACKNOWLEDGEMENTS

The achievements of the last year are the result of hard work and commitment by all staff and supporters of David Lewis. Whether working directly with the service users or behind the scenes, the Trustees would like to thank all involved for their continuing dedication both to the service users and to the organisation as a whole.

This Trustee Report and Strategic Report were approved and authorised for issue by the Trustees on 18 February 2021.



Neil Edwards

Company Secretary

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TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also Directors of The David Lewis Centre for the purposes of Company Law) are responsible for preparing the Trustees' Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- 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 disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

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

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Independent auditor's report to the members of The David Lewis Centre

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of The David Lewis Centre (the 'charitable company'):

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

We have audited the financial statements which comprise:

- the statement of financial activities (incorporating income and expenditure account);
- the balance sheet;
- the cash flow statement; and
- the related notes 1 to 20

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).

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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the trustees' use of the going concern basis of accounting in 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 have nothing to report in respect of these matters.

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 respect of these matters.

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 purpose 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

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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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 strategic report and the directors' 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.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.



Sarah Anderson FCCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
19 February 2021

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**STATEMENT OF FINANCIAL ACTIVITIES
(including income and expenditure account)
Year ended 31 August 2020**

	Note	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2020 £'000	Total funds 2019 £'000
INCOME FROM:						
Donations and legacies	3	25	3	-	28	64
Charitable activities	4	28,361	426	-	28,787	27,821
Other trading activities	5	45	-	-	45	94
Investments	6	7	-	-	7	10
TOTAL INCOME		<u>28,438</u>	<u>429</u>	<u>-</u>	<u>28,867</u>	<u>27,989</u>
EXPENDITURE ON:						
Raising funds	7	33	-	-	33	43
Charitable activities	8	27,184	427	78	27,689	27,024
TOTAL EXPENDITURE		<u>27,217</u>	<u>427</u>	<u>78</u>	<u>27,722</u>	<u>27,067</u>
Net income/(expenditure) for the year		1,221	2	(78)	1,145	922
Other recognised (losses)/gains:						
Actuarial (losses)/gains on defined benefit schemes	15	(946)	-	-	(946)	(1,121)
NET MOVEMENT IN FUNDS		<u>275</u>	<u>3</u>	<u>(78)</u>	<u>199</u>	<u>(199)</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		12,305	76	2,215	14,596	14,795
Net movement in funds for the year		<u>275</u>	<u>2</u>	<u>(78)</u>	<u>199</u>	<u>(199)</u>
Total funds carried forward	16,17	<u><u>12,580</u></u>	<u><u>78</u></u>	<u><u>2,137</u></u>	<u><u>14,795</u></u>	<u><u>14,596</u></u>

There were no other recognised gains or losses other than those listed above and the net income for the year. All income and expenditure derives from continuing activities.

See note 19 for Comparative Statement of Financial Activities analysed by funds.

THE DAVID LEWIS CENTRE

BALANCE SHEET
As at 31 August 2020

	Note	£'000	2020 £'000	£'000	2019 £'000
FIXED ASSETS					
Tangible assets	12		15,018		15,263
CURRENT ASSETS					
Stocks		74		35	
Debtors	13	1,796		1,911	
Cash at bank and in hand		3,803		2,842	
		5,673		4,788	
Creditors: amounts falling due within one year	14	(2,742)		(2,464)	
NET CURRENT ASSETS			2,931		2,324
Total assets less current liabilities			17,950		17,587
Creditors: amounts falling due after one year	14		(390)		(461)
Provision for pension scheme liability	15		(2,764)		(2,530)
NET ASSETS			14,795		14,596
FUNDS					
General reserve		14,683		14,038	
Designated fund		-		-	
Revaluation reserve		661		797	
Pension reserve		(2,764)		(2,530)	
Unrestricted funds			12,580		12,305
Restricted funds			78		76
Endowment funds			2,137		2,215
TOTAL FUNDS	16, 17		14,795		14,596

