

COMPANY REGISTRATION NUMBER: 04027768
CHARITY REGISTRATION NUMBER: 1084715



Headway East Sussex Ltd
Company Limited by Guarantee
Financial Statements
31st March 2019

Headway East Sussex Ltd
Company Limited by Guarantee
Financial Statements
Year ended 31st March 2019

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Headway East Sussex Ltd

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Trustees' Annual Report (Incorporating the Director's Report)

Year ended 31st March 2019

The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31st March 2019.

These accounts have been prepared in accordance with the accounting policies set out in the accounts and comply with the Charity's Memorandum and Articles of Association, the Companies Act 2006 and the Statement of Recommended Practice FRS 102.

CHAIRMAN'S REPORT

Our mission at Headway East Sussex (HES) continues to be to offer rehabilitation and support services for people with brain injuries, their families and carers. We help people who suffer a brain injury from many different causes including stroke, accident, tumour, sporting injury or assault.

We provide a full range of day services, offering tailored rehabilitation and reablement programmes, as well as a variety of advice and support services to those affected across the whole of East Sussex including Brighton & Hove, and the West Sussex borders.

I am delighted with the huge amount of support that we have been able to provide this year which includes a total of 4,355 days of support at our centre in Newick, over 9,000 hours of Outreach support, an average of 17 attendees at both Brighton & Hove and Eastbourne support groups, 367 counselling sessions and 44 visits to Princess Royal Hospital in Haywards Heath providing help and support to over 100 families. We also held 42 sessions on assisting clients to focus on moving their lives forward and this resulted in one member returning to work and two others actively looking to volunteer. This is the hard evidence of what we do year after year and the impact the charity has had. This is made possible by the dedication and loyalty of the employees of Headway East Sussex who have demonstrated time and time again that their daily focus on looking after our clients is always at the forefront of their minds.

The downside is that this year has been one in which the Trustee Board had to make a number of very difficult decisions and to restructure the Charity to make it fit for purpose for the extremely challenging environment which we find ourselves in. Whilst the restructure resulted in some redundancies and also the closure of the Counselling service there is no doubt that we are now much better positioned to ensure we can continue to deliver the services to our clients on an ongoing basis. We have also organised a new financial facility with Charity Bank that will provide liquidity for our Operations and will act as a safety net should the conditions for income and fundraising deteriorate.

My thanks go to all our Trustees, Staff and Volunteers who have contributed their time and efforts to the charity this year. In particular, I would like to take this opportunity to express sincere gratitude to my Vice Chairman Francis Lacy Scott who retired on 31 January 2019 after 15 years as a Trustee. We are also very thankful to Dr Catriona Good who retired in September 2018 for the contribution she made during her time with us and we are delighted to welcome Lynda Brown as a new Trustee who will be joining the Board in July 2019 to support us with Human Resource issues.

We are confident about the outlook for the charity over the next year and now have a clear plan on how to maintain our services.

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Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31st March 2019

DIRECTOR'S REPORT The financial challenges that the charity has faced for some time have continued over the year so the focus in 2018/19 has been to review the model of service delivery and agree a new approach which will ensure long-term financial sustainability. This is summarised below:

- A 'Hub' model will be introduced setting up satellite services in Brighton and Eastbourne. The hubs will provide day services which are closer to home and therefore more accessible by the local community.
- By developing relationships with the local communities served by the hubs, HES will be able to access neighbourhood grants.
- The hub managers will be in a position to explore options for pooling resources with other local voluntary sector organisations and seeking joint funding opportunities
- The day service at Newick will continue to operate on 3 days per week providing day services to residents in the north of the county.
- The 1:1 outreach service will operate from the new hubs which will reduce travel time/costs and enable staff to support their clients to access local services and facilities. Some outreach will be provided at the hubs which will also reduce staff contact time and offer a better outcome to our clients by encouraging integration within the local community
- The counselling service will cease as HES has been unable to source ongoing funding for this. Whilst losing this valuable service is regrettable, the managers of the hubs will work with local generic counselling services to develop the counsellors' awareness and understanding of brain injury and support our clients to access those services.

The new approach will provide a more modern and accessible service which will ensure HES remains financially viable and enable us to support more individuals and families living with brain injury.

