

THE DAVID LEWIS CENTRE

England & Wales · Charity number 1000392

Details

Other names	THE DAVID LEWIS CENTRE, THE DAVID LEWIS ORGANISATION
Status	Registered
Legal form	Charitable company
Company number	02537501
Registered	1990-09-19
Register	View on the Charity Commission register

Contact

Address	David Lewis Mill Lane Alderley Edge Cheshire SK9 7UD
Phone	01565640000
Email	enquiries@davidlewis.org.uk
Website	www.davidlewis.org.uk

Activities

Objects: 3.1 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 BENEFICIARIES3.2 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.

Activities: The charity provides services to children, young people and adults including a Special Needs School, Specialist College and Adult Day Services with residential care for young people aged 16 and older and adults. This is supported by specialist medical, therapeutic and assessment services.

Classification

- **How:** Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information
- **What:** Education/training, The Advancement Of Health Or Saving Of Lives, Disability, Accommodation/housing
- **Who:** Children/young People, Elderly/old People, People With Disabilities, Other Charities Or Voluntary Bodies, Other Defined Groups

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-08-31	£44,028,000	£42,322,000	£21,688,000	1024
2024-08-31	£36,191,000	£37,519,000	£19,982,000	980
2023-08-31	£30,818,000	£31,634,000	£21,310,000	866
2022-08-31	£27,963,000	£26,686,000	£26,716,000	807
2021-08-31	£30,222,000	£26,041,000	£19,822,000	847
2020-08-31	£28,867,000	£27,722,000	£14,795,000	927

Trustees

Name	Role	Appointed
Carole Spencer		2022-01-13
Christine Green		2024-05-21
Elaine Cartwright		2024-01-23
GEOFF LOUGHLIN		2018-01-19
Lisa Ellis		2022-06-20
PAUL WALKER		2025-01-31
Paul Brearley		2023-12-01
Paul McKevitt		2023-11-21
Tricia Kalloo		2022-01-31
Victoria Halliwell		2022-06-20

Linked charities

- DAVID LEWIS CENTRE FOR EPILEPSY ENDOWMENT (1000392-1)

THE DAVID LEWIS CENTRE

England & Wales - Charity number 1000392

Accounts

Company registration number: 02537501

Charity registration number: 1000392

The David Lewis Centre

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2025

Menzies LLP
One Express
1 George Leigh Street
Manchester
M4 5DL

The David Lewis Centre

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The David Lewis Centre

Reference and Administrative Details

Trustees	P Brearley
	E Cartwright
	L Ellis
	C Green
	Prof V Halliwell
	A V Hollows, (resigned 10 September 2025)
	G Loughlin
	C Spencer
	T Kalloo, (Chair)
	P McKevitt
	P Walker
Principal Officers - Key Management Personnel	Chief Executive John Heritage
	Company Secretary Neil Edwards
Key Management Personnel	Director of Adult Residential and Day Opportunities
	Director of Clinical Services, Quality & Compliance
	Director of Education
	Director of Finance and Estates
	Director of People, Culture and Systems
Patrons	HRH The Duchess of Edinburgh GCVO
	Viscount Ashbrook MBE
Registered Office	Mill Lane
	Warford
	Alderley Edge
	Cheshire
	SK9 7UD
Auditor	Menzies LLP
	One Express
	1 George Leigh Street
	Manchester
	M4 5DL

The David Lewis Centre

Reference and Administrative Details

Solicitors:

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

Axis Professional
Suite 21 - Edwin Foden Business Centre
Moss Lane
Sandbach
Cheshire
CW11 3AE

Bankers

National Westminster Bank Plc
Spring Gardens
Manchester
M60 2DB

The David Lewis Centre

Trustees' Report (including the Strategic report)

The Trustees, who are directors for the purposes of company law, present the annual report, including the Strategic Report, together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2025.

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 and Officers

The Trustees and Officers serving during the year and since the year end were as follows:

Trustees:	P Brearley
	E Cartwright
	L Ellis
	C Green
	Prof V Halliwell
	A V Hollows, (resigned 10 September 2025)
	G Loughlin
	Dr S Tebby-Lees (resigned 31 January 2025)
	C Spencer
	T Kalloo, (Chair)
	P McKevitt
	P Walker (appointed 31 January 2025)

No Trustee has any financial interest in the charity.

Structure, governance and management

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.

The David Lewis Centre

Trustees' Report (including the Strategic report)

Governance and 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 2020.

The Board of Trustees delegates some responsibilities to committees which also meet regularly throughout the year. Current committees are Quality, Risk & Governance, Resources, School Governing Body and College Governing Body, each of which is chaired by a Trustee. "Assure and escalate" documents are prepared from all of the Trustee Board committee meetings. These are circulated to all Trustees and the Chairs of each committee report on the content 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 Quality, Risk & 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 Pathways & Community, Education & Life Skills, Assessment & Treatment, Finance & Estates and Human Resources, Culture & Systems.

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

The School and College Governing Bodies are responsible for the conduct of The David Lewis School and The David Lewis College and carry out all the statutory requirements of the respective School and College Governing Boards. The Trustees appoint up to three of their number to sit on the School and College Governors Committee, one of the Trustees within each Governing Board chairs that Board.

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 Trustee Board. Decisions are informed by market testing of salaries, subject to affordability.

The Chief Executive will undertake an annual review of pay for all staff based on the impact of cost of living changes and what the charity can afford and make recommendations to the Trustee Board. The Board will also be asked to review the pay of the Executive Team based on the same criteria.

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Trustees' Report (including the Strategic report)

Organisational structure and method of election of Trustees

The Quality, Risk & 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 Quality, Risk & 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

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.

The David Lewis Centre

Trustees' Report (including the Strategic report)

Investments and Cash Management

The Memorandum and Articles of Association of the charity permit wide powers for investment subject to such conditions and such consents as may be required by law. The Trustees' current policy for investment is related to the working capital requirements and banking arrangements of the business.

The Trustees believe that at present the most efficient, flexible and risk averse investment is to retain surpluses as cash. The nature of the 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.

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Trustees' Report (including the Strategic report)

Modern slavery statement

David Lewis is a national charity that provides health, adult social care and education services.

We deliver registered services (with Ofsted and CQC) and other services. David Lewis employs over 1,100 people from a range of backgrounds and communities, and we have a strategic focus on doing all we can to “recruit the best people” which is one of our strategic ambitions as a charity. David Lewis is committed to treating all people with respect and dignity.

We are committed to preventing modern slavery and human trafficking within our organisation and we use reasonable endeavours to ensure that our supply chains are free from modern slavery, human trafficking and are aligned to our values as a charity.

We take our responsibility seriously to comply with all principles of the Modern Slavery Act 2015. We are satisfied from our own due diligence and processes that we are free from modern slavery and human trafficking and that our employees have the right support, guidance and direction from our recruitment policies, code of conduct, safeguarding and whistleblowing policies to raise any concerns.

During 2025/2026 we will review our compliance with the requirements of the Modern Slavery Act.

The David Lewis Executive Team and Board of Trustees are aware of their responsibilities in line with this statement.

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.

Fundraising

In addition to employing a Head of Fundraising and Communications and Fundraising Officer, the charity has continued to engage an external Fundraising Consultant to support with its grants and trusts 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 registered with the Fundraising Regulator and actively seeks to comply with these standards. The charity has not received any complaints in the reporting period with regards to its fundraising activities.

The charity operates a fundraising policy whereby detailed standards are laid out to protect vulnerable people and other members of the public. The policy has measures in place to protect those people from behaviours which are an unreasonable intrusion on their privacy, are unreasonably persistent or place undue pressure on a person to give money or other property.

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Trustees' Report (including the Strategic report)

Strategic Report

Achievements and performance

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

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

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

Against this backdrop in the year to 31 August 2025, David Lewis:

- Provided high quality, specialist care, education and medical services to 305 people from across the UK with a wide range of complex needs. Prior year this was 257 people. The number of residents increased, we continued to grow day services and the school and college students with increased admissions throughout.
- Operated an “Outstanding” special education needs College.
- Operated 26 residential homes that 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 1,059 full and part time members of staff.
- Invested £2.9 million in improving and developing facilities. Prior year was £3.0m and this year’s expenditure included a new 6 bed residential home, works to expand school facilities to be able to support more school pupils and investment to improve and increase the infrastructure on the Warford site to support front line services
- Contributed £42 million across the year to the local economy through salaries and supply contracts with local companies. Prior year was £38 million and this year increased due to the growth in Day and Education services as well as significant inflationary effects.
- Continued to significantly raise the profile of the charity and what it does using a range of social media approaches and increased networking.
- Developed a range of new partnerships to support the work of the charity.
- Developed our model of care to embed active support, least restrictive practice and trauma informed care and a focus on strengths based language.
- Continued year two of our ambitious three year strategy with four 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
 - to grow and transform our services and our estates so more people benefit from what we do.

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Trustees' Report (including the Strategic report)

Strategic Report

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.

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

	2025	2024
	No	No
Pathways & Community - residential	148	141
Pathways & Community - day placement	52	44
Education & Life Skills - residential *	10	6
Education & Life Skills - day placement *	95	66
Total	305	257

* 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 increased to £43,502,000 in the year ended 31 August 2025 (2024: £35,580,000) due to the growth in our day and education services.

The overall result produced a net surplus for the year of £1,706,000 (2024: deficit of £1,328,000). Cash at bank was £5,732,000 (2024: £5,347,000). Significant demands will be placed on this cash for continuation of our extensive refurbishment plan such that in the fiscal year ended 31 August 2026 it is expected to reduce by a further £2,500,000 without any significant fundraising donations or loan financing. This is despite prioritisation and rationalisation of the projects needed. The charity wishes to embark on more than it can, but without additional sources of financing or significant fundraising is limited in what it can achieve.

Net current assets at £5,480,000 (2024: £5,325,000) have increased slightly this year due to debtors and cash reserves increasing more than the increase in creditors.

The amount of total funds held by the charity at 31 August 2025 is £21,688,000 (2024: £19,982,000), of which £177,000 (2024: £116,000) are restricted funds.

The charity greatly values the support of its individual and corporate donors.

The David Lewis Centre

Trustees' Report (including the Strategic report)

Strategic Report

Plans for future periods

Aims and key objectives 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 2024 the Trustees approved the Long-Term Plan 2024-2027. This plan anticipates that Pathways & Communities residential is expected to remain fairly static, but Day Opportunities and College & School student numbers are expected to increase, building on the growth we have already achieved in the prior 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 had previously built a high level of reserves in order to meet these investment requirements and these statements demonstrate the implementation of that plan.

The charity will continue to adapt and improve residential properties at Warford and in the community to respond to changing needs and demands. 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 that differentiate David Lewis from local authority run provision.