The financial statements of The David Lewis Centre, charity number 10000392, company number 02537501, were approved by the Board of Trustees and authorised for issue on 18 February 2021 and they were signed on its behalf by:

Alastair Imrie
Chair of Trustees

THE DAVID LEWIS CENTRE

CASH FLOW STATEMENT
Year ended 31 August 2020

	Note	2020 £'000	2019 £'000
Net cash flows from operating activities		1,399	645
		<hr/>	<hr/>
Cash flows from investing activities:			
Purchase of property, plant and equipment		(353)	(59)
		<hr/>	<hr/>
Net cash outflows from investing activities		(353)	(59)
		<hr/>	<hr/>
Cash flows from financing activities:			
Financing		(85)	(114)
		<hr/>	<hr/>
Net cash outflows from financing activities		(85)	(114)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		961	472
		<hr/>	<hr/>
Cash and cash equivalents at beginning of year		2,842	2,370
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year		3,803	2,842
		<hr/> <hr/>	<hr/> <hr/>

Cash and cash equivalents are represented by cash at bank and in hand.

Reconciliation of net income to cash generated by operations:	2020 £'000	2019 £'000
Net income for the year	1,145	922
Adjustments for:		
Interest receivable	-	-
Depreciation charges	613	637
Donation of fixed assets	-	-
	<hr/>	<hr/>
Operating cash flow before movement in working capital	1,758	1,559
(Increase) in stock	(40)	(2)
Decrease/(increase) in debtors	115	(70)
Increase/(decrease) in creditors	278	(257)
Adjustment for pension funding	(712)	(585)
	<hr/>	<hr/>
	1,399	645
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

1. ACCOUNTING POLICIES

Company and charitable status

The David Lewis Centre is a public benefit entity and is incorporated in England and Wales as a company limited by guarantee not having a share capital. There are currently 10 Trustees who are also the members of the company. Each member has undertaken to contribute to the assets in the event of winding up a sum not exceeding £1. The Charity is a registered charity. The registered office is given on page 3.

Basis of accounting

The Financial Statements are prepared under the historical cost convention, in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2019)" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2016; and the Companies Act 2006.

The particular accounting policies adopted by the Trustees are described below.

Going concern

The Trustees have, at the time of approving the Financial Statements, a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus, the Trustees continue to adopt the going concern basis of accounting in preparation of the Financial Statements. Further detail is contained on page 8 of the Trustees' report.

Funds' structure

The Charity maintains various types of funds as follows:

Restricted funds

These represent grants and donations received which are allocated by the donor for specific purposes.

Endowment funds

Endowment funds represent grants, donations and legacies where the donor has stipulated that the capital must be retained.

Unrestricted funds

These represent funds which are expendable at the discretion of the Trustees in the furtherance of the objects of the Charity.

Income

All income is recognised in the Statement of Financial Activities when the conditions for receipt have been met and there is reasonable assurance of receipt. The following accounting policies are applied to income:

Fees and services related income

Fee income is accounted for in the period in which the service is provided.

Donations, gifts and activities for generating funds

Donations, gifts and all other receipts from fundraising are included in incoming resources when these are receivable unless the donor specifies that the receipt is for use in a future period, in which case the income is deferred until that period.

Where donors specify that donations are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

Legacies

Entitlement is taken as the earlier of the date on which either: the Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Where legacies have been notified to the Charity, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed where material.

Investment income

Investment income is accounted for when receivable.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

1. ACCOUNTING POLICIES (continued)

Grants

Grants are recognised in the Statement of Financial Activities when the conditions for receipt have been complied with. Where a grant is received relating to a future accounting period, the income is deferred and not included in incoming resources until pre-conditions for use have been met.

Donated assets and services

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.

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.

In accordance with the Charities SORP (FRS 102), there were no services donated by volunteers, therefore, no amounts are included in the Financial Statements.

Expenditure

Resources expended are included in the Statement of Financial Activities on an accruals basis. The following accounting policies are applied to expenditure.

Expenditure on raising funds

Fundraising and publicity costs represent expenditure in relation to staff members engaged in fundraising, and the related costs of the fundraising department. It also includes expenditure incurred during fundraising events.