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Year ended 31st March 2019

OUR YEAR AT HEADWAY EAST SUSSEX

REASSURANCE	Advice & Support Services: <ul style="list-style-type: none">• 24 support groups were held in Brighton and Eastbourne• The Brighton & Hove support group had an average of 17 attendees (15 survivors and 2 carers)• The Eastbourne support group also had an average of 17 attendees (10 survivors and 7 carers)
	Counselling Service: <ul style="list-style-type: none">• 367 counselling sessions were held in Brighton, Newick, and Eastbourne• 86 individuals benefitting from counselling• The service is funded by contributions from clients, and grants from Brighton & Hove City Council, The Henry Smith Foundation and the Sussex Community Fund
	Carers Services: <ul style="list-style-type: none">• 'Come & Share' coffee mornings were held at Newick• The Carers Services Manager maintained links with other carers networks to plan the way ahead for future HES services• Funding through grants from Brighton & Hove City Council and East Sussex County Council has supported these services. <p>As part of the restructuring, specific carers services will be scaled back, however, carers can continue to access the support groups in Eastbourne and Brighton and an additional support group, to be run at Newick, is being explored.</p> <p>The managers of the new hubs will develop working relationships with other voluntary sector organisations that support carers, especially Care for the Carers, and assist our carers to access those.</p>
	Hospital Liaison Service: <ul style="list-style-type: none">• 44 sessions were held on a Thursday afternoon at Princess Royal Hospital, Haywards Heath within the out-patients' clinic and in-patient wards• 105 individuals and families were supported during the year with many requesting information on the Headway East Sussex support groups and counselling service• Funding obtained from the Sobell Foundation in 2018 for £5,000 p.a. for three years means this service can continue until 2020 but is not able to expand to other hospitals in the area.

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Year ended 31st March 2019

REHABILITATION, REABLEMENT AND RESPITE	Newick Day Service: <ul style="list-style-type: none">• 4355.50 client days were provided at the centre• The art group led by one of our volunteers has flourished with many new clients developing an interest in art. An art exhibition was held in the Jubilee Library in Brighton and HES was part of the Sussex Art Wave where visitors came to view the art work at The Newick Centre.• The Drama & Movement Therapy programme which started in February 2018 has proved very popular and 30 sessions have been held over the year• Complementary therapies of Yoga and Tai Chi continued to be popular weekly fixtures in the programme.
	Health & Wellbeing Service: <ul style="list-style-type: none">• 418 private sessions and 343 group sessions have been held in the gym• The new equipment for the gym which was leased from Technogym in April 2017 ensures the gym is able to offer a wide range of apparatus for use by clients• Hydrotherapy continued using the therapy pool at Chailey Heritage and run by HES staff. Further funding will need to be sought to continue this programme.• Brighton & Hove Albion in the Community have held Walking Football sessions with clients, another popular activity.
	Outreach Service: <p>Our community based 1:1 service continues to be in demand, with 9305.75 hours of outreach being delivered during 2018/2019?</p> <p>Moving forward the outreach service will be delivered from the new hubs with more sessions being run on a small group basis. This will make better use of HES resources and enable clients to develop their social interaction skills and integrate more fully with their local communities.</p>
	Rediscover Service: <ul style="list-style-type: none">• This service is for those with moderate support needs focusing on achieving optimum, independence reintegrating into their communities and returning to work• 42 weekly sessions have been held at the Newick Centre focussing on 'moving on after brain injury'.• One member has returned to work and two others are looking to volunteer Therapy Service: <ul style="list-style-type: none">• We have continued to provide regular Speech & Language Therapy input to one client living within a residential care setting which has been funded through Continuing Health Care (CHC)• In 2018/19, this service has been extended to two other clients funded through CHC and a further client has self-funded a SALT assessment and provision of training to his care team

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Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31st March 2019

EDUCATION & PARTNERSHIP WORKING	Attendance and participation in: <ul style="list-style-type: none">• Sussex Trauma Network and rehabilitation sub-group• Sussex Acquired Brain Injury forum, of which the Charity is part of the steering group• The Headway UK regional area meetings• Local Health Watch events
	Presentations to statutory and voluntary sector groups: <ul style="list-style-type: none">• The Haywards Heath Lions Club• Newick Women's Supper Club• Newick Men's Supper Club• Newick Afternoon Club• Burgess Hill Wives Group
	Student Placements: <p>These have been provided for: -</p> <ul style="list-style-type: none">• Occupational Therapy students on the BSc programme from the University of Brighton• Social Work student from the University of Sussex
	Youth Offending Team: <p>Regular visits from the Youth Offending Team based in Brighton have helped maintain the grounds at Newick during the year</p>
	Brain Injury Conference: <p>A planning group is in place to make preparations to run the 6th Annual Brain Injury Conference jointly with ASB Aspire at The East Sussex National Hotel, Uckfield in June 2019. This conference has become a recognised and valued learning opportunity within the field of Brain Injury and high-profile specialists have already committed to speak at the June event.</p>