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

From 2025 onwards we have been embarking on an ambitious capital refurbishment plan to significantly improve our residential offer over five years. The charity will continue to adapt and improve residential properties at Warford and in the community to respond to changing needs and demands. Some of our building stock is over a century old and becoming unfit for purpose, our maintenance expenditure budget is growing. Several of our buildings were created for large group communal living and are currently empty or not used to capacity. Our medium-long term plan involves demolishing or reconfiguring these buildings and constructing smaller purpose-built properties that are more attuned to modern living. We have invested in our fundraising team over the period to support growth in this area and will be launching a capital fundraising appeal.

From 2025 onwards we have been embarking on an ambitious capital refurbishment plan to significantly improve our residential offer over five years. To support this, we will be launching a capital appeal.

The David Lewis Centre

Trustees' Report (including the Strategic report)

Strategic Report

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 Quality, Risk and Governance Committee and reviewed annually by the Board.

The principal risks and uncertainties identified through this review are:

- Protection of the charity's beneficiaries from adverse incidents of clinical or care practice. This is mitigated by safer recruitment practices, thorough staff training programmes, safeguarding policies, employment of a trained social work team and close working relationships with other safeguarding agencies.
- The David Lewis model of support, care and education in relation to national guidance for learning disability and autism services, with specific reference to the charity's model in line with the CQC publication 'Right Care, Right Support, Right Culture'.
- Continued recruitment of sufficient, skilled care and education 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.

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.

Based on an evaluation of the services David Lewis provides, the Trustees' review of the reserves policy on 20 May 2025 confirmed the charity should hold a level of unrestricted cash reserves of at least one month's operating costs (currently £3m) at each period end.

At 31 August 2025 the unrestricted net liquid funds (cash at bank and in hand, less designated and restricted funds) amounted to £5,555,000 (2024: £5,231,000). The Trustees have excluded the bank loans from the calculation of unrestricted funds because the payment of the loans is clearly defined and the annual cost is fully provided for in the business plans.

The charity is holding a higher than required reserve to support our ambitious 5-year residential care transformation plan which it has been calculated will cost in excess of £15m between 2025 – 2030. The capital required to deliver this plan will be partly an investment of reserves, a small loan, and fundraising income derived through the capital fundraising campaign.

Section 172(1) 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. This statement confirms that the Trustees meet those obligations by:

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Trustees' Report (including the Strategic report)

Strategic Report

- ensuring they consider 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)
- ensuring they consider 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 Trustees encourage 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
 - we continue to develop and secure 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
- we review and consider 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 Trustees highlight 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 Trustees practice 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:

	2025	2024
Energy Consumption	6,983,955 kWh	5,638,875 kWh
Emissions from gas and fuel use	1,152 tonnes CO2	1,218 tonnes CO2
Emissions from electricity use	282 tonnes CO2	289 tonnes CO2
Aggregate emissions	1,403 tonnes CO2	1,508 tonnes CO2
Emissions per FTE	1.64 tonnes CO2	1.88 tonnes CO2

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

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Disclosure of information to auditor

Each member has taken steps that they ought to have taken as a member in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The Trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Acknowledgements

The achievements of the last year are the result of hard work and commitment by all staff, Trustees 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.

The Trustee annual report and Strategic report was approved by the Trustees of the charity on 26 February 2026 and signed on its behalf by:



Neil Edwards
Company Secretary

The David Lewis Centre

Statement of Trustees' Responsibilities

The Trustees (who are also the directors of The David Lewis Centre for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic 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. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including its 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 apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; 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 proper accounting records that can 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.

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

The David Lewis Centre

Independent Auditor's Report to the Members of The David Lewis Centre

Opinion

We have audited the financial statements of The David Lewis Centre (the 'charity') for the year ended 31 August 2025, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (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 31 August 2025 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor 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

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 charity's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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.

Other information

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

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

We have nothing to report in this regard.

The David Lewis Centre

Independent Auditor's Report to the Members of The David Lewis Centre

Opinion on other matter 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 (including the Strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report (including the Strategic report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Trustees' Report (including the Strategic report).

We have nothing to report in respect of the following matters where 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 Statement of Trustees' Responsibilities (set out on page 14), the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees 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.

Auditor 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The David Lewis Centre

Independent Auditor's Report to the Members of The David Lewis Centre

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.

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.

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 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 regulations and Care Quality Commission regulations.

We discussed among the audit engagement team including relevant internal specialists such as pensions 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 assess whether 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 correspondence with Ofsted and Care Quality Commission.

The David Lewis Centre

Independent Auditor's Report to the Members of The David Lewis Centre

Use of our report

This report is made solely to the charitable company's Trustees, 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 Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:



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Sue Hutchinson FCCA (Senior Statutory Auditor)
For and on behalf of Menzies LLP, Statutory Auditor

One Express
1 George Leigh Street
Manchester
M4 5DL

17-Mar-2026
Date:.....

The David Lewis Centre

Statement of Financial Activities for the Year Ended 31 August 2025 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £ 000	Restricted funds £ 000	Endowment funds £ 000	Total 2025 £ 000	Total 2024 £ 000
Income and Endowments from:						
Donations and legacies	4	140	210	-	350	367
Charitable activities	5	43,502	-	-	43,502	35,580
Other trading activities	6	107	-	-	107	147
Investment income	7	69	-	-	69	97
Total income		<u>43,818</u>	<u>210</u>	<u>-</u>	<u>44,028</u>	<u>36,191</u>
Expenditure on:						
Raising funds	8	(170)	-	-	(170)	(110)
Charitable activities	9	<u>(41,924)</u>	<u>(150)</u>	<u>(78)</u>	<u>(42,152)</u>	<u>(37,409)</u>
Total expenditure		<u>(42,094)</u>	<u>(150)</u>	<u>(78)</u>	<u>(42,322)</u>	<u>(37,519)</u>
Net income/(expenditure)		<u>1,724</u>	<u>60</u>	<u>(78)</u>	<u>1,706</u>	<u>(1,328)</u>
Net movement in funds		1,724	60	(78)	1,706	(1,328)
Reconciliation of funds						
Total funds brought forward		<u>18,040</u>	<u>117</u>	<u>1,825</u>	<u>19,982</u>	<u>21,310</u>
Total funds carried forward	24	<u><u>19,764</u></u>	<u><u>177</u></u>	<u><u>1,747</u></u>	<u><u>21,688</u></u>	<u><u>19,982</u></u>

All of the charity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2024 is shown in note 24.

The notes on pages 22 to 37 form an integral part of these financial statements.

The David Lewis Centre
(Registration number: 02537501)
Balance Sheet as at 31 August 2025

	Note	2025 £ 000	2024 £ 000
Fixed assets			
Tangible assets	15	16,208	14,739
Current assets			
Stocks	16	72	53
Debtors	17	2,688	2,151
Cash at bank and in hand	18	<u>5,732</u>	<u>5,347</u>
		8,492	7,551
Creditors: Amounts falling due within one year	19	<u>(3,012)</u>	<u>(2,226)</u>
Net current assets		<u>5,480</u>	<u>5,325</u>
Total assets less current liabilities		21,688	20,064
Creditors: Amounts falling due after more than one year	20	<u>-</u>	<u>(82)</u>
Net assets including pension asset		<u>21,688</u>	<u>19,982</u>
Funds of the charity:			
Endowment funds	24	1,747	1,825
Restricted income funds			
Restricted funds	24	177	117
Unrestricted income funds			
Unrestricted funds	24	<u>19,764</u>	<u>18,040</u>
Total funds	24	<u>21,688</u>	<u>19,982</u>

The financial statements on pages 19 to 37 were approved by the Trustees, and authorised for issue on 26 February 2026 and signed on their behalf by:



T Kalloo
Chair of Trustees

The notes on pages 22 to 37 form an integral part of these financial statements.

The David Lewis Centre

Statement of Cash Flows for the Year Ended 31 August 2025

	Note	2025 £ 000	2024 £ 000
Cash flows from operating activities			
Net cash income/(expenditure)		1,706	(1,328)
Adjustments to cash flows from non-cash items			
Depreciation	15	743	623
Investment income	7	(69)	(97)
Loss on disposal of tangible fixed assets		-	737
		<u>2,380</u>	<u>(65)</u>
Working capital adjustments			
(Increase)/decrease in stocks	16	(19)	11
(Increase)/decrease in debtors	17	(537)	57
Increase/(decrease) in creditors	19	789	(337)
(Increase) in retirement benefit obligations net of actuarial changes	22	-	2,113
Net cash flows from operating activities		<u>2,613</u>	<u>1,779</u>
Cash flows from investing activities			
Interest receivable and similar income	7	69	97
Purchase of tangible fixed assets	15	<u>(2,212)</u>	<u>(2,285)</u>
Net cash flows from investing activities		(2,143)	(2,188)
Cash flows from financing activities			
Repayment of loans and borrowings	20	<u>(85)</u>	<u>(81)</u>
Net increase/(decrease) in cash and cash equivalents		385	(490)
Cash and cash equivalents at 1 September		<u>5,347</u>	<u>5,837</u>
Cash and cash equivalents at 31 August		<u><u>5,732</u></u>	<u><u>5,347</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

The notes on pages 22 to 37 form an integral part of these financial statements.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2025

1 Charity status

The charity is limited by guarantee, incorporated in England and Wales, and consequently does not have share capital. There are currently 11 Trustees who are also members of the company. Each of the Trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is:

Mill Lane
Warford
Alderley Edge
Cheshire
SK9 7UD

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Basis of preparation

The David Lewis Centre meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The Trustees have, at the time of approving the Financial Statements, a reasonable expectation that there is no material uncertainty 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.

Fund 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 Trustees discretion in furtherance of the objectives of the Charity.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2025

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

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.

Grants receivable

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 services and facilities

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.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2025

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.

Tangible fixed assets

Tangible fixed assets are stated at cost, net depreciation and any provision for impairment.

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 if there are indicators of impairment.

Depreciation and amortisation

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:

Asset class	Depreciation method and rate
Freehold properties	50 years
Equipment and furniture	2-5 years
Motor vehicles	3-5 years

Stock

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

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2025

Employee benefits

The charity provides a defined contribution pension scheme for all employees.

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.

Financial instruments

Classification

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.

