

THE DAVID LEWIS CENTRE

Trustees' Report and Financial Statements

For the year ended 31 August 2022

THE DAVID LEWIS CENTRE

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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 the auditor's report, for the year ended 31 August 2022.

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:

D K Cornwall
G Devlin
S Devlin (Chair)
L Ellis (Appointed 20/06/2022)
L Feerick
Dr V Halliwell (Appointed 20/06/2022)
A V Hollows
G Loughlin
Dr S Tebby-Lees
C Spencer
T Kalloo

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 Commission's Governance Code, the Board regularly reviews its own performance and that of individual Trustees. Coordinated by the Company Secretary, the assessment process gathers Trustees' 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 five full-time operational Directors covering Residential & Day Opportunities, Education & Life Skills, Clinical Services, Quality & Compliance, Finance & Estates and People, Culture & Systems.

There is also a part-time Medical Director who takes clinical responsibility for our adult residents.

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

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

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. In the coming year, due to growth of the school and the different regulatory requirements of it compared to college, a specific and separate School Board of Governors will be appointed in addition to the Board of Governors for the College.

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 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 charity. 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.

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

The Trustees believe that at present the most efficient, flexible and risk averse investment is to retain surpluses as cash. The nature of the business cash flow profile dictates that these surpluses are required to fund activities at certain times of the year. Any surpluses are invested in secure Treasury deposits.

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.

EQUALITY ACT 2010

The Equality Act 2010 legally protects people from discrimination in the workplace and in wider society. There are 9 protected characteristics covered by the Equality Act: age, gender reassignment, being married or in a civil partnership, being pregnant or on maternity leave, disability, race, religion or belief, sex and sexual orientation. The charity ensures that it meets its legal obligation to all employees and service users with protected characteristics and is responsive to the needs of those who have multiple protected characteristics – often termed intersectionality. Whilst our responsibilities are to protect people from discrimination, in doing this we tend to focus on three main areas:

- Access - to employment for candidates, to training and support for staff and to services for those we support
- Experience - of the workplace culture and experience of services for those we support
- Outcomes – career progression and recognition for staff and health and educational outcomes for those we support

Reviewing data sources against such criteria can identify areas where access, experience or outcomes is detrimentally affected for some protected characteristics over others and enables organisations to take positive action to support a rebalance of indicators.

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, various 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.

GOING CONCERN

The charity has considerable 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, 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.

FUNDRAISING

The charity has currently engaged a fundraising consultant to help with its fundraising activities. It does not contract with any other individual, group or company of professional fundraisers in pursuance of its fundraising activities. 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 abides by a fundraising statement whereby detailed standards are laid out to protect vulnerable people and other members of the public. The statement 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.

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:

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

- 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 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	6,355,536 kWh	(2021: 7,313,090 kWh)
Emissions from gas and fuel use	1,131 tonnes CO2	(2021: 1,072 tonnes CO2)
Emissions from electricity use	408 tonnes CO2	(2021: 459 tonnes CO2)
Aggregate emissions	1,539 tonnes CO2	(2021: 1,531 tonnes CO2)
Emissions per FTE	2.25 tonnes CO2	(2021: 2.13 tonnes CO2)

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

AUDITOR

Deloitte LLP have tendered their resignation as external auditors which will take effect after the completion of the 2021/22 external audit. Following a tender process, the Board will appoint new external auditors which will be confirmed at the AGM.

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.

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

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 2022, David Lewis:

- Provided high quality, specialist care, education and medical services to 210 people from across the UK with a wide range of complex needs. Prior year this was 197 people. The number of residents decreased, but we re-opened day services with the first re-admissions to that service.
- Operated an "Outstanding" special education needs College.
- Operated 25 residential homes which were all assessed as "Fully Compliant" with the Care Quality Commission's "Essential Standards of Safety and Care".
- Provided employment, training and career development opportunities to up to 812 full and part time members of staff.
- Invested £0.6 million in improving and developing facilities. Prior year was £0.2m and this year's expenditure included some catch up in refreshing facilities after the prior year in which only emergency projects were carried out due to the Covid-19 restrictions in place at the time.
- Contributed £27 million across the year to the local economy through salaries and supply contracts with local companies. Prior year was £26 million and this year increased due to activities recommencing after certain Covid-19 restrictions being lifted.
- Significantly raised the profile of the charity and what it does using a range of social media approaches
- Developed a range of new partnerships to support the work of the charity
- Commissioned a number of external reviews to support the on-going development of our charity
- Worked with families, people the charity supports and our staff to develop a new values and behavior framework
- Developed and launched a new and ambitious three year strategy with 4 strategic ambitions:
 - to be the best place to receive care, support and education
 - to recruit and retain the best people
 - to have a sustainable future
 - to be a great partner

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 absences are well managed, we continue to ensure as low a staff turnover and absence rate as possible. Combined with a highly skilled workforce, we consistently deliver a high standard of care to people placed in our care even allowing for the fact that this year has seen added pressure with absences and isolation required due to the pandemic.