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Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31st March 2019

MARKETING & VOLUNTEERS	Marketing: Marketing expertise has been an ongoing gap for the charity, so a marketing lead was appointed in May 2018. However due to cost pressures, the position has been made redundant. The trustees are supporting the management team with the marketing and promotion of the charity.
	Volunteers: <ul style="list-style-type: none">▪ During the year, the Charity has benefitted from a band of regular volunteers who contribute their time and skills in working with our clients in the centre and maintaining the grounds at Newick▪ We are very grateful for the support of our volunteers who are valued members of the team

GRANTS, DONATIONS AND FUNDRAISING

The Trustees, clients and Headway team would all like thank those who during the year have assisted in fundraising or making donations to the charity. Headway East Sussex would not be able to function without the support and generosity of our donors and fundraisers and the charity's thanks go to:

- The captains for Haywards Heath Golf Club, who chose HES to benefit from their year-long fundraising efforts in 2018. They were delighted to present a cheque to HES for just over £32,000 in January 2019. The money has supported the gym facility during 2019 and has allowed an outside gym area to be developed at Newick.
- All the local stores and public houses who hold one of our collecting tins. On total the collecting tins raised over £2,000 in this financial year.
- Regular supporter Judy Tilbury raised over £1,000 from the sale of needlework and this has enabled the kitchen garden to continue to provide a beneficial space for clients during the summer months.
- HES was the chosen charity for the United Services Club, Haywards Heath following a recommendation from the family of a prior client and the club raised £3,484 for our services.
- The new 'Headscapes' art group of Headway East Sussex clients held their first art exhibition at the Jubilee Library, Brighton in June 2018, bringing in £795 to support the develop of an art group in Brighton.
- HES was the charity benefitting from the summer concert by 'The Uckfield Singers' raising £505.
- The annual Piers Morgan Charity Cricket Match at Newick brought in £1,882 following a very hot summer's afternoon.
- The runners in the 2018 Brighton Marathon raised over £4,000, which as usual sponsored the gym facility at Newick.
- Members of the HES team themselves have taken part in cycle rides and Tough Mudder races bringing in over £1,200.

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Year ended 31st March 2019

- The support of client's families continues to play an important part in our fundraising. The daughter and niece of one of our long-standing clients ran 12 races, including marathons, in a 12-month period raising £1,455. Another family donated £2,115 in memory of one of their relatives who had been a client for a number of years.
- In July, HES was the selected charity for the Lewes Business Awards evening at the Amex in Falmer, raising £626.
- One of the presenters at the Mid Sussex Radio based at the Princess Royal Hospital in Haywards Heath undertook a 24-hour broadcast, bringing in £1,876.
- The fifth ASB Law and Headway East Sussex conference raised £6,191.

Legacies play a small part in the fundraising of the charity but in 2019, bequests of just under £10,000 have been received.

The work to obtain trust and foundation funding has continued during the year and the charity's thanks go to:

- Eastbourne Borough Council grant towards the counselling service run at Chaseley Trust, and the Eastbourne support group: £3,000
- East Sussex County Council Carers Grant: £5,945
- Sobell Foundation to run the Hospital Liaison Service: £15,000 over 3 years
- Chalk Cliff Trust to provide cookery sessions at Chailey Heritage Foundation: £5,000
- Sussex Community Fund for the counselling service: £4,000
- Henry Smith Foundation for the Advice & Support Service: £5,000
- 'Awards for All' for the development of the hubs business model, particularly for start-up costs in Brighton: £10,000
- The Rotary Club Eastbourne: £1,000

GOVERNANCE & MANAGEMENT

The organisation is a charitable company limited by guarantee. The company was established under a Memorandum of Association, which sets out the objects and powers of the charitable company and is governed under its Articles of Association.