3 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 David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2025

4 Income from donations and legacies

	Unrestricted funds General £ 000	Restricted funds £ 000	Total 2025 £ 000	Total 2024 £ 000
Donations and legacies;				
Legacies	21	-	21	68
Donations from trusts/grants	24	203	227	160
Donations from individuals	95	7	102	139
	<u>140</u>	<u>210</u>	<u>350</u>	<u>367</u>

5 Income from charitable activities

	Unrestricted funds General £ 000	Total 2025 £ 000	Total 2024 £ 000
Pathways and Community	32,459	32,459	28,742
Education and Life Skills	11,043	11,043	6,838
	<u>43,502</u>	<u>43,502</u>	<u>35,580</u>

6 Income from other trading activities

	Unrestricted funds General £ 000	Total funds £ 000	Total 2024 £ 000
Trading income;			
Sales of goods and services	107	107	147
	<u>107</u>	<u>107</u>	<u>147</u>

7 Investment income

	Unrestricted funds General £ 000	Total 2025 £ 000	Total 2024 £ 000
Interest receivable and similar income;			
Interest receivable on bank deposits	69	69	97
	<u>69</u>	<u>69</u>	<u>97</u>

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2025

8 Expenditure on raising funds

	Direct costs £ 000	Allocated support costs £ 000	Total 2025 £ 000	Total 2024 £ 000
Costs of generating donations and legacies	141	29	170	110

9 Expenditure on charitable activities

	Activity undertaken directly £ 000	Activity support costs £ 000	2025 £ 000
Pathways and Community	28,345	5,438	33,783
Education and Life Skills	6,414	1,955	8,369
	34,759	7,393	42,152

	Activity undertaken directly £ 000	Activity support costs £ 000	2024 £ 000
Pathways and Community	25,845	5,284	31,129
Education and Life Skills	4,842	1,438	6,280
	30,687	6,722	37,409

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2025

10 Analysis of governance and support costs

Support costs allocated to charitable activities

	Basis of allocation	Pathways and Community £ 000	Education and Life Skills £ 000	Total 2025 £ 000
Admin and personnel	Headcount	2,249	412	2,661
Governance	Headcount	37	7	44
Depreciation	Beds	437	229	666
Domestic services	Beds	309	162	471
Estates	Maintenance	1,220	864	2,084
Finance and IT	Headcount	1,000	183	1,183
Transport	Beds	185	97	282
		<u>5,437</u>	<u>1,954</u>	<u>7,391</u>

	Basis of allocation	Pathways and Community £ 000	Education and Life Skills £ 000	Total 2024 £ 000
Admin and personnel	Headcount	2,071	275	2,346
Governance	Headcount	28	4	32
Depreciation	Beds	358	135	493
Domestic services	Beds	319	120	439
Estates	Maintenance	928	657	1,585
Finance and IT	Headcount	1,428	190	1,618
Transport	Beds	152	57	209
		<u>5,284</u>	<u>1,438</u>	<u>6,722</u>

11 Net outgoing resources

Net incoming/(outgoing) resources for the year include:

	2025 £ 000	2024 £ 000
Operating leases - other assets	88	88
Audit fees	33	31
Other non-audit services	3	4
Depreciation of fixed assets	<u>743</u>	<u>623</u>

12 Trustees remuneration and expenses

No Trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses or any other benefits from the charity during the year.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2025

13 Staff costs

The aggregate payroll costs were as follows:

	2025 £ 000	2024 £ 000
Staff costs during the year were:		
Wages and salaries	29,500	25,916
Social security costs	3,176	2,421
Pension costs	1,326	1,107
	<u>34,002</u>	<u>29,444</u>

The monthly average number of persons (including key management personnel) employed by the charity during the year expressed as full time equivalents was as follows:

	2025 No	2024 No
Pathways and Community	606	594
Education and Life Skills	111	79
Support	138	129
	<u>855</u>	<u>802</u>

The average monthly number of employees was:

	2025 No.	2024 No.
Pathways and Community	755	758
Education and Life Skills	138	98
Support	131	124
	<u>1,024</u>	<u>980</u>

The number of employees whose emoluments fell within the following bands was:

	2025 No	2024 No
£80,001 - £90,000	-	2
£90,001 - £100,000	2	1
£100,001 - £110,000	2	2
£120,001 - £130,000	1	-
£160,001 - £170,000	<u>1</u>	<u>1</u>

The total employee benefits of the key management personnel of the charity were £690,934 (2024: £631,434).

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2025

14 Auditors' remuneration

	2025 £ 000	2024 £ 000
Audit of the financial statements	33	31
Other fees to auditors		
All other non-audit services	3	4

15 Tangible fixed assets

	Freehold land and buildings £ 000	Assets under construction £ 000	Equipment and furniture £ 000	Motor vehicles £ 000	Total £ 000
Cost					
At 1 September 2024	18,646	4,239	3,736	752	27,373
Additions	-	2,212	-	-	2,212
Disposals	-	-	-	(7)	(7)
Transfers	2,554	(3,123)	415	154	-
At 31 August 2025	21,200	3,328	4,151	899	29,578
Depreciation					
At 1 September 2024	8,222	-	3,696	716	12,634
Charge for the year	513	-	174	56	743
Eliminated on disposals	-	-	-	(7)	(7)
At 31 August 2025	8,735	-	3,870	765	13,370
Net book value					
At 31 August 2025	12,465	3,328	281	134	16,208
At 31 August 2024	10,424	4,239	40	36	14,739

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.

16 Stock

	2025 £ 000	2024 £ 000
Stocks	72	53

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2025

17 Debtors

	2025 £ 000	2024 £ 000
Trade debtors	2,055	1,671
Prepayments and accrued income	445	383
Other debtors	188	97
	<u>2,688</u>	<u>2,151</u>

18 Cash and cash equivalents

	2025 £ 000	2024 £ 000
Cash at bank	<u>5,732</u>	<u>5,347</u>

19 Creditors: amounts falling due within one year

	2025 £ 000	2024 £ 000
Bank loans	72	75
Trade creditors	174	191
Other taxation and social security	779	577
Other creditors	298	88
Accruals	1,477	1,193
Deferred income	212	102
	<u>3,012</u>	<u>2,226</u>

	2025 £ 000	2024 £ 000
Deferred income movement		
Deferred income at 1 September	102	117
Resources deferred in the period	212	102
Amounts released from previous periods	(102)	(117)
Deferred income at year end	<u>212</u>	<u>102</u>

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

20 Creditors: amounts falling due after one year

	2025 £ 000	2024 £ 000
Bank loans	<u>-</u>	<u>82</u>

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2025

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.

21 Obligations under leases and hire purchase contracts

Operating lease commitments

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

	2025	2024
	£ 000	£ 000
Land and buildings		
Within one year	88	88
Between one and five years	350	350
After five years	275	363
	<u>713</u>	<u>801</u>

22 Employment Retirement Benefits

The charity contributes to a defined benefit scheme, the Teachers' Pension Scheme, as well as a defined contribution group personal pension plan. As at 31 January 2023, the company formally exited The Cheshire Pension Fund (a defined benefit scheme) due to the movement from deficit to surplus and ceased contributions from that point.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2025

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academy trusts. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to ensure scheme costs are recognised and managed appropriately and the review specifies the level of future contributions.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education on 27 October 2023, with the SCAPE rate, set by HMT, applying a notional investment return based on 1.7% above the rate of CPI. The key elements of the valuation outcome are:

- Employer contribution rates set at 28.68% of pensionable pay (including a 0.08% administration levy). This is an increase of 5% in employer contributions and the cost control result is such that no change in member benefits is needed.
- Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million

The result of this valuation was implemented from 1 April 2024. The next valuation result is due to be implemented from 1 April 2027.

The employer's pension costs paid to TPS in the period amounted to £216,330 (2024: £121,293).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website. (<https://www.teacherspensions.co.uk/news/employers/2023/10/valuation-result.aspx>)

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme. The charity has set out above the information available on the scheme.

Defined contribution pension scheme

The charity operates a defined contribution pension scheme. 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 pension cost charge for the year represents contributions payable by the charity to the scheme and amounted to £1,325,769 (2024: 1,106,670).

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2025

23 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £392,000 (2024: £1,740,000).

24 Funds

	Balance at 1 September 2024 £ 000	Incoming resources £ 000	Resources expended £ 000	Balance at 31 August 2025 £ 000
Unrestricted funds				
<i>General</i>				
General fund	17,923	43,818	(41,977)	19,764
Revaluation reserve	117	-	(117)	-
	<u>18,040</u>	<u>43,818</u>	<u>(42,094)</u>	<u>19,764</u>
Restricted funds				
Appeal Funds - other	117	210	(150)	177
Endowment funds				
<i>Expendable</i>				
Revaluation reserve	1,483	-	(66)	1,417
Other reserve	342	-	(12)	330
	<u>1,825</u>	<u>-</u>	<u>(78)</u>	<u>1,747</u>
Total funds	<u><u>19,982</u></u>	<u><u>44,028</u></u>	<u><u>(42,322)</u></u>	<u><u>21,688</u></u>

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2025

	Balance at 1 September 2023 £ 000	Incoming resources £ 000	Resources expended £ 000	Transfers £ 000	Balance at 31 August 2024 £ 000
Unrestricted funds					
<i>General</i>					
General fund	16,923	35,829	(36,942)	2,113	17,923
Revaluation reserve	253	-	(136)	-	117
Pension scheme asset	2,113	-	-	(2,113)	-
	<u>19,289</u>	<u>35,829</u>	<u>(37,078)</u>	<u>-</u>	<u>18,040</u>
Restricted					
Appeal Funds - other	118	362	(363)	-	117
Endowment funds					
<i>Expendable</i>					
Revaluation reserve	1,549	-	(66)	-	1,483
Other reserve	354	-	(12)	-	342
	<u>1,903</u>	<u>-</u>	<u>(78)</u>	<u>-</u>	<u>1,825</u>
Total funds	<u>21,310</u>	<u>36,191</u>	<u>(37,519)</u>	<u>-</u>	<u>19,982</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 and cumulative depreciation charged to date.