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

	2022	2021
	No	No
Pathways & Community – residential	156	160
Pathways & Community – day placement	15	-
Education & Life Skills – residential*	7	12
Education & Life Skills – day placement*	32	25
	<hr/>	<hr/>
Total	210	197
	<hr/> <hr/>	<hr/> <hr/>

* at the end of the summer term

FINANCIAL REVIEW

The charity receives the majority of its income from local authorities, integrated care boards and the Education & Skills Funding Authority (ESFA) for education and social care services. Fee and service related income decreased to £27,748,000 in the year ended 31 August 2022 (2021: £28,497,000) due to lower numbers of residential Service Users and lower Covid-19 support grants.

Before accounting for the impact of movements in the pension liability, the overall result produced a net profit for the year of £1,298,000 (2021: £4,302,000, including £1,619,000 due to surplus asset sales). Cash at bank was £8,785,000 (2021: £8,229,000).

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

Net current assets at £8,598,000 (2021: £7,468,000) have increased this year due to the increased cash reserves. With activities being reinstated after the easing of Covid restrictions project expenditure increased from the prior year at £553,000 and were spent on embarking on Fire Safety maintenance projects, minor refurbishments and refreshing of residential properties, plus infrastructure repairs.

The amount of total funds held by the charity at 31 August 2022 is £26,716,000 (2021: £17,863,000), of which £129,000 (2021: £81,000) are restricted funds. The main reason for the significant increase is due to the latest FRS 102 valuation of the Cheshire Pension Fund liability which has swung from a £(1,364)k liability to a £6,505k asset. The charity is not currently able to realise this movement within its reserves, although the fund has been written to in order to enquire if any monies will be due back to the charity. Within the statements there has been a prior year restatement of £2,190,000 due to a write-off of Fixed Assets that were no longer in economical use from over two years ago.

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 timeline difficult. The charity will continue to respond and evolve and by establishing closer working relationships with commissioners we expect to reduce this uncertainty.

In July 2022 the Trustees approved the Long Term Plan 2022-2025. This plan anticipates that Pathways & Communities is expected to remain static, but College and School student numbers are expected to increase, building on the growth we have already achieved in the new fiscal year.

The plan also includes major investment into residential property refurbishments on the Warford site and in new facilities in Education & Day Opportunities. The charity has built a high level of reserves in order to meet these investment requirements.

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 two years ago. 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 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 restarted 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 18 October 2022.

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.

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

- 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.
- The risks posed by Covid-19 such as significant health risks to staff and service users and potential financial loss to the charity.
- Non compliance to most recent building fire safety regulations. The charity has embarked upon a major programme of works to address this, consuming a significant amount of funds to achieve compliance.
- Our risk register contains both strategic and operational risks and these are considered by the executive team and trustees on a regular basis

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 16 December 2021 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 2022 the unrestricted funds (excluding fixed assets and the pension fund deficit) amounted to £8,227,000 (2021: £7,069,000) and unrestricted net liquid funds (cash at bank and in hand, less designated and restricted funds) amounted to £9,166,000 (2021: £8,149,000). 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.

The actual funds above are purposefully much higher than the minimal hold level in order to address the from works needed to address building fire safety compliance and significant investment needed in reconfiguration of buildings to better serve the needs of our service users.

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.

During the year the charity welcomed two new Trustees following a recruitment campaign to further strengthen the board to support the delivery of our new ambitious strategy.

This Trustee Report and Strategic Report were approved and authorised for issue by the Trustees on 21 February 2023.

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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STATEMENT OF FINANCIAL ACTIVITIES (including income and expenditure account) Year ended 31 August 2022

Independent auditor's report to the members and trustees 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 charitable company's affairs as at 31 August 2022 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 (including 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

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

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

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

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STATEMENT OF FINANCIAL ACTIVITIES (including income and expenditure account) Year ended 31 August 2022

Other information

The other information comprises the information included in the trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the trustees' report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 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.