Organisational Management

The Board of Trustees, overseen by the Chair of the Board, takes overall responsibility for the charity. The day-to-day operational management of the charity is the shared responsibility of the Director of Rehabilitation and Reablement, and the Director of Finance and Business Development. The Directors report on a bi-monthly basis to the Board and have regular 1:1 meetings with the Chair.

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Year ended 31st March 2019

The Managers work as a cohesive team with some shared roles and responsibilities. All Managers continue to have defined job profiles to ensure all service areas are appropriately covered with clear lines of accountability.

" There continues to be trustee representation on the Boards' sub-committees to advise on Finance, Standards & Compliance (incorporating governance) and Fundraising & Marketing.

A focus group for service-users has been established to ensure clients and families have a strong voice in the operation and development of the charity. This group is chaired by the service-user representative on the Trustee Board and reports to the board at the bi-monthly meetings.

All pay scales, including remuneration for Key Management Personnel, are discussed by the Finance Committee and reported back to the full Trustee Board for approval.

Trustees

The Trustees, who are also Directors for the purpose of company law and, who served during the year were: -

Trustee	Occupation	Board Role
Michael Gaughan	Non-Executive Director	Chairman Marketing & Finance
Francis Lacy Scott	Senior partner in law firm specialising in personal injury	Vice Chair Stood down in November 2018
Henrik Bjorn	Retired Banker	Finance
Mark O'Hara	Chartered Accountant	Finance
Sally Hylands	Spouse of service user	Service User Representation Marketing & Fundraising
Dr Catriona Good	Neuro-radiologist	NHS engagement Stood down in September 2018
Lucy Morewood	Marketing Manager	Marketing & Fundraising Committee
Dr John Norris	Consultant Neurosurgeon	NHS engagement
Michele Fleming	Retired Occupational Therapist & former CEO of HES	Marketing & Fundraising Joined March 2018
Jonathan Clements	Senior partner in law firm specialising in personal injury	Standards & Compliance Joined November 2018

The Trustees are recruited on personal recommendation followed by a full recruitment process which involves undergoing an interview and obtaining references and DBS checks. Once appointed, new Trustees are offered an induction period which includes attendance at the Newick Centre to learn more about the Charity and the services it offers.

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Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31st March 2019

A skills audit has been undertaken to identify gaps in expertise and new trustees have been recruited accordingly.

The Patron of the Charity is Baroness Julia Cumberlege.

Staff Training

During 2018/19, services were closed for four days to enable mandatory training to be delivered in an efficient manner to all staff at the same time. This has enabled the Charity to meet its requirements for those courses considered mandatory for all staff, and for the support workers to progress the modules for The Care Certificate. The Care Certificate is an agreed set of standards developed jointly by Skills for Care, Health Education England and Skills for Health. Most staff have now completed this and it will be a requirement for all new support workers.

Audits and Inspections

There have been no audits or inspections during this period.

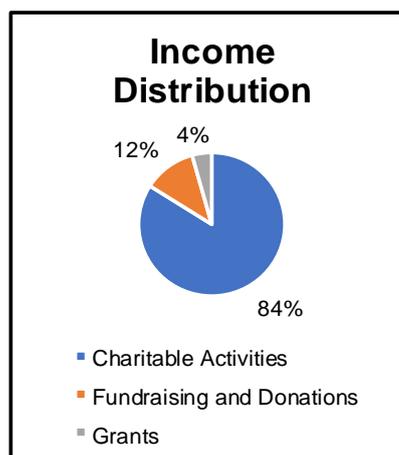
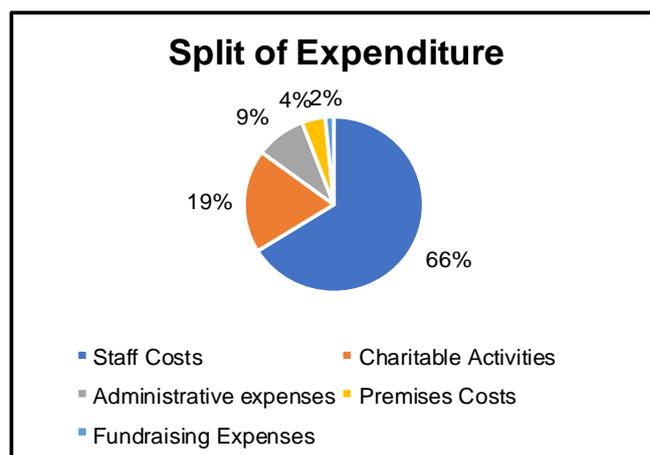
Related Parties

The Charity is affiliated to Headway UK, the national brain injury Charity.