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

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.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2025

25 Analysis of net assets between funds

	Unrestricted funds General £ 000	Restricted funds £ 000	Endowment funds Expendable £ 000	Total funds at 31 August 2025 £ 000
Tangible fixed assets	14,461	-	1,747	16,208
Current assets	8,315	177	-	8,492
Current liabilities	(3,012)	-	-	(3,012)
Total net assets	19,764	177	1,747	21,688
	Unrestricted funds General £ 000	Restricted funds £ 000	Endowment funds Expendable £ 000	Total funds at 31 August 2024 £ 000
Tangible fixed assets	12,914	-	1,825	14,739
Current assets	7,434	117	-	7,551
Current liabilities	(2,226)	-	-	(2,226)
Creditors over 1 year	(82)	-	-	(82)
Total net assets	18,040	117	1,825	19,982

26 Analysis of net funds

	At 1 September 2024 £ 000	Financing cash flows £ 000	At 31 August 2025 £ 000
Cash at bank and in hand	5,347	385	5,732
Net debt	5,347	385	5,732
	At 1 September 2023 £ 000	Financing cash flows £ 000	At 31 August 2024 £ 000
Cash at bank and in hand	5,837	(490)	5,347
Net debt	5,837	(490)	5,347

27 Related party transactions

There were no related party transactions in the year.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2025

28 Comparative Statement of Financial Activities

	Note	Unrestricted funds £ 000	Restricted funds £ 000	Endowment funds £ 000	Total 2024 £ 000
Income and Endowments from:					
Donations and legacies	4	5	362	-	367
Charitable activities	5	35,580	-	-	35,580
Other trading activities	6	147	-	-	147
Investment income	7	97	-	-	97
Total income		<u>35,829</u>	<u>362</u>	<u>-</u>	<u>36,191</u>
Expenditure on:					
Raising funds	8	(110)	-	-	(110)
Charitable activities	9	<u>(36,968)</u>	<u>(363)</u>	<u>(78)</u>	<u>(37,409)</u>
Total expenditure		<u>(37,078)</u>	<u>(363)</u>	<u>(78)</u>	<u>(37,519)</u>
Net expenditure		<u>(1,249)</u>	<u>(1)</u>	<u>(78)</u>	<u>(1,328)</u>
Net movement in funds		(1,249)	(1)	(78)	(1,328)
Reconciliation of funds					
Total funds brought forward		<u>19,289</u>	<u>118</u>	<u>1,903</u>	<u>21,310</u>
Total funds carried forward	24	<u><u>18,040</u></u>	<u><u>117</u></u>	<u><u>1,825</u></u>	<u><u>19,982</u></u>

THE DAVID LEWIS CENTRE

England & Wales - Charity number 1000392

Accounts

Company registration number: 02537501

Charity registration number: 1000392

The David Lewis Centre

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2024

Beever and Struthers
One Express
1 George Leigh Street
Manchester
M4 5DL

The David Lewis Centre

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The David Lewis Centre

Reference and Administrative Details

Trustees

P Brearley
E Cartwright
L Ellis
C Green
Dr V Halliwell
A V Hollows
G Loughlin
C Spencer
T Kalloo, (Chair)
P McKevitt
P Walker

Principal Officers - Key Management Personnel

Chief Executive John Heritage
Company Secretary Neil Edwards

Key Management Personnel

Director of Adult Residential and Day Services
Director of Clinical Services, Quality & Compliance
Director of Education
Director of Finance and Estates
Director of People, Culture and Systems

Patrons

HRH The Duchess of Edinburgh GCVO
Viscount Ashbrook

Registered Office

Mill Lane
Warford
Alderley Edge
Cheshire
SK9 7UD

Auditor

Beever and Struthers
One Express
1 George Leigh Street
Manchester
M4 5DL

The David Lewis Centre

Reference and Administrative Details

Solicitors:

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

Axis Professional
Suite 21 - Edwin Foden Business Centre
Moss Lane
Sandbach
Cheshire
CW11 3AE

Bankers

National Westminster Bank Plc
Spring Gardens
Manchester
M60 2DB

The David Lewis Centre

Trustees' Report (including the Strategic report)

The Trustees, who are directors for the purposes of company law, present the annual report, including the Strategic Report, together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2024.

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 and Officers

The Trustees and Officers serving during the year and since the year end were as follows:

Trustees:	P Brearley (appointed 1 December 2023)
	E Cartwright (appointed 19 February 2024)
	D K Cornwall (resigned 7 November 2023)
	G Devlin (resigned 18 September 2023)
	S Devlin, (Chair) (resigned 16 December 2023)
	L Ellis
	L Feerick (resigned 5 February 2024)
	C Green (appointed 21 May 2024)
	Dr V Halliwell
	A V Hollows
	G Loughlin
	Dr S Tebby-Lees (resigned 31 January 2025)
	C Spencer
	T Kalloo, (Chair)
	P McKevitt (appointed 29 November 2023)
	P Walker (appointed 31 January 2025)

No Trustee has any financial interest in the charity.

The David Lewis Centre

Trustees' Report (including the Strategic report)

Structure, governance and management

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 and 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 2020.

The Board of Trustees delegates some responsibilities to committees which also meet regularly throughout the year. Current committees are Quality, Risk & Governance, Resources, School Governing Body and College Governing Body, each of which is chaired by a Trustee. "Assure and escalate" documents are prepared from all of the Trustee Board committee meetings. These are circulated to all Trustees and the Chairs of each committee report on the content 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 Quality, Risk & 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 Pathways & Community, Education & Life Skills, Assessment & Treatment, Finance & Estates and Human Resources, Culture & Systems.

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

The School and College Governing Boards are responsible for the conduct of The David Lewis School and The David Lewis College and carry out all the statutory requirements of the respective School and College Governing Boards. The Trustees appoint up to three of their number to sit on the School and College Governors Committee, one of the Trustees within each Governing Board chairs that Board.

The David Lewis Centre

Trustees' Report (including the Strategic report)

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 Resources Committee. Decisions are informed by market testing of salaries, subject to affordability.

The Resources 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 Quality, Risk & 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 Quality, Risk & 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

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 David Lewis Centre

Trustees' Report (including the Strategic report)

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

Geographical Organisation

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

Investments and Cash Management

The Memorandum and Articles of Association of the charity permit wide powers for investment subject to such conditions and such consents as may be required by law. The Trustees' current policy for investment is related to the working capital requirements and banking arrangements of the business.

The Trustees believe that at present the most efficient, flexible and risk averse investment is to retain surpluses as cash. The nature of the 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.

The David Lewis Centre

Trustees' Report (including the Strategic report)

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 contracts with local authorities and suppliers varying from 1 to 24 months depending on the service provided. This provides sufficient financial resources for the charity to continue its operations over that period. 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

In addition to employing a Fundraising and Relationships Lead, the charity has continued to engage a Fundraising Consultant to support with its grants and trusts fundraising activities as well as engaging a temporary part-time Fundraising Consultant to support with general fundraising. It does not contract with any other individual, group or company of professional fundraisers in pursuance of its fundraising activities. David Lewis is registered with the Fundraising Regulator and actively seeks to comply with these standards. The charity has not received any complaints in the reporting period with regards to its fundraising activities.

The charity operates a fundraising policy whereby detailed standards are laid out to protect vulnerable people and other members of the public. The policy has measures in place to protect those people from behaviours which are an unreasonable intrusion on their privacy, are unreasonably persistent or place undue pressure on a person to give money or other property.

The David Lewis Centre

Trustees' Report (including the Strategic report)

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 that are resource intensive and relatively expensive when compared to the needs of the general population.

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

Against this backdrop in the year to 31 August 2024, David Lewis:

- Provided high quality, specialist care, education and medical services to 257 people from across the UK with a wide range of complex needs. Prior year this was 231 people. The number of residents decreased, but we continued to grow day services and the school and college students with increased admissions throughout.
- Operated an “Outstanding” special education needs College.
- Operated 26 residential homes that 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 1,005 full and part time members of staff.
- Invested £3.0 million in improving and developing facilities. Prior year was £2.7m and this year’s expenditure included two new bespoke single occupancy flats, a four bed residential home for students and a new college building.
- Contributed £38 million across the year to the local economy through salaries and supply contracts with local companies. Prior year was £32 million and this year increased due to the growth in Day and Education services as well as significant inflationary effects.
- Continued to significantly raise the profile of the charity and what it does using a range of social media approaches and increased networking.
- Developed a range of new partnerships to support the work of the charity.
- Worked with families, people the charity supports and our staff to implement a new values and behaviour framework.
- Continued year two of our ambitious three year strategy with four 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,

The David Lewis Centre

Trustees' Report (including the Strategic report)

Strategic Report

- 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.

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

	2024	2023
	No	No
Pathways & Community - residential	141	151
Pathways & Community - day placement	44	29
Education & Life Skills - residential *	6	6
Education & Life Skills - day placement *	66	45
Total	257	231

* at the end of the summer term

The David Lewis Centre

Trustees' Report (including the Strategic report)

Strategic Report

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 increased to £35,127,000 in the year ended 31 August 2024 (2023: £30,420,000) due to the growth in our day and education services.

Before accounting for the impact of movements in the pension liability, the overall result produced a net deficit for the year of £1,328,000 (2023: deficit of £816,000). Cash at bank was £5,347,000 (2023: £5,837,000). Significant demands will be placed on this cash for continuation of our extensive refurbishment plan such that in the fiscal year ended 31 August 2025 it is expected to reduce by a further £3,000,000 without any significant fundraising donations or loan financing. This is despite prioritisation and rationalisation of the projects needed. The charity wishes to embark on more than it can, but without additional sources of financing or significant fundraising is limited in what it can achieve.

Net current assets at £5,323,000 (2023: £5,546,000) have decreased this year due to the decreased cash reserves after the significant project spend.

The amount of total funds held by the charity at 31 August 2024 is £19,980,000 (2023: £21,310,000), of which £116,000 (2023: £118,000) are restricted funds. The main reason for the significant decrease is due to the high level of project spend. Although the cash balance decreased by only £490,000, this was after non-operational cash receipts from the Cheshire Pension Fund reimbursement of £2,113,000, so without this the cash reduction would have been £2,603,000.

The charity values the support of its individual and corporate donors.

The David Lewis Centre

Trustees' Report (including the Strategic report)

Strategic Report

Plans for future periods

Aims and key objectives 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 residential is expected to remain fairly static, but Day Opportunities and College & School student numbers are expected to increase, building on the growth we have already achieved in the prior 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 had previously built a high level of reserves in order to meet these investment requirements and these statements demonstrate the implementation of that plan.

The charity will continue to adapt and improve residential properties at Warford and in the community to respond to changing needs and demands. 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 that differentiate David Lewis from local authority run provision.

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

We have been running services at our main Warford site since 1904. Whilst we have a beautiful site, the reality is that some of our building stock is over a century old and becoming unfit for purpose whilst our maintenance and capital expenditure budget is growing. Several of our buildings were created for large group communal living and are currently empty or not used to capacity. Our medium-long term plan involves demolishing or reconfiguring these buildings and constructing smaller purpose built properties that are more attuned to modern living.

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 17 October 2023.

The principal risks and uncertainties identified through this review are:

The David Lewis Centre

Trustees' Report (including the Strategic report)

Strategic Report

- Protection of the charity's beneficiaries from adverse incidents of clinical or care practice. This is mitigated by safer recruitment practices, thorough staff training programmes, safeguarding policies, employment of a trained social work team and close working relationships with other safeguarding agencies.
- The David Lewis model of support, care and education in relation to national guidance for learning disability and autism services, with specific reference to the charity's model in line with the CQC publication 'Right Care, Right Support, Right Culture'. The charity is looking to mitigate this risk by actively engaging with CQC and investing in smaller, bespoke residential units.
- Continued recruitment of sufficient, skilled care and education 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.

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.