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

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

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STATEMENT OF FINANCIAL ACTIVITIES (including income and expenditure account) Year ended 31 August 2022

We considered the nature of the charitable company's industry and its control environment, and reviewed the charitable company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities, including those that are specific to the charitable company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the charitable company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Charities Act, UK Companies Act and pensions legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty. These included Ofsted and Care Quality Commission regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following area, and our specific procedures performed to address it are described below:

- we presume a risk of material misstatement due to potential fraud in revenue recognition which is related to the cut-off of education income and the possible recognition of such income in the incorrect accounting period. To address this risk, we tested a sample of deferred income calculations for service users, and tested completeness of the deferred income report to ensure all students on the school register have been considered for revenue cut-off.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing inspection reports from Ofsted and the Care Quality Commission.

THE DAVID LEWIS CENTRE

STATEMENT OF FINANCIAL ACTIVITIES (including income and expenditure account) Year ended 31 August 2022

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 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 included within the trustees' report has been prepared in accordance with applicable legal requirements.

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 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

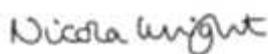
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



Nicola Wright (Senior statutory auditor)

For and on behalf of Deloitte LLP, Statutory Auditor

Newcastle upon Tyne, United Kingdom

2 March 2023

THE DAVID LEWIS CENTRE

**STATEMENT OF FINANCIAL ACTIVITIES
(including income and expenditure account)
Year ended 31 August 2022**

	Note	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2022 £'000	Total Funds Restated 2021 £'000
INCOME FROM:						
Donations and legacies	3	125	68	-	193	87
Charitable activities	4	27,637	111	-	27,748	28,497
Other trading activities	5	18	-	-	18	18
Gain on sale of surplus assets		-	-	-	-	1,619
Investments	6	4	-	-	4	1
TOTAL INCOME		27,784	179	-	27,963	30,222
EXPENDITURE ON:						
Raising funds	7	15	-	-	15	-
Charitable activities	8	26,463	130	78	26,671	25,964
TOTAL EXPENDITURE		26,478	130	78	26,686	25,964
Net income/(expenditure) for the year		1,306	49	(78)	1,277	4,258
Other recognised (losses)/gains:						
Actuarial gains/(losses) on defined benefit schemes	15	7,300	-	-	7,300	846
NET MOVEMENT IN FUNDS		8,606	49	(78)	8,577	5,104
RECONCILIATION OF FUNDS:						
Total funds brought forward		15,569	81	2,059	17,709	14,795
Net movement in funds for the year		8,606	49	(78)	8,577	5,104
Prior year restatement		-	-	-	-	(2,190)
Adjustment to opening reserves		430	-	-	430	-
Total funds carried forward	16,17	<u>24,605</u>	<u>130</u>	<u>1,981</u>	<u>26,716</u>	<u>17,709</u>

The prior year restatement reflects £2,190,000 write-off of Fixed Assets that were no longer in economical use from over two years ago. The comparative figures in the primary statements and notes have been restated to reflect this change.

The effects of the prior period restatement are £2,190,000 reduction in the value of net assets on the Balance Sheet and a reversal of one year's depreciation totalling £77,000 within the Statement of Financial Activities.

There were no other recognised gains or losses other than those listed above and the net income for the year. All income and expenditure derived 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 2022

	Note	£'000	2022 £'000	2021 restated £'000
FIXED ASSETS				
Tangible assets	12		11,855	11,923
CURRENT ASSETS				
Stocks		87		130
Debtors	13	1,774		1,689
Cash at bank and in hand		8,785		8,229
			<u>10,646</u>	<u>10,048</u>
Creditors: amounts falling due within one year	14	(2,048)		(2,580)
			<u>8,598</u>	<u>7,468</u>
NET CURRENT ASSETS				
			<u>8,598</u>	<u>7,468</u>
Total assets less current liabilities			20,453	19,391
Creditors: amounts falling due after one year	14		(242)	(318)
Provision for pension scheme liability	15		6,505	(1,364)
			<u>26,716</u>	<u>17,709</u>
NET ASSETS			<u>26,716</u>	<u>17,709</u>
FUNDS				
General reserve		17,711		16,562
Designated fund		-		-
Revaluation reserve		389		525
Pension reserve		6,505		(1,364)
			<u>24,605</u>	<u>15,569</u>
Unrestricted funds			130	81
Restricted funds			1,981	2,059
Endowment funds			<u>1,981</u>	<u>2,059</u>
TOTAL FUNDS	16, 17		<u>26,716</u>	<u>17,709</u>