FINANCIAL REVIEW OF THE YEAR

This year has been another challenging one for the charity resulting in a restructure of the services with the following main aims:

- To group services on a geographical basis rather than individual services covering the whole of the county of East Sussex
- To restructure the staff to bring staff costs as a percentage of income down from 79% to 75%
- To increase the proportion of fundraising, donations and grants as a percentage of total income from 16% to 25%



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Year ended 31st March 2019

Consultation with staff took place during February and March 2019 with the transition to the new structure to be completed by the end of June 2019. Service users will be advised in May 2019 of the new structure of the organisation and progress.

The restructuring will lead to some services being curtailed in the short-term, but the aim is to re-establish these elements in a community setting in the future.

Reserves and Investment Policy

The deterioration in the financial position of the Charity has led to the remodelling of the way the services are delivered with a reduction in staffing levels to ensure ongoing sustainability. As a contingency, a loan drawdown facility has been obtained from The Charity Bank to ensure adequate cashflow while the new service model beds down. This will provide additional reserves and will be drawn down if necessary.

Whilst having made the commitment to the Newick site, the Trustees are continuing to investigate other income streams for the Charity.

No financial investments were made during this accounting period. The main asset of the Charity remains the freehold property, Headway House, Jackies Lane, Newick.

LOOKING TO THE FUTURE

Headway East Sussex remains committed to providing high quality specialist services for local people with acquired brain injury and their families. Our overarching priority for forthcoming year must be to secure ongoing financial sustainability. In order to achieve that we need to progress our new financially viable service delivery model and ensure we have staff with the right skills at all levels of the organisation.

In order to achieve that, our key seven actions are to: -

1. Review the skills required at top management level to deliver the new service model, establish a new management structure and recruit as necessary
2. Bed down the 'Hub' model of service delivery
3. Build relationships with the local communities surrounding the Eastbourne and Brighton Hubs and explore funding opportunities in those areas
4. Focus Trust Fund income-generating activities on funders who will support the 'hub' model and the Charity's free and subsidised services (Advice & Support, Evening Support Groups, Rediscover and Hospital Liaison)
5. Explore use of the site for income generation
6. Progress work with the local NHS to establish joint rehabilitation & reablement services with NHS providers in the acute sector with a view to reducing the length of stay
7. Further develop the organisations' marketing and promotions function

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Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31st March 2019

Trustees' responsibilities statement

The trustees, who are also directors for the purposes of company law, are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, 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 applicable Charities SORP;

make judgments and accounting estimates that are reasonable and prudent;

state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The trustees' annual report and the strategic report were approved on 19 December 2019 and signed on behalf of the board of trustees by:



Michael Gaughan – Chairman and Director



Headway East Sussex Ltd

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Independent Auditor's Report to the Members of Headway East Sussex Ltd

Year ended 31st March 2019

Opinion

We have audited the financial statements of Headway East Sussex Ltd (the 'charity') for the year ended 31st March 2019 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31st March 2019 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;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Headway East Sussex Ltd

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Independent Auditor's Report to the Members of Headway East Sussex Ltd *(continued)*

Year ended 31st March 2019

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

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

Responsibilities of trustees

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

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

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Independent Auditor's Report to the Members of Headway East Sussex Ltd *(continued)*

Year ended 31st March 2019

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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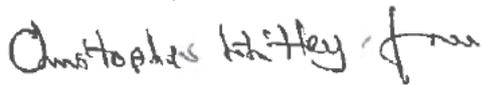
Independent Auditor's Report to the Members of Headway East Sussex Ltd *(continued)*

Year ended 31st March 2019

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.