Costs of Charitable activities in furtherance of the Charity's objects

This includes all expenditure directly related to the objects of the Charity and comprises of the provision of services, medical research and property refurbishments. These are recognised as incurred.

Allocation of costs

The Charity's operating costs include staff and other related costs. These are allocated between costs of generating funds and charitable expenditure, which include costs of activities in furtherance of the Charity's objects, support costs and management and administration costs. Staff costs are allocated according to the costs of staff working directly in the relevant departments.

Support costs

These costs represent expenditure directly incurred in support of expenditure on the objects of the Charity and include such operational and management costs which cannot be directly attributable to the provision of the above objects. They also include Governance costs incurred in the governance of the Charity and its assets and are primarily associated with constitutional and statutory requirements.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, and assets under construction at rates calculated to write off the cost or valuation, less estimated residual value, of each asset by equal annual instalments over its estimated useful life as follows:

Freehold properties	50 years
Equipment and furniture	2-5 years
Motor vehicles	3-5 years

The Charity operates a capitalisation policy of including in fixed asset additions only items of expenditure over £5,000. Items under this amount are written off directly through the Statement of Financial Activities.

Impairment reviews are carried out annually or where there is evidence of impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Employee benefits

The Charity provides defined benefit pension schemes for all eligible employees as well as a defined contribution pension scheme for other employees.

For defined benefit schemes the amounts charged to resources expended are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the income and expenditure account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme being held in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

For the defined contribution scheme the amount charged to the income and expenditure account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

The Charity is a registered charity and has no liability to corporation tax on its charitable activities under the Corporation Tax Act 2010 (chapters 2 and 3 of part ii, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

1. ACCOUNTING POLICIES (continued)

Financial instruments

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

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

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

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

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Charity's accounting policies, Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure.

3. ANALYSIS OF INCOME FROM DONATIONS AND LEGACIES

	2020	2019
	£'000	£'000
Donations and legacies	28	64
	<u>28</u>	<u>64</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

4. ANALYSIS OF INCOME FROM CHARITABLE ACTIVITIES

	2020 £'000	2019 £'000
Care & residential	23,711	21,746
Education	5,076	6,075
	<u>28,787</u>	<u>27,821</u>

In the year £426k of income within care & residential was grant income to cover increased Covid-19 costs and comprised:

- £238k Infection Control Fund from central government, administered by our local authority
- £90k PPE grant awarded by the local authority
- £98k local authority grant

There were covenants as to how these monies could be spent and all monies were spent in the year in compliance with these covenants.

5. ANALYSIS OF INCOME FROM OTHER TRADING ACTIVITIES

	2020 £'000	2019 £'000
Minor trading activities	45	94
	<u>45</u>	<u>94</u>

6. ANALYSIS OF INCOME FROM INVESTMENTS

	2020 £'000	2019 £'000
Bank interest receivable	7	10
	<u>7</u>	<u>10</u>

7. ANALYSIS OF EXPENDITURE ON RAISING FUNDS

	2020 £'000	2019 £'000
Raising donations and legacies	33	43
	<u>33</u>	<u>43</u>

8. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

Activity	Activities undertaken directly £'000	Support costs £'000	Total 2020 £'000	Total 2019 £'000
Care & residential	19,829	3,906	23,735	22,175
Education	3,190	764	3,954	4,849
	<u>23,019</u>	<u>4,670</u>	<u>27,689</u>	<u>27,024</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

Activity	Activities undertaken directly £'000	Support costs £'000	Total 2019 £'000	Total 2018 £'000
Care & residential	18,137	4,038	22,175	19,228
Education	4,022	827	4,849	7,330
	<u>22,159</u>	<u>4,865</u>	<u>27,024</u>	<u>26,558</u>