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 21 February 2023 and they were signed on its behalf by:



Chair of Trustees

THE DAVID LEWIS CENTRE**CASH FLOW STATEMENT**
Year ended 31 August 2022

	Note	2022	2021
		£'000	£'000
Net cash flows from operating activities		1,043	2,469
<hr/>			
Cash flows from investing activities:			
Sale of property		-	2,064
Purchase of property, plant and equipment		(398)	(35)
Net cash outflows from investing activities		645	2,029
<hr/>			
Cash flows from financing activities:			
Financing		(89)	(72)
Net cash outflows from financing activities		(89)	(72)
<hr/>			
Net increase in cash and cash equivalents		556	4,426
<hr/>			
Cash and cash equivalents at beginning of year		8,229	3,803
<hr/>			
Cash and cash equivalents at the end of the year		8,785	8,229
<hr/> <hr/>			

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

Reconciliation of net income to cash generated by operations:	2022	2021	
	£'000	£'000	
Net income for the year	1,277	4,258	
Adjustments for:			
Gain on sale of surplus assets	-	(1,619)	
Depreciation charges	464	495	
Operating cash flow before movement in working capital	1,741	3,134	
Decrease/(Increase) in stock	43	(56)	
(Increase)/Decrease in debtors	(85)	107	
(Decrease) in creditors	(102)	(162)	
Adjustment for pension funding	(554)	(554)	
	1,043	2,469	
<hr/> <hr/>			

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2022

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 9 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) 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 9 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 2022

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 2022

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 where there are indicators 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 a small number of eligible employees as well as a defined contribution pension scheme for all 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 2022

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 value of the pension liability is estimated by professional actuaries based on complex and interdependent assumptions such as life expectancy, long term salary and pension inflation and the discount rate used. Any variation in these assumptions will lead to a change in the value of the net pension liability. The pensions liability and reserve will vary significantly should any of the assumptions prove inaccurate. For instance, a 0.1% decrease in the discount rate would increase the liability by £399k or a 1 year increase in pensioner lifespan would increase it by £1,168k. The Trustees do not consider that there are any other critical judgements or sources of estimation uncertainty requiring disclosure.

3. ANALYSIS OF INCOME FROM DONATIONS AND LEGACIES

	2022	2021
	£'000	£'000
Donations and legacies	193	87
	<u>193</u>	<u>87</u>
	<u><u>193</u></u>	<u><u>87</u></u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2022

4. ANALYSIS OF INCOME FROM CHARITABLE ACTIVITIES

	2022 £'000	2021 £'000
Care & residential	25,030	25,726
Education	2,718	2,771
	<u>27,748</u>	<u>28,497</u>

In the year £111k of income within care & residential was grant income to cover increased Covid-19 costs (2021: £400k) and comprised:

- £6k Infection Prevention Control Fund from central government, administered by our local authority (2021: £296k)
- £11k Omicron Variant Fund from central government, administered by our local authority (2021: Nil)
- £45k Rapid Testing Fund from central government, administered by our local authority (2021: £104k)
- £6k Vaccine Fund from central government, administered by our local authority (2021: Nil)
- £43k Workforce & Retention Fund from central government, administered by our local authority (2021: Nil)

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

	2022 £'000	2021 £'000
Minor trading activities	18	18
	<u>18</u>	<u>18</u>

6. ANALYSIS OF INCOME FROM INVESTMENTS

	2022 £'000	2021 £'000
Bank interest receivable	4	1
	<u>4</u>	<u>1</u>

7. ANALYSIS OF EXPENDITURE ON RAISING FUNDS

	2022 £'000	2021 £'000
Raising donations and legacies	15	-
	<u>15</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2022

8. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

Activity	Activities undertaken directly £'000	Support costs £'000	Total 2022 £'000	Total 2021 Restated £'000
Care & residential	21,446	3,755	25,201	23,980
Education	1,028	457	1,485	1,984
	<u>22,474</u>	<u>4,212</u>	<u>26,686</u>	<u>25,964</u>
Activity	Activities undertaken directly Restated £'000	Support costs Restated £'000	Total 2021 Restated £'000	Total 2020 £'000
Care & residential	20,484	3,496	23,980	23,735
Education	1,185	799	1,984	3,954
	<u>21,669</u>	<u>4,295</u>	<u>25,964</u>	<u>27,689</u>