20 December 2019

Christopher Whitley-Jones (Senior Statutory Auditor)
PRB Accountants LLP
Chartered accountants & statutory auditor
Kingfisher House
Hurstwood Grange
Hurstwood Lane
Haywards Heath
West Sussex
RH17 7QX

Headway East Sussex Ltd

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Statement of Financial Activities (including income and expenditure account)

Year ended 31st March 2019

		2019			2018	
	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds £	Total funds £
Income and endowments						
Donations and legacies	5	9,194	89,678	–	98,872	98,425
Charitable activities	6	519,269	–	–	519,269	514,181
Investment income	7	199	–	–	199	3,985
Total income		<u>528,662</u>	<u>89,678</u>	<u>–</u>	<u>618,340</u>	<u>616,591</u>
Expenditure						
Expenditure on raising funds:						
Costs of raising donations and legacies	8	39,656	–	–	39,656	13,633
Expenditure on charitable activities	9	<u>603,297</u>	<u>110,975</u>	<u>9,368</u>	<u>723,640</u>	<u>710,279</u>
Total expenditure		<u>642,953</u>	<u>110,975</u>	<u>9,368</u>	<u>763,296</u>	<u>723,912</u>
Net expenditure		<u>(114,291)</u>	<u>(21,297)</u>	<u>(9,368)</u>	<u>(144,956)</u>	<u>(107,321)</u>
Transfers between funds		<u>(22,581)</u>	<u>22,581</u>	<u>–</u>	<u>–</u>	<u>–</u>
Net movement in funds		<u>(136,872)</u>	<u>1,284</u>	<u>(9,368)</u>	<u>(144,956)</u>	<u>(107,321)</u>
Reconciliation of funds						
Total funds brought forward		<u>207,612</u>	<u>-</u>	<u>571,905</u>	<u>779,517</u>	<u>886,838</u>
Total funds carried forward		<u>70,740</u>	<u>1,284</u>	<u>562,537</u>	<u>634,561</u>	<u>779,517</u>

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

The notes on page 19 to 27 form part of these financial statements.

Headway East Sussex Ltd
Company Limited by Guarantee
Statement of Financial Position
Year ended 31st March 2019

		2019		2018	
		£	£	£	£
Fixed assets					
Tangible fixed assets	14		601,921		622,612
Current assets					
Stocks	15	3,575		3,760	
Debtors	16	77,060		73,431	
Cash at bank and in hand		47,213		147,311	
		<u>127,848</u>		<u>224,502</u>	
Creditors: amounts falling due within one year	17	<u>95,208</u>		<u>67,597</u>	
Net current assets			32,640		156,905
Total assets less current liabilities			<u>634,561</u>		<u>779,517</u>
Net assets			<u>634,561</u>		<u>779,517</u>
Funds of the charity					
Endowment funds			562,537		571,905
Restricted funds			1,284		–
Unrestricted funds			<u>70,740</u>		<u>207,612</u>
Total charity funds	18		<u>634,561</u>		<u>779,517</u>

These financial statements were approved by the board of trustees and authorised for issue on 19/12/2019 and are signed on behalf of the board by:

Michael Gaughan
Trustee and Director

The notes on page 19 to 27 form part of these financial statements.

Headway East Sussex Ltd

Company Limited by Guarantee

Statement of Cash Flows

Year ended 31st March 2019

	2019	2018
	£	£
Cash flows from operating activities		
Net expenditure	(144,956)	(107,321)
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	20,691	23,703
Dividends, interest and rents from investments	(100)	(3,900)
Other interest receivable and similar income	(99)	(85)
Interest payable and similar charges	–	–
Accrued expenses	25,915	1,868
<i>Changes in:</i>		
Stocks	185	(675)
Trade and other debtors	(3,629)	(1,310)
Trade and other creditors	1,696	26,956
Cash generated from operations	(100,297)	(60,764)
Interest paid	–	–
Interest received	99	85
Net cash used in operating activities	<u>(100,198)</u>	<u>(60,679)</u>
Cash flows from investing activities		
Dividends, interest and rents from investments	100	3,900
Purchase of tangible assets	–	–
Net cash from/(used in) investing activities	<u>100</u>	<u>3,900</u>
Net decrease in cash and cash equivalents	(100,098)	(56,779)
Cash and cash equivalents at beginning of year	<u>147,311</u>	<u>204,090</u>
Cash and cash equivalents at end of year	<u><u>47,213</u></u>	<u><u>147,311</u></u>

The notes on page 19 to 27 form part of these financial statements.

Headway East Sussex Ltd

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31st March 2019

1. General information

The charity is a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is Headway House Reedens, Jackies Lane, Newick, East Sussex, BN8 4QX.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Charities Act 2011.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

Although the charity had net expenditure in the year of £144,956, the balance sheet is solvent. The Trustees Report details the restructuring the charity has undertaken to improve the financial performance. On the basis of the cash flow performance since the year-end to date and on current financial projections for the period to December 2020 and the cash balances available including a loan drawdown facility which has been obtained from The Charity Bank to ensure adequate cashflow while the benefits of restructuring accrue, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements.