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 21 May 2024 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 2024 the unrestricted funds (excluding fixed assets) amounted to £5,125,000 (2023: £3,362,000) and unrestricted net liquid funds (cash at bank and in hand, less designated and restricted funds) amounted to £5,231,000 (2023: £5,719,000). The Trustees have excluded the bank loans from the calculation of unrestricted funds because the 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 works needed to address the significant investment needed in reconfiguration of buildings to better serve the needs of our service users.

Section 172(1) 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. This statement confirms that the Trustees meet those obligations by:

- ensuring they consider 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)
- ensuring they consider the interests of the company's employees (referenced in statements on disabled employees and employee consultation above)

The David Lewis Centre

Trustees' Report (including the Strategic report)

Strategic Report

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 Trustees encourage 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
 - we continue to develop and secure 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
- we review and consider 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 Trustees highlight 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 Trustees practice 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:

	2024	2023
Energy Consumption	5,638,875 kWh	6,630,808 kWh
Emissions from gas and fuel use	1,218 tonnes CO2	1,243 tonnes CO2
Emissions from electricity use	289 tonnes CO2	321 tonnes CO2
Aggregate emissions	1,508 tonnes CO2	1,564 tonnes CO2
Emissions per FTE	1.88 tonnes CO2	2.28 tonnes CO2

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

The David Lewis Centre

Trustees' Report (including the Strategic report)

Disclosure of information to auditor

Each member has taken steps that they ought to have taken as a member in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The Trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

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.

The Trustee annual report and Strategic report was approved by the Trustees of the charity on 18 February 2025 and signed on its behalf by:



Neil Edwards
Company Secretary

The David Lewis Centre

Statement of Trustees' Responsibilities

The Trustees (who are also the directors of The David Lewis Centre for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic 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. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including its 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 apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; 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 proper accounting records that can 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.

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

The David Lewis Centre

Independent Auditor's Report to the Members of The David Lewis Centre

Opinion

We have audited the financial statements of The David Lewis Centre (the 'charity') for the year ended 31 August 2024, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (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 31 August 2024 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor 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

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 charity's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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.

Other information

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

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

We have nothing to report in this regard.

The David Lewis Centre

Independent Auditor's Report to the Members of The David Lewis Centre

Opinion on other matter 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 Strategic Report and Trustees' Report (including the Strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' Report (including the Strategic report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Trustees' Report (including the Strategic report).

We have nothing to report in respect of the following matters where 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 Statement of Trustees' Responsibilities (set out on page 15), the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees 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.

Auditor 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The David Lewis Centre

Independent Auditor's Report to the Members of The David Lewis Centre

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.

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.

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 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 regulations and Care Quality Commission regulations.

We discussed among the audit engagement team including relevant internal specialists such as pensions 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 assess whether 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 correspondence with Ofsted and Care Quality Commission.

The David Lewis Centre

Independent Auditor's Report to the Members of The David Lewis Centre

Use of our report

This report is made solely to the charitable company's Trustees, 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 Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers
.....

Sue Hutchinson FCCA (Senior Statutory Auditor)

For and on behalf of Beever and Struthers, Statutory Auditor

One Express
1 George Leigh Street
Manchester
M4 5DL

Date: 4 March 2025.....

The David Lewis Centre

Statement of Financial Activities for the Year Ended 31 August 2024 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £ 000	Restricted funds £ 000	Endowment funds £ 000	Total 2024 £ 000	Total 2023 £ 000
Income and Endowments from:						
Donations and legacies	4	5	362	-	367	256
Charitable activities	5	35,580	-	-	35,580	30,420
Other trading activities	6	147	-	-	147	76
Investment income	7	97	-	-	97	66
Total income		<u>35,829</u>	<u>362</u>	<u>-</u>	<u>36,191</u>	<u>30,818</u>
Expenditure on:						
Raising funds	8	(110)	-	-	(110)	(48)
Charitable activities	9	<u>(36,968)</u>	<u>(363)</u>	<u>(78)</u>	<u>(37,409)</u>	<u>(31,586)</u>
Total expenditure		<u>(37,078)</u>	<u>(363)</u>	<u>(78)</u>	<u>(37,519)</u>	<u>(31,634)</u>
Net expenditure		(1,249)	(1)	(78)	(1,328)	(816)
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	22	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,590)</u>
Net movement in funds		(1,249)	(1)	(78)	(1,328)	(5,406)
Reconciliation of funds						
Total funds brought forward		<u>19,289</u>	<u>118</u>	<u>1,903</u>	<u>21,310</u>	<u>26,716</u>
Total funds carried forward	24	<u>18,040</u>	<u>117</u>	<u>1,825</u>	<u>19,982</u>	<u>21,310</u>

All of the charity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2023 is shown in note 24.

The notes on pages 23 to 39 form an integral part of these financial statements.

The David Lewis Centre
(Registration number: 02537501)
Balance Sheet as at 31 August 2024

	Note	2024 £ 000	2023 £ 000
Fixed assets			
Tangible assets	15	14,739	13,814
Current assets			
Stocks	16	53	64
Debtors	17	2,151	2,208
Cash at bank and in hand	18	5,347	5,837
		7,551	8,109
Creditors: Amounts falling due within one year	19	(2,226)	(2,563)
Net current assets		5,325	5,546
Total assets less current liabilities		20,064	19,360
Creditors: Amounts falling due after more than one year	20	(82)	(163)
Net assets excluding pension liability		19,982	19,197
Pension scheme asset	22	-	2,113
Net assets including pension asset		19,982	21,310
Funds of the charity:			
Endowment funds	24	1,825	1,903
Restricted income funds			
Restricted funds	24	117	118
Unrestricted income funds			
Unrestricted funds	24	18,040	19,289
Total funds	24	19,982	21,310

The financial statements on pages 20 to 39 were approved by the Trustees, and authorised for issue on 18 February 2025 and signed on their behalf by:



T Kalloo
Chair of Trustees

The notes on pages 23 to 39 form an integral part of these financial statements.

The David Lewis Centre

Statement of Cash Flows for the Year Ended 31 August 2024

	Note	2024 £ 000	2023 £ 000
Cash flows from operating activities			
Net cash expenditure		(1,328)	(816)
Adjustments to cash flows from non-cash items			
Depreciation	15	623	651
Investment income	7	(97)	(66)
Loss on disposal of tangible fixed assets		737	-
		(65)	(231)
Working capital adjustments			
Decrease in stocks	16	11	23
Decrease/(increase) in debtors	17	57	(434)
(Decrease)/increase in creditors	19	(337)	515
(Increase) in retirement benefit obligations net of actuarial changes	22	2,113	(198)
Net cash flows from operating activities		1,779	(325)
Cash flows from investing activities			
Interest receivable and similar income	7	97	66
Purchase of tangible fixed assets	15	(2,285)	(2,610)
Net cash flows from investing activities		(2,188)	(2,544)
Cash flows from financing activities			
Repayment of loans and borrowings	20	(81)	(79)
Net decrease in cash and cash equivalents		(490)	(2,948)
Cash and cash equivalents at 1 September		5,837	8,785
Cash and cash equivalents at 31 August		5,347	5,837

All of the cash flows are derived from continuing operations during the above two periods.

The notes on pages 23 to 39 form an integral part of these financial statements.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2024

1 Charity status

The charity is limited by guarantee, incorporated in England and Wales, and consequently does not have share capital. There are currently 11 Trustees who are also members of the company. Each of the Trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is:

Mill Lane
Warford
Alderley Edge
Cheshire
SK9 7UD

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Basis of preparation

The David Lewis Centre meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

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.

Fund 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.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2024

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 Trustees discretion in furtherance of the objectives 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

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.

Grants receivable

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.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2024

Donated services and facilities

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.

Tangible fixed assets

Tangible fixed assets are stated at cost, net depreciation and any provision for impairment.

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 if there are indicators of impairment.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2024

Depreciation and amortisation

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:

Asset class	Depreciation method and rate
Freehold properties	50 years
Equipment and furniture	2-5 years
Motor vehicles	3-5 years

Stock

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

Employee benefits

The charity provides a defined contribution pension scheme for all other employees.

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.

Financial instruments

Classification

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.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2024

3 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.

4 Income from donations and legacies

	Unrestricted funds General £ 000	Restricted funds £ 000	Total 2024 £ 000	Total 2023 £ 000
Donations and legacies;				
Legacies	-	68	68	-
Donations from trusts/grants	-	160	160	115
Donations from individuals	5	134	139	141
	<u>5</u>	<u>362</u>	<u>367</u>	<u>256</u>

5 Income from charitable activities

	Unrestricted funds General £ 000	Total 2024 £ 000	Total 2023 £ 000
Pathways and Community	28,742	28,742	26,530
Education and Life Skills	6,838	6,838	3,890
	<u>35,580</u>	<u>35,580</u>	<u>30,420</u>

6 Income from other trading activities

	Unrestricted funds General £ 000	Total funds £ 000	Total 2023 £ 000
Trading income;			
Sales of goods and services	147	147	76
	<u>147</u>	<u>147</u>	<u>76</u>

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2024

7 Investment income

	Unrestricted funds General £ 000	Total 2024 £ 000	Total 2023 £ 000
Interest receivable and similar income;			
Interest receivable on bank deposits	97	97	66

8 Expenditure on raising funds

	Direct costs £ 000	Allocated support costs £ 000	Total 2024 £ 000	Total 2023 £ 000
Costs of generating donations and legacies	75	35	110	48

9 Expenditure on charitable activities

	Activity undertaken directly £ 000	Activity support costs £ 000	2024 £ 000
Pathways and Community	25,845	5,284	31,129
Education and Life Skills	4,842	1,438	6,280
	30,687	6,722	37,409

	Activity undertaken directly £ 000	Activity support costs £ 000	2023 £ 000
Pathways and Community	23,878	4,376	28,254
Education and Life Skills	2,202	1,130	3,332
	26,080	5,506	31,586

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2024

10 Analysis of governance and support costs

Support costs allocated to charitable activities

	Basis of allocation	Pathways and Community £ 000	Education and Life Skills £ 000	Total 2024 £ 000
Admin and personnel	Headcount	2,071	275	2,346
Governance	Headcount	28	4	32
Depreciation	Beds	358	135	493
Domestic services	Beds	319	120	439
Estates	Maintenance	928	657	1,585
Finance and IT	Headcount	1,428	190	1,618
Transport	Beds	152	57	209
		<u>5,284</u>	<u>1,438</u>	<u>6,722</u>

	Basis of allocation	Pathways and Community £ 000	Education and Life Skills £ 000	Total 2023 £ 000
Admin and personnel	Headcount	1,630	166	1,796
Governance	Headcount	36	4	40
Depreciation	Beds	390	106	496
Domestic services	Beds	341	93	434
Estates	Maintenance	882	624	1,506
Finance and IT	Headcount	946	96	1,042
Transport	Beds	151	41	192
		<u>4,376</u>	<u>1,130</u>	<u>5,506</u>

11 Net outgoing resources

Net outgoing resources for the year include:

	2024 £ 000	2023 £ 000
Operating leases - other assets	88	88
Audit fees	31	30
Other non-audit services	4	3
Depreciation of fixed assets	<u>623</u>	<u>651</u>

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2024

12 Trustees remuneration and expenses

No Trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses or any other benefits from the charity during the year.