9. ANALYSIS OF SUPPORT COSTS

2022	Raising funds £'000	Care & residential £'000	Education £'000	Total 2022 £'000	Basis of allocation
Admin & personnel	-	1,431	89	1,520	Headcount
Governance	-	33	2	35	Headcount
Depreciation	-	373	91	464	Beds
Domestic services	-	287	70	357	Beds
Estates	-	850	602	1,452	Maintenance
Finance & IT	-	703	44	747	Headcount
Interest payable	-	-	-	-	Headcount
Transport	-	99	24	123	Beds
Total	<u>-</u>	<u>3,776</u>	<u>922</u>	<u>4,698</u>	
2021	Raising funds £'000	Care & residential Restated £'000	Education Restated £'000	Total 2021 Restated £'000	Basis of allocation
Admin & personnel	-	1,264	65	1,329	Headcount
Governance	-	31	2	33	Headcount
Depreciation	-	407	88	495	Beds
Domestic services	-	283	61	344	Beds
Estates	-	740	525	1,265	Maintenance
Finance & IT	-	663	34	697	Headcount
Interest payable	-	-	-	-	Headcount
Transport	-	45	10	55	Beds
Total	<u>-</u>	<u>3,433</u>	<u>785</u>	<u>4,218</u>	

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2022

10. NET INCOME/(EXPENDITURE) FOR THE YEAR

	2022	2021
	£'000	£'000
Net income/(expenditure) is stated after charging:		
Depreciation of owned assets	464	495
Rentals under operating leases	88	106
Auditor's remuneration:		
- Fees payable to the charity's auditor for the audit of the charity's annual financial statements	40	31
- 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>

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

The aggregate costs of employment were:

	2022	2021
	£'000	£'000
Wages and salaries	19,122	18,939
Social Security costs	1,724	1,610
Pension costs	776	737
	<u>21,622</u>	<u>21,287</u>

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

	2022	2021
	No.	No.
Care & residential	568	609
Education	14	17
Support	98	94
	<u>680</u>	<u>720</u>

The average monthly number of employees was:

	2022	2021
	No.	No.
Care & residential	681	725
Education	17	18
Support	109	104
	<u>807</u>	<u>847</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2022

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

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:

	2022	2021
	No.	No.
£60,000 - £70,000	2	2
£70,000 - £80,000	2	3
£80,000 - £90,000	1	-
£120,000 - £130,000	1	1
	<u>6</u>	<u>6</u>

The key management personnel of the charity are listed on page 3. The total remuneration of the key management personnel and principal officers of the charity for the year totalled £686,000 (2021: £597,000). 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 (2021: £Nil).

The total of donations received from the Trustees during the year was £ Nil (2021: £Nil).

12. TANGIBLE FIXED ASSETS

	Freehold property	Assets under construction	Equipment and furniture	Motor vehicles	Total Restated
	Restated	Restated	Restated	Restated	Restated
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 September 2021	18,840	255	3,650	703	23,448
Additions	-	395	-	-	395
Disposals	-	-	-	(15)	(15)
Transfers	99	(113)	14	-	-
	<u>18,939</u>	<u>537</u>	<u>3,665</u>	<u>689</u>	<u>23,828</u>
At 1 September 2021	7,320	-	3,557	648	11,525
Charge for the year	405	-	32	27	464
Disposals	-	-	-	(15)	(15)
	<u>7,725</u>	<u>-</u>	<u>3,589</u>	<u>660</u>	<u>11,974</u>
Net book value					
At 31 August 2022	<u>11,214</u>	<u>537</u>	<u>75</u>	<u>29</u>	<u>11,855</u>
At 31 August 2021	<u>11,520</u>	<u>255</u>	<u>93</u>	<u>55</u>	<u>11,923</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:

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2022

12. TANGIBLE FIXED ASSETS (continued)

	Land and buildings £'000
Cost	12,685
Accumulated depreciation	<u>(7,107)</u>
Net book value At 31 August 2022	<u>5,578</u>
Net book value At 31 August 2021	<u>7,934</u>

13. DEBTORS

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Trade debtors	1,339	1,374
Prepayments and accrued income	314	289
Other debtors	121	26
	<u>1,774</u>	<u>1,689</u>

14. CREDITORS

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Bank loans (see below)	75	75
Trade creditors	64	73
Accruals	820	866
Deferred income	479	980
Taxation and social security	404	358
Other creditors	206	228
	<u>2,048</u>	<u>2,580</u>
Amounts falling due after one year		
Bank loans (see below)	<u>242</u>	<u>318</u>

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2022

14. CREDITORS (continued)

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.