Therefore there are no material uncertainties about the charity's ability to continue as a going concern.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds

Headway East Sussex Ltd

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31st March 2019

3. Accounting policies *(continued)*

Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Headway East Sussex Ltd
Company Limited by Guarantee
Notes to the Financial Statements
Year ended 31st March 2019

3. Accounting policies (continued)

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities. A professional valuation is obtained for the land and buildings every 5 years.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Land and Buildings	-	2% on endowed property, 10% reducing balance on other property
Fixtures and fittings	-	20% reducing balance
Motor vehicles	-	25% reducing balance

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the charity are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Headway East Sussex Ltd
Company Limited by Guarantee
Notes to the Financial Statements
Year ended 31st March 2019

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the charity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted. Debt instruments are subsequently measured at amortised cost.

Where investments in shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in income and expenditure. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the statement of financial activities, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

4. Limited by guarantee

Headway East Sussex Ltd is a private company limited by guarantee.

5. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Donations and Grants			
Unrestricted	9,194	–	9,194
Restricted	–	89,678	89,678
	<u>9,194</u>	<u>89,678</u>	<u>98,872</u>

Headway East Sussex Ltd
Company Limited by Guarantee
Notes to the Financial Statements
Year ended 31st March 2019

5. Donations and legacies (continued)

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Donations and Grants 2018			
Unrestricted	55,223	–	55,223
Restricted	–	43,202	43,202
	<u>55,223</u>	<u>43,202</u>	<u>98,425</u>

6. Charitable activities

	Unrestricted Funds £	Total Funds 2019 £	Unrestricted Funds £	Total Funds 2018 £
Services provided under contract	<u>519,269</u>	<u>519,269</u>	<u>514,181</u>	<u>514,181</u>

7. Investment income

	Unrestricted Funds £	Total Funds 2019 £	Unrestricted Funds £	Total Funds 2018 £
Rental income	100	100	3,900	3,900
Interest receivable	99	99	85	85
	<u>199</u>	<u>199</u>	<u>3,985</u>	<u>3,985</u>

8. Costs of raising donations and legacies

	Unrestricted Funds £	Total Funds 2019 £	Unrestricted Funds £	Total Funds 2018 £
Staff costs	26,495	26,495	11,589	11,589
Staging fundraising events	4,695	4,695	1,830	1,830
Advertising and grant commission	8,466	8,466	214	214
	<u>39,656</u>	<u>39,656</u>	<u>13,633</u>	<u>13,633</u>

Headway East Sussex Ltd
Company Limited by Guarantee
Notes to the Financial Statements
Year ended 31st March 2019

9. Expenditure on charitable activities by activity type

	Activities undertaken directly	Total funds	Total fund
		2019	2018
		£	£
Staff costs		515,139	484,349
Premises		32,313	54,373
Transport		3,922	1,561
Professional fees		5,323	808
Printing, stationery and advertising		7,304	6,768
Other expenses		27,411	22,913
Depreciation		20,692	23,703
Bad debts		374	4,437
Governance costs		5,220	5,520
Staff training and recruitment		5,846	5,311
Staff and volunteers expenses		34,887	33,701
Day care food etc.		8,331	7,374
Therapy and care		56,878	59,461
		<u>723,640</u>	<u>710,279</u>

10. Net expenditure

Net expenditure is stated after charging/(crediting):

	2019	2018
	£	£
Depreciation of tangible fixed assets	<u>20,692</u>	<u>23,703</u>

11. Governance costs

	2019	2018
	£	£
Fees payable for the audit of the financial statements	<u>5,220</u>	<u>5,520</u>

12. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2019	2018
	£	£
Wages and salaries	478,064	462,182
Social security	29,006	26,185
Redundancy provision	25,000	-
Pension costs	9,564	7,571
	<u>541,634</u>	<u>495,938</u>

The average head count of employees during the year was 36 (2018: 35), this equated to 26.6 full time staff in 2019 (2018: 24.9). No employee received employee benefits of more than £60,000 during the year (2018: Nil). The charity operates a defined contribution scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

Headway East Sussex Ltd

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31st March 2019

13. Trustee remuneration and expenses

No remuneration or other benefits from employment with the charity or a related entity were received by the trustees.