13 Staff costs

The aggregate payroll costs were as follows:

	2024 £ 000	2023 £ 000
Staff costs during the year were:		
Wages and salaries	25,916	21,731
Social security costs	2,421	1,965
Pension costs	1,107	915
	<u>29,444</u>	<u>24,611</u>

The monthly average number of persons (including key management personnel) employed by the charity during the year expressed as full time equivalents was as follows:

	2024 No	2023 No
Pathways and Community	594	522
Education and Life Skills	79	53
Support	129	124
	<u>802</u>	<u>699</u>

The average monthly number of employees was:

	2024 No.	2023 No.
Pathways and Community	758	707
Education and Life Skills	98	36
Support	124	123
	<u>980</u>	<u>866</u>

The number of employees whose emoluments fell within the following bands was:

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2024

	2024 No	2023 No
£60,001 - £70,000	-	1
£70,001 - £80,000	-	1
£80,001 - £90,000	3	2
£90,001 - £100,000	1	1
£130,001 - £140,000	-	1
£150,001 - £160,000	1	-

The total employee benefits of the key management personnel of the charity were £631,434 (2023: £649,711).

14 Auditors' remuneration

	2024 £ 000	2023 £ 000
Audit of the financial statements	31	30
Other fees to auditors		
All other non-audit services	4	3

15 Tangible fixed assets

	Freehold land and buildings £ 000	Assets under construction £ 000	Equipment and furniture £ 000	Motor vehicles £ 000	Total £ 000
Cost					
At 1 September 2023	19,255	2,714	3,728	737	26,434
Additions	737	1,525	8	15	2,285
Disposals	(1,346)	-	-	-	(1,346)
At 31 August 2024	18,646	4,239	3,736	752	27,373
Depreciation					
At 1 September 2023	8,296	-	3,640	684	12,620
Charge for the year	535	-	56	32	623
Eliminated on disposals	(609)	-	-	-	(609)
At 31 August 2024	8,222	-	3,696	716	12,634
Net book value					
At 31 August 2024	10,424	4,239	40	36	14,739
At 31 August 2023	10,959	2,714	88	53	13,814

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2024

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.

16 Stock

	2024 £ 000	2023 £ 000
Stocks	53	64

17 Debtors

	2024 £ 000	2023 £ 000
Trade debtors	1,671	1,759
Prepayments and accrued income	383	340
Other debtors	97	109
	<u>2,151</u>	<u>2,208</u>

18 Cash and cash equivalents

	2024 £ 000	2023 £ 000
Cash at bank	5,347	5,837

19 Creditors: amounts falling due within one year

	2024 £ 000	2023 £ 000
Bank loans	75	75
Trade creditors	191	248
Other taxation and social security	577	510
Other creditors	88	139
Accruals	1,193	1,474
Deferred income	102	117
	<u>2,226</u>	<u>2,563</u>

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2024

	2024 £ 000	2023 £ 000
Deferred income movement		
Deferred income at 1 September	117	479
Resources deferred in the period	102	117
Amounts released from previous periods	<u>(117)</u>	<u>(479)</u>
Deferred income at year end	<u>102</u>	<u>117</u>

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

20 Creditors: amounts falling due after one year

	2024 £ 000	2023 £ 000
Bank loans	<u>82</u>	<u>163</u>

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.

21 Obligations under leases and hire purchase contracts

Operating lease commitments

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

	2024 £ 000	2023 £ 000
Land and buildings		
Within one year	88	88
Between one and five years	350	350
After five years	<u>363</u>	<u>449</u>
	<u>801</u>	<u>887</u>

22 Employment Retirement Benefits

The charity contributes to a defined benefit scheme, the Teachers' Pension Scheme, as well as a defined contribution group personal pension plan. As at 31 January 2023, the company formally exited The Cheshire Pension Fund (a defined benefit scheme) due to the movement from deficit to surplus and ceased contributions from that point.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2024

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers. All teachers have the option to opt-out of the TPS following enrolment. The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to ensure scheme costs are recognised and managed appropriately and the review specifies the level of future contributions.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education on 27 October 2023, with the SCAPE rate, set by HMT, applying a notional investment return based on 1.7% above the rate of CPI. The key elements of the valuation outcome are:

- Employer contribution rates set at 28.68% (2023: 28.68%) of pensionable pay (including 0.08% administration levy). This is an increase of 5% in employer contributions and the cost control result is such that no change in member benefits is needed.
- Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million
- the SCAPE discount rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 1.7% above the rate of CPI, and is based on the Office for Budget Responsibility's forecast for long-term GDP growth.

The result of this valuation was implemented from 1 April 2024. The next valuation result is due to be implemented from 1 April 2028.

The employer's pension costs paid to TPS in the period amounted to £121,293 (2023: £90,145).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website. (<https://www.teacherspensions.co.uk/news/employers/2023/10/valuation-result.aspx>)

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme. The charity has set out above the information available on the scheme.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2024

Defined contribution pension scheme

The charity operates a defined contribution pension scheme. 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 pension cost charge for the year represents contributions payable by the charity to the scheme and amounted to £1,106,670 (2023: 1,113,493).

23 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £1,740,000 (2023: £564,000).

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2024

24 Funds

	Balance at 1 September 2023 £ 000	Incoming resources £ 000	Resources expended £ 000	Transfers £ 000	Balance at 31 August 2024 £ 000
Unrestricted funds					
<i>General</i>					
General fund	16,923	35,829	(36,942)	2,113	17,923
Revaluation reserve	253	-	(136)	-	117
Pension scheme asset	2,113	-	-	(2,113)	-
	<u>19,289</u>	<u>35,829</u>	<u>(37,078)</u>	<u>-</u>	<u>18,040</u>
Restricted funds					
Appeal Funds - other	118	362	(363)	-	117
Endowment funds					
<i>Expendable</i>					
Revaluation reserve	1,549	-	(66)	-	1,483
Other reserve	354	-	(12)	-	342
	<u>1,903</u>	<u>-</u>	<u>(78)</u>	<u>-</u>	<u>1,825</u>
Total funds	<u>21,310</u>	<u>36,191</u>	<u>(37,519)</u>	<u>-</u>	<u>19,982</u>

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2024

	Balance at 1 September 2022 £ 000	Incoming resources £ 000	Resources expended £ 000	Other recognised gains/(losses) £ 000	Balance at 31 August 2023 £ 000
Unrestricted funds					
<i>General</i>					
General fund	17,711	30,597	(31,385)	-	16,923
Revaluation reserve	389	-	(136)	-	253
Pension scheme asset	6,505	-	198	(4,590)	2,113
	<u>24,605</u>	<u>30,597</u>	<u>(31,323)</u>	<u>(4,590)</u>	<u>19,289</u>
Restricted					
Appeal Funds - other	130	221	(233)	-	118
Endowment funds					
<i>Expendable</i>					
Revaluation reserve	1,615	-	(66)	-	1,549
Other reserve	366	-	(12)	-	354
	<u>1,981</u>	<u>-</u>	<u>(78)</u>	<u>-</u>	<u>1,903</u>
Total funds	<u>26,716</u>	<u>30,818</u>	<u>(31,634)</u>	<u>(4,590)</u>	<u>21,310</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 and cumulative depreciation charged to date.

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

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.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2024

25 Analysis of net assets between funds

	Unrestricted funds General £ 000	Restricted funds £ 000	Endowment funds Expendable £ 000	Total funds at 31 August 2024 £ 000
Tangible fixed assets	12,914	-	1,825	14,739
Current assets	7,411	116	-	7,527
Current liabilities	(2,204)	-	-	(2,204)
Creditors over 1 year	(82)	-	-	(82)
Total net assets	<u>18,039</u>	<u>116</u>	<u>1,825</u>	<u>19,980</u>
	Unrestricted funds General £ 000	Restricted funds £ 000	Endowment funds Expendable £ 000	Total funds at 31 August 2023 £ 000
Tangible fixed assets	11,911	-	1,903	13,814
Current assets	7,991	118	-	8,109
Current liabilities	(2,563)	-	-	(2,563)
Creditors over 1 year	(163)	-	-	(163)
Pension scheme liability	2,113	-	-	2,113
Total net assets	<u>19,289</u>	<u>118</u>	<u>1,903</u>	<u>21,310</u>

26 Analysis of net funds

	At 1 September 2023 £ 000	Financing cash flows £ 000	At 31 August 2024 £ 000
Cash at bank and in hand	5,837	(490)	5,347
Net debt	<u>5,837</u>	<u>(490)</u>	<u>5,347</u>
	At 1 September 2022 £ 000	Financing cash flows £ 000	At 31 August 2023 £ 000
Cash at bank and in hand	8,785	(2,948)	5,837
Net debt	<u>8,785</u>	<u>(2,948)</u>	<u>5,837</u>

27 Related party transactions

There were no related party transactions in the year.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2024

28 Comparative Statement of Financial Activities

	Note	Unrestricted funds £ 000	Restricted funds £ 000	Endowment funds £ 000	Total 2023 £ 000
Income and Endowments from:					
Donations and legacies	4	35	221	-	256
Charitable activities	5	30,420	-	-	30,420
Other trading activities	6	76	-	-	76
Investment income	7	66	-	-	66
Total income		<u>30,597</u>	<u>221</u>	<u>-</u>	<u>30,818</u>
Expenditure on:					
Raising funds	8	(48)	-	-	(48)
Charitable activities	9	<u>(31,275)</u>	<u>(233)</u>	<u>(78)</u>	<u>(31,586)</u>
Total expenditure		<u>(31,323)</u>	<u>(233)</u>	<u>(78)</u>	<u>(31,634)</u>
Net expenditure		(726)	(12)	(78)	(816)
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes		<u>(4,590)</u>	<u>-</u>	<u>-</u>	<u>(4,590)</u>
Net movement in funds		(5,316)	(12)	(78)	(5,406)
Reconciliation of funds					
Total funds brought forward		<u>24,605</u>	<u>130</u>	<u>1,981</u>	<u>26,716</u>
Total funds carried forward	24	<u><u>19,289</u></u>	<u><u>118</u></u>	<u><u>1,903</u></u>	<u><u>21,310</u></u>

THE DAVID LEWIS CENTRE

England & Wales - Charity number 1000392

Accounts

Company registration number: 02537501

Charity registration number: 1000392

The David Lewis Centre

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2023

Beever and Struthers
One Express
1 George Leigh Street
Manchester
M4 5DL

The David Lewis Centre

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The David Lewis Centre

Reference and Administrative Details

Trustees	P Brearley E Cartwright L Ellis Dr V Halliwell A V Hollows G Loughlin Dr S Tebby-Lees C Spencer T Kalloo, (Chair from 16 December 2023) P McKevitt
Principal Officers - Key Management Personnel	Chief Executive John Heritage Company Secretary Neil Edwards
Key Management Personnel	Director of Adult Residential and Day Services Director of Clinical Services, Quality & Compliance Director of Education Director of Finance and Estates Director of People, Culture and Systems
Patrons	HRH The Duchess of Edinburgh GCVO Viscount Ashbrook
Registered Office	Mill Lane Warford Alderley Edge Cheshire SK9 7UD
Auditor	Beever and Struthers One Express 1 George Leigh Street Manchester M4 5DL

The David Lewis Centre

Reference and Administrative Details

Solicitors:

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

Axis Professional
Suite 21 - Edwin Foden Business Centre
Moss Lane
Sandbach
Cheshire
CW11 3AE

Bankers

National Westminster Bank Plc
Spring Gardens
Manchester
M60 2DB

The David Lewis Centre

Trustees' Report (including the Strategic report)

The Trustees, who are directors for the purposes of company law, present the annual report, including the Strategic Report, together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2023.