	2022	2021
	£'000	£'000
Deferred income		
Brought forward	980	976
Released in the year	(980)	(980)
Deferred in the year	479	980
	<u>479</u>	<u>976</u>
Carried forward	<u>479</u>	<u>976</u>
Bank loans	<u>242</u>	<u>393</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	167	225
After five years	-	18
	<u>317</u>	<u>393</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2022

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 2022 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	
	2022	2021
Key assumptions used:	%	%
Discount rate	4.25	1.55
Expected rate of salary increases	4.05	3.60
Inflation / Future pension increases	3.35	2.90

The assumed life expectations on retirement at age 65 are:

	Valuation at	
	2022	2021
	years	years
Retiring today:		
Males	21.2	21.4
Females	23.8	24.0
Retiring in 20 years:		
Males	22.1	22.4
Females	25.5	25.7

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

	2022	2021
	£'000	£'000
Current service cost	(5)	(5)
Net interest cost	(16)	(39)
Past service cost	-	-
	<hr/>	<hr/>
Net (expenditure) recognised within net income/(expenditure) for the year	(21)	(44)
	<hr/>	<hr/>
Other recognised losses – actuarial gains/(losses)	7,300	846
	<hr/>	<hr/>
Total cost relating to defined benefit scheme recognised in the Statement of Financial Activities	7,279	802
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2022

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:

	2022 £'000	2021 £'000
Present value of defined benefit obligations	(29,210)	(41,304)
Fair value of scheme assets	35,715	39,940
	<u>6,505</u>	<u>(1,364)</u>
Net liability recognised in the balance sheet	<u>6,505</u>	<u>(1,364)</u>

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

	2022 £'000	2021 £'000
At 1 September		
Opening defined benefit obligation	(41,304)	(39,271)
Current service cost	(5)	(5)
Past service costs	-	-
Net interest costs	(628)	(616)
Contributions from scheme participants	(1)	(1)
Actuarial (losses)/gains	11,225	(2,876)
Benefits paid	1,503	1,465
	<u>(29,210)</u>	<u>(41,304)</u>
At 31 August	<u>(29,210)</u>	<u>(41,304)</u>

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

	2022 £'000	2021 £'000
At 1 September		
Opening fair value of scheme assets	39,940	36,507
Actuarial gains	612	577
Actual return on plan assets (excluding amounts included in net interest cost)	(3,925)	3,722
Contributions from the employer	590	598
Contributions from scheme participants	1	1
Benefits paid	(1,503)	(1,465)
	<u>35,715</u>	<u>39,940</u>
At 31 August	<u>35,715</u>	<u>39,940</u>

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

Fair value of assets

	2022 £'000	2021 £'000
Equity instruments	14,286	15,976
Debt instruments	14,286	18,373
Property	5,357	4,393
Cash	1,786	1,198
	<u>35,715</u>	<u>39,940</u>
	<u>35,715</u>	<u>39,940</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2022

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 £76,000 (2021: £74,000).

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 £717,000 (2021: £690,000).

16. MOVEMENTS ON FUNDS

	At 1 September 2021 Restated £'000	Adjustment to opening Balance £'000	Income £'000	Expenditure £'000	Gains £'000	Transfers £'000	At 31 August 2022 £'000
Unrestricted funds:							
General fund	16,408	430	27,784	(26,321)	-	(590)	17,711
Revaluation reserve	525	-	-	(136)	-	-	389
Pension reserve	(1,364)	-	-	(21)	7,300	590	6,505
Unrestricted funds total	<u>15,569</u>	<u>430</u>	<u>27,784</u>	<u>(26,478)</u>	<u>7,300</u>	<u>-</u>	<u>24,605</u>
Endowment funds:							
Revaluation reserve	1,681	-	-	(66)	-	-	1,615
Other reserve	378	-	-	(12)	-	-	366
Endowment funds total	<u>2,059</u>	<u>-</u>	<u>-</u>	<u>(78)</u>	<u>-</u>	<u>-</u>	<u>1,981</u>
Restricted fund:							
Appeal Funds - other	81	-	68	(19)	-	-	130
Covid-19 support	-	-	111	(111)	-	-	-
Restricted funds total	<u>81</u>	<u>-</u>	<u>179</u>	<u>(130)</u>	<u>-</u>	<u>-</u>	<u>130</u>
Total charity funds	<u><u>17,709</u></u>	<u><u>430</u></u>	<u><u>27,963</u></u>	<u><u>(26,686)</u></u>	<u><u>7,300</u></u>	<u><u>-</u></u>	<u><u>26,716</u></u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2022