Key management personnel received remuneration of £53,982 (2018: 85,481)

14. Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1st April 2018 and 31st March 2019	<u>613,880</u>	<u>224,960</u>	<u>34,220</u>	<u>873,060</u>
Depreciation				
At 1st April 2018	41,975	194,223	14,250	250,448
Charge for the year	<u>9,367</u>	<u>6,192</u>	<u>5,132</u>	<u>20,691</u>
At 31st March 2019	<u>51,342</u>	<u>200,415</u>	<u>19,382</u>	<u>271,139</u>
Carrying amount				
At 31st March 2019	<u>562,538</u>	<u>24,545</u>	<u>14,838</u>	<u>601,921</u>
At 31st March 2018	<u>571,905</u>	<u>30,737</u>	<u>19,970</u>	<u>622,612</u>

The land and buildings at Jackies Lane, Newick are used for the charitable activities of the company. A charge dated 6 September 2002 is registered over the land, The charge expires in 2022. Buildings of £502,709 are shown at cost less depreciation. Land and buildings of £59,829 are shown at the market value at the date of endowment less a downward revaluation. The trustees are of the opinion that the net carrying amount for land and buildings fairly represents its value in use for the current purpose of charitable activities. The registered charge means this value in use is likely to equal fair value. Details of other charges are detailed in note 20.

15. Stocks

	2019 £	2018 £
Finished goods and goods for resale	<u>3,575</u>	<u>3,760</u>

16. Debtors

	2019 £	2018 £
Trade debtors	67,610	64,012
Prepayments and accrued income	2,395	2,174
Accrued income	<u>7,055</u>	<u>7,245</u>
	<u>77,060</u>	<u>73,431</u>

Headway East Sussex Ltd

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31st March 2019

17. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	12,129	6,244
Accruals	35,615	10,600
Social security and other taxes	9,645	6,556
Other creditors	824	2,192
Deferred income	36,995	42,005
	<u>95,208</u>	<u>67,597</u>

18. Analysis of charitable funds

Unrestricted funds

	At 1st April 2018	Income	Expenditure	Transfers	At 31st March 2019
	£	£	£	£	£
General funds	<u>207,612</u>	<u>528,662</u>	<u>(642,953)</u>	<u>(22,581)</u>	<u>70,740</u>

Restricted funds

	At 1st April 2018	Income	Expenditure	Transfers	At 31st March 2019
	£	£	£	£	£
Advice and Support Services	–	48,540	(58,588)	10,048	–
Chalk Cliff Trust	–	3,420	(2,136)	–	1,284
Therapy and Care	–	37,718	(50,251)	12,533	–
	<u>–</u>	<u>89,678</u>	<u>(110,975)</u>	<u>22,581</u>	<u>1,284</u>

Advice and Support Services Grants and donations received from Brighton and Hove County Council, East Sussex County Council, Eastbourne Borough Council, the Sobell Foundation, Sussex Community Fund and others for provision of community support workers and counselling.

Chalk Cliff Trust Grant for cooking courses at Chailey Heritage School.

Therapy and Care This includes funds from Haywards Heath Golf club used to fund gym costs.

Transfers relate to the excess of costs over the contributions received

Endowment funds

	At 1st April 2018	Income	Expenditure	Transfers	At 31st March 2019
	£	£	£	£	£
Freehold Property	<u>571,905</u>	<u>–</u>	<u>(9,368)</u>	<u>–</u>	<u>562,537</u>

Headway East Sussex Ltd

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31st March 2019

19. Operating lease commitments

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

	2019	2018
	£	£
Not later than 1 year	3,413	3,413
Later than 1 year and not later than 5 years	7,394	10,807
	<u>10,807</u>	<u>14,220</u>

20. Registered Charges

There is a deed of covenant and charge dated 2 September 2002 over the land and property described in note 14 in favour of The Leonard Cheshire Foundation.

There is a fixed charge and negative pledge over the freehold property owned by the charity in favour of the Charity Bank limited dated 16 December 2019.

There is a fixed and floating charge and negative pledge over all other freehold property and current assets of the charity in the favour of The Charity Bank Limited dated 16 December 2019.

The value of the facility provided by the Charity Bank Limited is £150,000 repayable on demand.