9. ANALYSIS OF SUPPORT COSTS

2020	Raising funds £'000	Care & residential £'000	Education £'000	Total 2020 £'000	Basis of allocation
Admin & personnel	2	1,229	242	1,473	Headcount
Governance	-	29	5	34	Headcount
Depreciation	-	545	67	612	Beds
Domestic services	-	286	35	321	Beds
Estates	-	764	541	1,305	Maintenance
Finance & IT	1	554	108	663	Headcount
Interest payable	-	-	-	-	Headcount
Transport	-	233	29	262	Beds
Total	<u>3</u>	<u>3,640</u>	<u>1,027</u>	<u>4,670</u>	

2019	Raising funds £'000	Care & residential £'000	Education £'000	Total 2019 £'000	Basis of allocation
Admin & personnel	2	1,189	250	1,441	Headcount
Governance	-	23	6	29	Headcount
Depreciation	-	557	80	637	Beds
Domestic services	-	268	55	323	Beds
Estates	-	749	530	1,279	Maintenance
Finance & IT	1	744	152	897	Headcount
Interest payable	-	-	-	-	Headcount
Transport	-	215	44	259	Beds
Total	<u>3</u>	<u>3,745</u>	<u>1,117</u>	<u>4,865</u>	

10. NET INCOME/(EXPENDITURE) FOR THE YEAR

	2020 £'000	2019 £'000
Net income/(expenditure) is stated after charging:		
Depreciation of owned assets	612	637
Rentals under operating leases	139	193
Auditor's remuneration:		
- Fees payable to the Charity's auditor for the audit of the Charity's annual financial statements	33	28
- Fees payable to the Charity's auditor for other services to the Charity:		
- taxation services	-	-
- Other services	1	1
	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

11. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL

The aggregate costs of employment were:

	2020 £'000	2019 £'000
Wages and salaries	19,736	19,433
Social Security costs	1,674	1,608
Pension costs	785	712
	<u>22,195</u>	<u>21,753</u>

The number of full time equivalent (FTE) persons employed during the year was:

	2020 No.	2019 No.
Care & residential	656	660
Education	17	21
Support	106	103
	<u>779</u>	<u>784</u>

The average monthly number of employees was:

	2020 No.	2019 No.
Care & residential	789	793
Education	19	24
Support	119	119
	<u>927</u>	<u>936</u>

The number of employees whose emoluments, excluding pension contributions and employers' national insurance but including benefits in kind, were in excess of £60,000 was:

	2020 No.	2019 No.
£60,000 - £70,000	1	2
£70,000 - £80,000	1	3
£80,000 - £90,000	1	-
£90,000 - £100,000	1	-
£130,000 - £140,000	-	1
£140,000 - £150,000	1	-
	<u>5</u>	<u>6</u>

The key management personnel of the Charity are listed on page 3. The total remuneration of the key management personnel of the Charity for the year totalled £625,000 (2019: £589,000). This includes employers' pension and national insurance contributions.

No Trustees received remuneration during the current or prior year. No expenses were incurred by the Trustees (2019: £Nil).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

11. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL (continued)

The total of donations received from the Trustees during the year was £Nil (2019: £Nil).

12. TANGIBLE FIXED ASSETS

	Freehold property	Assets under construction	Equipment and furniture	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 September 2019	23,498	123	3,643	810	28,074
Additions	-	279	38	50	367
Disposals	-	-	(82)	(191)	(273)
	<u>23,498</u>	<u>402</u>	<u>3,599</u>	<u>669</u>	<u>28,168</u>
At 31 August 2020	23,498	402	3,599	669	28,168
At 1 September 2019	8,552	-	3,516	743	12,811
Charge for the year	483	-	79	51	613
Disposals	-	-	(83)	(191)	(273)
	<u>9,035</u>	<u>-</u>	<u>3,512</u>	<u>603</u>	<u>13,150</u>
At 31 August 2020	9,035	-	3,512	603	13,150
Net book value					
At 31 August 2020	<u>14,463</u>	<u>402</u>	<u>87</u>	<u>66</u>	<u>15,018</u>
At 31 August 2019	<u>14,946</u>	<u>123</u>	<u>127</u>	<u>67</u>	<u>15,263</u>

The Charity's freehold properties were valued on existing use basis as at 1 September 1997 by professionally qualified valuers Chesterton PLC.