16. MOVEMENTS ON FUNDS (continued)

	At 1 September 2020 £'000	Income £'000	Expenditure Restated £'000	Gains £'000	Transfers £'000	31 August 2021 Restated £'000
Unrestricted funds:						
General fund	12,493	29,819	(25,305)	-	(598)	16,408
Revaluation reserve	661	-	(136)	-	-	525
Pension reserve	(2,764)	-	(44)	846	598	(1,364)
Unrestricted funds total	<u>10,390</u>	<u>29,819</u>	<u>(25,485)</u>	<u>846</u>	<u>-</u>	<u>15,569</u>
Endowment funds:						
Revaluation reserve	1,747	-	(66)	-	-	1,681
Other reserve	390	-	(12)	-	-	378
Endowment funds total	<u>2,137</u>	<u>-</u>	<u>(78)</u>	<u>-</u>	<u>-</u>	<u>2,059</u>
Restricted fund:						
Appeal Funds – other	78	3	(1)	-	-	81
Covid – 19 support	-	400	(400)	-	-	-
Restricted funds total	<u>78</u>	<u>403</u>	<u>(401)</u>	<u>-</u>	<u>-</u>	<u>81</u>
Total charity funds	<u><u>12,605</u></u>	<u><u>30,222</u></u>	<u><u>(25,964)</u></u>	<u><u>846</u></u>	<u><u>-</u></u>	<u><u>17,709</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 2022

17. ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

Charity	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2022 £'000
Tangible fixed assets	9,874	-	1,981	11,855
Current assets	10,517	130	-	10,646
Current liabilities	(2,048)	-	-	(2,048)
Long-term liabilities	(242)	-	-	(242)
Pension (liability)/asset	6,505	-	-	6,505
At 31 August 2022	<u>24,605</u>	<u>130</u>	<u>1,981</u>	<u>26,716</u>

Charity	Unrestricted funds Restated £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2021 Restated £'000
Tangible fixed assets	9,864	-	2,059	11,923
Current assets	9,967	81	-	10,048
Current liabilities	(2,580)	-	-	(2,580)
Long-term liabilities	(318)	-	-	(318)
Pension liability	(1,364)	-	-	(1,364)
At 31 August 2021	<u>15,569</u>	<u>81</u>	<u>2,059</u>	<u>17,709</u>

18. FINANCIAL COMMITMENTS

Operating lease commitments

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

	Leasehold properties	
	2022 £'000	2021 £'000
Payments due:		
- within one year	88	88
- between one and five years	350	350
- after five years	538	625
	<u>975</u>	<u>1,063</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2022

19. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Note	Unrestricted funds Restated £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2021 Restated £'000
INCOME FROM:					
Donations and legacies	3	84	3	-	87
Charitable activities	4	28,097	400	-	28,497
Other trading activities	5	18	-	-	18
Gain on sale of surplus assets		1,619	-	-	1,619
Investments	6	1	-	-	1
TOTAL INCOME		29,819	403	-	30,222
EXPENDITURE ON:					
Raising funds	7	-	-	-	-
Charitable activities	8	25,486	400	78	25,964
TOTAL EXPENDITURE		25,486	400	78	25,964
Net income/(expenditure) for the year		4,333	3	(78)	4,258
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit schemes	15	846	-	-	846
NET MOVEMENT IN FUNDS		5,179	3	(78)	5,104
RECONCILIATION OF FUNDS :					
Total funds brought forward		12,580	78	2,137	14,795
Net movement in funds for the year		5,179	3	(78)	5,104
Prior year restatement		(2,190)	-	-	(2,190)
	16,17	15,569	81	2,059	17,709

20. RELATED PARTY TRANSACTIONS

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