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 and Officers

The Trustees and Officers serving during the year and since the year end were as follows:

Trustees:	P Brearley (appointed 1 December 2023)
	E Cartwright (appointed 19 February 2024)
	D K Cornwall (resigned 7 November 2023)
	G Devlin (resigned 18 September 2023)
	S Devlin, (Chair) (resigned 16 December 2023)
	L Ellis
	L Feerick (resigned 5 February 2024)
	Dr V Halliwell
	A V Hollows
	G Loughlin
	Dr S Tebby-Lees
	C Spencer
	T Kalloo, (Chair from 16 December 2023)
	P McKevitt (appointed 29 November 2023)

No Trustee has any financial interest in the charity.

Structure, governance and management

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.

The David Lewis Centre

Trustees' Report (including the Strategic report)

Governance and 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 Adult Residential & Day Services, Education, Clinical Services, Quality & Compliance, Finance & Estates and People (Human Resources), Culture & Systems.

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

The David Lewis School and The David Lewis College each have a delegated Governing Board Committee that carry out all the statutory requirements of the School and the College. The Trustees appoint up to three of their number to sit on the School and College Governing Board Committees, one of whom Chairs the Committee. There are three separate Trustees on each Committee and, consequently, a separate Chair for each.

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.

The David Lewis Centre

Trustees' Report (including the Strategic report)

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

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.

The David Lewis Centre

Trustees' Report (including the Strategic report)

Investments and Cash Management

The Memorandum and Articles of Association of the charity permit wide powers for investment subject to such conditions and such consents as may be required by law. The Trustees' current policy for investment is related to the working capital requirements and banking arrangements of the business.

The Trustees believe that at present the most efficient, flexible and risk averse investment is to retain surpluses as cash. The nature of the 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 contracts with local authorities and suppliers varying from 1 to 24 months depending on the service provided. This provides sufficient financial resources for the charity to continue its operations over that period. 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.

The David Lewis Centre

Trustees' Report (including the Strategic report)

Fundraising

In addition to employing a Fundraising Manager, the charity has continued to engage 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 operates a fundraising policy whereby detailed standards are laid out to protect vulnerable people and other members of the public. The policy has measures in place to protect those people from behaviours which are an unreasonable intrusion on their privacy, are unreasonably persistent or place undue pressure on a person to give money or other property.

S.172 Statement

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

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

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

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

The David Lewis Centre

Trustees' Report (including the Strategic report)

Energy and Carbon Reporting

The annual energy use figures are shown below:

	2023	2022
Energy Consumption	6,630,808 kWh	6,355,536 kWh
Emissions from gas and fuel use	1,243 tonnes CO2	1,131 tonnes CO2
Emissions from electricity use	321 tonnes CO2	408 tonnes CO2
Aggregate emissions	1,564 tonnes CO2	1,539 tonnes CO2
Emissions per FTE	2.28 tonnes CO2	2.25 tonnes CO2

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

The David Lewis Centre

Trustees' Report (including the Strategic report)

Strategic Report

Achievements and performance

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

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

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

Against this backdrop in the year to 31 August 2023, David Lewis:

- Provided high quality, specialist care, education and medical services to 231 people from across the UK with a wide range of complex needs. Prior year this was 210 people. The number of residents decreased, but we continued to grow day services and the school and college students with increased admissions throughout
- Operated an “Outstanding” special education needs College.
- Operated 26 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 917 full and part time members of staff.
- Invested £2.7 million in improving and developing facilities. Prior year was £0.6m and this year’s expenditure included major Fire Safety improvement works
- Contributed £32 million across the year to the local economy through salaries and supply contracts with local companies. Prior year was £27 million and this year increased due to the growth in Day and Education services as well as significant inflationary effects
- Continued to significantly raise 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 behaviour framework
- Continued year two of our ambitious three year strategy with four 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

The David Lewis Centre

Trustees' Report (including the Strategic report)

Strategic Report

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.

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

	2023	2022
	No	No
Pathways & Community - residential	151	156
Pathways & Community - day placement	29	15
Education & Life Skills - residential *	6	7
Education & Life Skills - day placement *	45	32
Total	231	210

* 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 increased to £30,420,000 in the year ended 31 August 2023 (2022: £27,748,000) due to the growth in our day and education services.

Before accounting for the impact of movements in the pension liability, the overall result produced a net deficit for the year of £816,000 (2022: surplus of £1,277,000). Cash at bank was £5,837,000 (2022: £8,785,000). Significant demands will be placed on this cash for continuation of our extensive refurbishment plan such that in the fiscal year ended 31 August 2024 it is expected to reduce by a further £2,500,000. This is despite prioritisation and rationalisation of the projects needed. The charity wishes to embark on more than it can, but without additional sources of financing or significant fundraising is limited in what it can achieve.

Net current assets at £5,546,000 (2022: £8,598,000) have decreased this year due to the decreased cash reserves after the significant project spend. With activities being reinstated after the prior year's easing of Covid restrictions project expenditure increased from the prior year at £2,747,000 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 2023 is £21,310,000 (2022: £26,716,000), of which £118,000 (2022: £130,000) are restricted funds. The main reason for the significant decrease is due to the actual Cheshire Pension fund asset being £2,113k versus prior year FRS102 asset valuation of £6,505k. This £2,113k was realised upon receipt post balance sheet date.

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

The David Lewis Centre

Trustees' Report (including the Strategic report)

Strategic Report

Plans for future periods

Aims and key objectives 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 had previously 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. 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.

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 17 October 2023.

The principal risks and uncertainties identified through this review are:

- Protection of the charity's beneficiaries from adverse incidents of clinical or care practice. This is mitigated by safer recruitment practices, thorough staff training programmes, safeguarding policies, employment of a trained social work team and close working relationships with other safeguarding agencies.
- The David Lewis model of support, care and education in relation to national guidance for learning disability and autism services, with specific reference to the charity's model in line with the CQC publication 'Right Care, Right Support, Right Culture'. The charity is looking to mitigate this risk by actively engaging with CQC and investing in smaller, bespoke residential units.
- Continued recruitment of sufficient, skilled care and education 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 David Lewis Centre

Trustees' Report (including the Strategic report)

Strategic Report

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.

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 18 May 2023 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 2023 the unrestricted funds (excluding fixed assets and the pension fund asset) amounted to £3,362,000 (2022: £6,245,000) and unrestricted net liquid funds (cash at bank and in hand, less designated and restricted funds) amounted to £5,719,000 (2022: £8,655,000). The Trustees have excluded the bank loans from the calculation of unrestricted funds because the 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 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.

The David Lewis Centre

Trustees' Report (including the Strategic report)

Disclosure of information to auditor

Each member has taken steps that they ought to have taken as a member in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The Trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

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.

The Trustee annual report and Strategic report was approved by the Trustees of the charity on 16 April 2024 and signed on its behalf by:

A handwritten signature in dark ink, appearing to be 'Neil Edwards', written over a light blue horizontal line.

Neil Edwards
Company Secretary

The David Lewis Centre

Statement of Trustees' Responsibilities

The Trustees (who are also the directors of The David Lewis Centre for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic 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. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including its 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 apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; 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 proper accounting records that can 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.

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

The David Lewis Centre

Independent Auditor's Report to the Members of The David Lewis Centre

Opinion

We have audited the financial statements of The David Lewis Centre (the 'charity') for the year ended 31 August 2023, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (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 31 August 2023 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor 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

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 charity's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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.

Other information

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

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

We have nothing to report in this regard.

The David Lewis Centre

Independent Auditor's Report to the Members of The David Lewis Centre

Opinion on other matter 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 Strategic Report and Trustees' Report (including the Strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' Report (including the Strategic report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Trustees' Report (including the Strategic report).

We have nothing to report in respect of the following matters where 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 Statement of Trustees' Responsibilities (set out on page 14), the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees 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.

Auditor 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The David Lewis Centre

Independent Auditor's Report to the Members of The David Lewis Centre

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.

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.

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 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 regulations and Care Quality Commission regulations.

We discussed among the audit engagement team including relevant internal specialists such as pensions 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 assess whether 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 correspondence with Ofsted and Care Quality Commission.

The David Lewis Centre

Independent Auditor's Report to the Members of The David Lewis Centre

Use of our report

This report is made solely to the charitable company's Trustees, 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 Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Sue Hutchinson FCCA (Senior Statutory Auditor)

For and on behalf of Beever and Struthers, Statutory Auditor

One Express
1 George Leigh Street
Manchester
M4 5DL

Date: 29 April 2024
.....

The David Lewis Centre

Statement of Financial Activities for the Year Ended 31 August 2023 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £ 000	Restricted funds £ 000	Endowment funds £ 000	Total 2023 £ 000	Total 2022 £ 000
Income and Endowments from:						
Donations and legacies	4	35	221	-	256	193
Charitable activities	5	30,420	-	-	30,420	27,748
Other trading activities	6	76	-	-	76	18
Investment income	7	66	-	-	66	4
Total income		<u>30,597</u>	<u>221</u>	<u>-</u>	<u>30,818</u>	<u>27,963</u>
Expenditure on:						
Raising funds	8	(48)	-	-	(48)	(15)
Charitable activities	9	<u>(31,275)</u>	<u>(233)</u>	<u>(78)</u>	<u>(31,586)</u>	<u>(26,671)</u>
Total expenditure		<u>(31,323)</u>	<u>(233)</u>	<u>(78)</u>	<u>(31,634)</u>	<u>(26,686)</u>
Net (expenditure)/income		(726)	(12)	(78)	(816)	1,277
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	22	<u>(4,590)</u>	<u>-</u>	<u>-</u>	<u>(4,590)</u>	<u>7,300</u>
Net movement in funds		(5,316)	(12)	(78)	(5,406)	8,577
Reconciliation of funds						
Total funds brought forward		24,605	130	1,981	26,716	17,709
Prior year adjustment	28	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>430</u>
Total funds carried forward	24	<u>19,289</u>	<u>118</u>	<u>1,903</u>	<u>21,310</u>	<u>26,716</u>

All of the charity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2022 is shown in note 24.