The Trustees previously took advantage of the transitional rules of FRS 15 'tangible fixed assets' to retain the previous valuation of the freehold property as the equivalent cost of those assets, consequently the valuation has not been updated.

The comparable amounts for freehold property included above at a valuation determined according to the historical cost accounting rules are:

	Land and buildings
	£'000
Cost	17,090
Accumulated depreciation	<u>(8,022)</u>
Net book value At 31 August 2020	<u>9,068</u>
Net book value At 31 August 2019	<u>9,632</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

13. DEBTORS

	2020	2019
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	1,512	1,599
Prepayments and accrued income	267	301
Other debtors	17	11
	<u>1,796</u>	<u>1,911</u>

14. CREDITORS

	2020	2019
	£'000	£'000
Amounts falling due within one year:		
Bank loans (see below)	75	75
Trade creditors	140	196
Accruals	951	764
Deferred income	976	883
Taxation and social security	380	370
Other creditors	220	176
	<u>2,742</u>	<u>2,464</u>
 Amounts falling due after one year		
Bank loans (see below)	<u>390</u>	<u>461</u>

All deferred income relates to amounts received in respect of care and education taking place after the year end.

The Charity holds two loans with National Westminster Bank Plc. The loans are secured by a fixed charge over certain of the Charity's property assets.

Loan one is repayable over 10 years from 25 June 2016. Interest on this loan is charged at 3.95%. The principal sum was £500,000.

Loan two is repayable over 10 years from 26 September 2016. Interest on this loan is charged at 2.97%. The principal sum was £250,000.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

14. CREDITORS (continued)

	2020 £'000	2019 £'000
Deferred income		
Brought forward	883	882
Released in the year	(848)	(739)
Deferred in the year	941	740
	<u>976</u>	<u>883</u>
Carried forward	<u>976</u>	<u>883</u>
 Bank loans	 <u>466</u>	 <u>536</u>

The maturity of the above amounts is as follows:

Within one year	75	75
Between one and two years	75	75
Between two and five years	225	225
After five years	91	161
	<u>466</u>	<u>536</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

15. EMPLOYEE RETIREMENT BENEFITS

The Charity contributes to two defined benefit schemes, The Cheshire Pension Fund (part of the Local Government Pension Scheme) and the Teachers' Pension Scheme, as well as a defined contribution group personal pension plan.

Cheshire Pension Fund

The most recent actuarial valuations of scheme assets and the present value of defined benefit obligation were carried out at 31 March 2019 by Hymans Robertson LLP, a qualified independent actuary.

The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method. The projected unit credit method is an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings.

Key assumptions used at the balance sheet date (expressed as weighted averages):

	Valuation at	
	2020	2019
Key assumptions used:	%	%
Discount rate	1.60	1.80
Expected rate of salary increases	3.10	2.60
Inflation / Future pension increases	2.40	2.30

The assumed life expectations on retirement at age 65 are:

	Valuation at	
	2020	2019
	years	years
Retiring today:		
Males	21.2	21.2
Females	23.6	23.5
Retiring in 20 years:		
Males	21.9	22.1
Females	25.0	25.0

Amounts recognised in the Statement of Financial Activities in respect of the defined benefit scheme are as follows:

	2020	2019
	£'000	£'000
Current service cost	(5)	(4)
Net interest cost	(39)	(46)
Past service cost	-	(121)
	<hr/>	<hr/>
Net (expenditure) recognised within net income/(expenditure) for the year	(44)	(171)
	<hr/>	<hr/>
Other recognised losses – actuarial losses	(946)	(1,121)
	<hr/>	<hr/>
Total cost relating to defined benefit scheme recognised in the Statement of Financial Activities	(990)	(1,292)
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

15. EMPLOYEE RETIREMENT BENEFITS (continued)

The amount included in the balance sheet arising from the Charity's obligations in respect of its defined benefit scheme is as follows:

	2020 £'000	2019 £'000
Present value of defined benefit obligations	(39,271)	(40,429)
Fair value of scheme assets	36,507	37,899
	<hr/>	<hr/>
Net liability recognised in the balance sheet	<u>(2,764)</u>	<u>(2,530)</u>

Movements in the present value of defined benefit obligations were as follows:

	2020 £'000	2019 £'000
At 1 September		
Opening defined benefit obligation	(40,429)	(36,983)
Current service cost	(5)	(4)
Past service costs	-	(121)
Net interest costs	(716)	(1,015)
Contributions from scheme participants	(1)	(1)
Actuarial (losses)/gains	392	(3,757)
Benefits paid	1,488	1,452
	<hr/>	<hr/>
At 31 August	<u>(39,271)</u>	<u>(40,429)</u>

Movements in the fair value of scheme assets were as follows:

	2020 £'000	2019 £'000
At 1 September		
Opening fair value of scheme assets	37,899	34,989
Actuarial gains	677	969
Actual return on plan assets (excluding amounts included in net interest cost)	(1,338)	2,636
Contributions from the employer	756	756
Contributions from scheme participants	1	1
Benefits paid	(1,488)	(1,452)
	<hr/>	<hr/>
At 31 August	<u>36,507</u>	<u>37,899</u>

The analysis of the scheme assets at the balance sheet date was as follows:

Fair value of assets

	2020 £'000	2019 £'000
Equity instruments	14,238	15,160
Debt instruments	16,428	18,571
Property	4,016	3,032
Cash	1,825	1,136
	<hr/>	<hr/>
	<u>36,507</u>	<u>37,899</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

15. EMPLOYEE RETIREMENT BENEFITS (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972.

Under the definitions set out in the Financial Reporting Standards 17 (Retirement Benefits), the TPS is a multi-employer 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 17 and has accounted for its contribution to the scheme as if it were a defined contribution scheme. The contribution made for the 12 month period was £62,000 (2019: £65,000).

Defined contribution group personal pension plan

This scheme is open to all employees. For employees with more than twelve months service the contribution rates are 6% for the employer and 6% for employees. For employees auto-enrolled under the statutory arrangements the contribution rates are 3% for the employer and 5% for employees.

The contributions made to this scheme by the Charity for the 12 month period totalled £716,000 (2019: £666,000).

16. MOVEMENTS ON FUNDS

	At 1 September 2019 £'000	Income £'000	Expenditure £'000	Losses £'000	Transfers £'000	At 31 August 2020 £'000
Unrestricted funds:						
General fund	14,038	28,438	(27,037)	-	(756)	14,683
Revaluation reserve	797	-	(136)	-	-	661
Pension reserve	(2,530)	-	(44)	(946)	756	(2,764)
Unrestricted funds total	<u>12,305</u>	<u>28,438</u>	<u>(27,217)</u>	<u>(946)</u>	<u>-</u>	<u>12,580</u>
Endowment funds:						
Revaluation reserve	1,813	-	(66)	-	-	1,747
Other reserve	402	-	(12)	-	-	390
Endowment funds total	<u>2,215</u>	<u>-</u>	<u>(78)</u>	<u>-</u>	<u>-</u>	<u>2,137</u>
Restricted fund:						
Appeal Funds – other	76	3	(1)	-	-	78
Covid-19 support	-	426	(426)	-	-	-
Restricted funds total	<u>76</u>	<u>429</u>	<u>(427)</u>	<u>-</u>	<u>-</u>	<u>78</u>
Total charity funds	<u><u>14,596</u></u>	<u><u>28,867</u></u>	<u><u>(27,722)</u></u>	<u><u>(946)</u></u>	<u><u>-</u></u>	<u><u>14,795</u></u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

16. MOVEMENTS ON FUNDS (continued)

	At 1 September 2018 £'000	Income £'000	Expenditure £'000	Losses £'000	Transfers £'000	At 31 August 2019 £'000
Unrestricted funds:						
General fund	13,487	27,989	(26,682)	-	(756)	14,038
Revaluation reserve	933	-	(136)	-	-	797
Pension reserve	(1,994)	-	(171)	(1,121)	756	(2,530)
Unrestricted funds total	<u>12,426</u>	<u>27,989</u>	<u>(26,989)</u>	<u>(1,121)</u>	<u>-</u>	<u>12,305</u>
Endowment funds:						
Revaluation reserve	1,879	-	(66)	-	-	1,813
Other reserve	414	-	(12)	-	-	402
Endowment funds total	<u>2,293</u>	<u>-</u>	<u>(78)</u>	<u>-</u>	<u>-</u>	<u>2,215</u>
Restricted fund:						
Appeal Funds – other	76	-	-	-	-	76
Restricted funds total	<u>76</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76</u>
Total charity funds	<u><u>14,795</u></u>	<u><u>27,989</u></u>	<u><u>(27,067)</u></u>	<u><u>(1,121)</u></u>	<u><u>-</u></u>	<u><u>14,596</u></u>

The revaluation reserve represents the increase in value of unrestricted assets when the land and buildings were revalued on 1 September 1997, reduced by the depreciation charged in the year.

Restricted donated fixed assets for the Charity's use are recognised immediately as a revaluation reserve within restricted funds. The above fund has been reduced by the depreciation charged in the year on the fixed assets and represents the value of those assets at the year end.

The appeal fund balances include various funds originating from the receipt of restricted donations and grants in the current year.

Covid-19 support income and expenditure is explained in the commentary to Note 4.

Transfers between funds reflect the completion of projects or satisfaction of any restrictions originally placed on the restricted donations.

The endowment funds represent the valuation of land and buildings endowed by The David Lewis Trust in 1904. These were revalued on 1 September 1997, having previously been revalued at 27 September 1990. These properties are held by The David Lewis Centre for Epilepsy Endowment, a charity registered under the same number as The David Lewis Centre.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

17. ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

Charity	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2020 £'000
Tangible fixed assets	12,881	-	2,137	15,018
Current assets	5,595	78	-	5,673
Current liabilities	(2,742)	-	-	(2,742)
Long-term liabilities	(390)	-	-	(390)
Pension liability	(2,764)	-	-	(2,764)
At 31 August 2020	<u>12,580</u>	<u>78</u>	<u>2,137</u>	<u>14,795</u>

Charity	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2019 £'000
Tangible fixed assets	13,047	-	2,215	15,262
Current assets	4,713	76	-	4,789
Current liabilities	(2,464)	-	-	(2,464)
Long-term liabilities	(461)	-	-	(461)
Pension liability	(2,530)	-	-	(2,530)
At 31 August 2019	<u>12,305</u>	<u>76</u>	<u>2,215</u>	<u>14,596</u>

18. FINANCIAL COMMITMENTS

Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases:

	Leasehold properties	
	2020 £'000	2019 £'000
Payments due:		
- within one year	116	112
- between one and five years	415	431
- after five years	842	946
	<u>1,373</u>	<u>1,489</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

19. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Note	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2019 £'000
INCOME FROM:					
Donations and legacies	3	64	-	-	64
Charitable activities	4	27,821	-	-	27,821
Other trading activities	5	94	-	-	94
Investments	6	10	-	-	10
TOTAL INCOME		27,989	-	-	27,989
EXPENDITURE ON:					
Raising funds	7	43	-	-	43
Charitable activities	8	26,946	-	78	27,024
TOTAL EXPENDITURE		26,989	-	78	27,067
Net income/(expenditure) for the year		1,000	-	(78)	922
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit schemes	15	(1,121)	-	-	(1,121)
NET MOVEMENT IN FUNDS		(121)	-	(78)	(199)
TOTAL FUNDS BROUGHT FORWARD		12,426	76	2,293	14,795
TOTAL FUNDS CARRIED FORWARD	16,17	12,305	76	2,215	14,596

20. RELATED PARTY TRANSACTIONS

There have been no related party transactions in the reporting period that require disclosure.