The notes on pages 22 to 40 form an integral part of these financial statements.

The David Lewis Centre
(Registration number: 02537501)
Balance Sheet as at 31 August 2023

	Note	2023 £ 000	2022 £ 000
Fixed assets			
Tangible assets	15	13,814	11,855
Current assets			
Stocks	16	64	87
Debtors	17	2,208	1,774
Cash at bank and in hand	18	5,837	8,785
		8,109	10,646
Creditors: Amounts falling due within one year	19	(2,563)	(2,048)
Net current assets		5,546	8,598
Total assets less current liabilities		19,360	20,453
Creditors: Amounts falling due after more than one year	20	(163)	(242)
Net assets excluding pension liability		19,197	20,211
Pension scheme asset	22	2,113	6,505
Net assets including pension asset		21,310	26,716
Funds of the charity:			
Endowment funds	24	1,903	1,981
Restricted income funds			
Restricted funds	24	118	130
Unrestricted income funds			
Unrestricted funds	24	19,289	24,605
Total funds	24	21,310	26,716

The financial statements on pages 19 to 40 were approved by the Trustees, and authorised for issue on 16 April 2024 and signed on their behalf by:



T Kalloo
Chair of Trustees

The notes on pages 22 to 40 form an integral part of these financial statements.

The David Lewis Centre

Statement of Cash Flows for the Year Ended 31 August 2023

	Note	2023 £ 000	2022 £ 000
Cash flows from operating activities			
Net cash (expenditure)/income		(816)	1,277
Adjustments to cash flows from non-cash items			
Depreciation	15	651	464
Investment income	7	<u>(66)</u>	<u>(4)</u>
		(231)	1,737
Working capital adjustments			
Decrease in stocks	16	23	43
Increase in debtors	17	(434)	(85)
Increase/(decrease) in creditors	19	515	(102)
(Increase) in retirement benefit obligations net of actuarial changes	22	<u>(198)</u>	<u>(554)</u>
Net cash flows from operating activities		<u>(325)</u>	<u>1,039</u>
Cash flows from investing activities			
Interest receivable and similar income	7	66	4
Purchase of tangible fixed assets	15	<u>(2,610)</u>	<u>(398)</u>
Net cash flows from investing activities		(2,544)	(394)
Cash flows from financing activities			
Repayment of loans and borrowings	20	<u>(79)</u>	<u>(89)</u>
Net (decrease)/increase in cash and cash equivalents		(2,948)	556
Cash and cash equivalents at 1 September		<u>8,785</u>	<u>8,229</u>
Cash and cash equivalents at 31 August		<u><u>5,837</u></u>	<u><u>8,785</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

The notes on pages 22 to 40 form an integral part of these financial statements.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2023

1 Charity status

The charity is limited by guarantee, incorporated in England and Wales, and consequently does not have share capital. There are currently 10 Trustees who are also members of the company. Each of the Trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is:

Mill Lane
Warford
Alderley Edge
Cheshire
SK9 7UD

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Basis of preparation

The David Lewis Centre meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

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.

Fund 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 Trustees discretion in furtherance of the objectives of the Charity.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2023

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

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.

Grants receivable

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 services and facilities

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.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2023

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.

Tangible fixed assets

Tangible fixed assets are stated at cost, net depreciation and any provision for impairment.

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 if there are indicators of impairment.

Depreciation and amortisation

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:

Asset class	Depreciation method and rate
Freehold properties	50 years
Equipment and furniture	2-5 years
Motor vehicles	3-5 years

Stock

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

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2023

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.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2023

Financial instruments

Classification

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.

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

4 Income from donations and legacies

	Unrestricted funds General £ 000	Restricted funds £ 000	Total 2023 £ 000	Total 2022 £ 000
Donations and legacies;				
Donations from individuals	35	221	256	193
	<u>35</u>	<u>221</u>	<u>256</u>	<u>193</u>

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2023

5 Income from charitable activities

	Unrestricted funds General £ 000	Total 2023 £ 000	Total 2022 £ 000
Care and residential	26,530	26,530	25,030
Education	3,890	3,890	2,718
	<u>30,420</u>	<u>30,420</u>	<u>27,748</u>

6 Income from other trading activities

	Unrestricted funds General £ 000	Total funds £ 000	Total 2022 £ 000
Trading income;			
Sales of goods and services	76	76	18
	<u>76</u>	<u>76</u>	<u>18</u>

7 Investment income

	Unrestricted funds General £ 000	Total 2023 £ 000	Total 2022 £ 000
Interest receivable and similar income;			
Interest receivable on bank deposits	66	66	4
	<u>66</u>	<u>66</u>	<u>4</u>

8 Expenditure on raising funds

	Direct costs £ 000	Total 2023 £ 000	Total 2022 £ 000
Costs of generating donations and legacies	48	48	15
	<u>48</u>	<u>48</u>	<u>15</u>

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2023

9 Expenditure on charitable activities

	Activity undertaken directly £ 000	Activity support costs £ 000	2023 £ 000
Care and residential	23,878	4,376	28,254
Education	2,202	1,130	3,332
	<u>26,080</u>	<u>5,506</u>	<u>31,586</u>
	Activity undertaken directly £ 000	Activity support costs £ 000	2022 £ 000
Care and residential	21,410	3,776	25,186
Education	563	922	1,485
	<u>21,973</u>	<u>4,698</u>	<u>26,671</u>

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2023

10 Analysis of governance and support costs

Support costs allocated to charitable activities

	Basis of allocation	Care and residential £ 000	Education £ 000	Total 2023 £ 000
Admin and personnel	Headcount	1,630	166	1,796
Governance	Headcount	36	4	40
Depreciation	Beds	390	106	496
Domestic services	Beds	341	93	434
Estates	Maintenance	882	624	1,506
Finance and IT	Headcount	946	96	1,042
Transport	Beds	151	41	192
		<u>4,376</u>	<u>1,130</u>	<u>5,506</u>

	Basis of allocation	Care and residential £ 000	Education £ 000	Total 2022 £ 000
Admin and personnel	Headcount	1,431	89	1,520
Governance	Headcount	33	2	35
Depreciation	Beds	373	91	464
Domestic services	Beds	287	70	357
Estates	Maintenance	850	602	1,452
Finance and IT	Headcount	703	44	747
Transport	Beds	99	24	123
		<u>3,776</u>	<u>922</u>	<u>4,698</u>

11 Net (outgoing)/incoming resources

Net (outgoing)/incoming resources for the year include:

	2023 £ 000	2022 £ 000
Operating leases - other assets	88	88
Audit fees	30	34
Other non-audit services	3	1
Depreciation of fixed assets	<u>651</u>	<u>464</u>

12 Trustees remuneration and expenses

No Trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses or any other benefits from the charity during the year.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2023

13 Staff costs

The aggregate payroll costs were as follows:

	2023 £ 000	2022 £ 000
Staff costs during the year were:		
Wages and salaries	21,731	19,122
Social security costs	1,965	1,724
Pension costs	915	776
	<u>24,611</u>	<u>21,622</u>

The monthly average number of persons (including key management personnel) employed by the charity during the year expressed as full time equivalents was as follows:

	2023 No	2022 No
Care and residential	522	568
Education	53	14
Support	124	98
	<u>699</u>	<u>680</u>

The average monthly number of employees was:

	2023 No.	2022 No.
Care and residential	707	681
Education	36	17
Support	123	109
	<u>866</u>	<u>807</u>

The number of employees whose emoluments fell within the following bands was:

	2023 No	2022 No
£60,001 - £70,000	1	2
£70,001 - £80,000	1	2
£80,001 - £90,000	2	1
£90,001 - £100,000	1	-
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-

The total employee benefits of the key management personnel of the charity were £649,711 (2022: £686,000).

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2023

14 Auditors' remuneration

	2023 £ 000	2022 £ 000
Audit of the financial statements	30	34
Other fees to auditors		
All other non-audit services	3	1

15 Tangible fixed assets

	Freehold land and buildings £ 000	Assets under construction £ 000	Equipment and furniture £ 000	Motor vehicles £ 000	Total £ 000
Cost					
At 1 September 2022	18,939	537	3,665	689	23,830
Additions	316	2,177	63	54	2,610
Disposals	-	-	-	(6)	(6)
At 31 August 2023	19,255	2,714	3,728	737	26,434
Depreciation					
At 1 September 2022	7,725	-	3,590	660	11,975
Charge for the year	571	-	50	30	651
Eliminated on disposals	-	-	-	(6)	(6)
At 31 August 2023	8,296	-	3,640	684	12,620
Net book value					
At 31 August 2023	10,959	2,714	88	53	13,814
At 31 August 2022	11,214	537	75	29	11,855

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.

16 Stock

	2023 £ 000	2022 £ 000
Stocks	64	87

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2023

17 Debtors

	2023 £ 000	2022 £ 000
Trade debtors	1,759	1,339
Prepayments and accrued income	340	314
Other debtors	109	121
	<u>2,208</u>	<u>1,774</u>

18 Cash and cash equivalents

	2023 £ 000	2022 £ 000
Cash at bank	<u>5,837</u>	<u>8,785</u>

19 Creditors: amounts falling due within one year

	2023 £ 000	2022 £ 000
Bank loans	75	75
Trade creditors	248	64
Other taxation and social security	510	404
Other creditors	139	206
Accruals	1,474	820
Deferred income	117	479
	<u>2,563</u>	<u>2,048</u>

Deferred income movement

	2023 £ 000	2022 £ 000
Deferred income at 1 September	479	980
Resources deferred in the period	117	479
Amounts released from previous periods	(479)	(980)
Deferred income at year end	<u>117</u>	<u>479</u>

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

20 Creditors: amounts falling due after one year

	2023 £ 000	2022 £ 000
Bank loans	<u>163</u>	<u>242</u>

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2023

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.

21 Obligations under leases and hire purchase contracts

Operating lease commitments

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

	2023 £ 000	2022 £ 000
Land and buildings		
Within one year	88	88
Between one and five years	350	350
After five years	449	538
	<u>887</u>	<u>976</u>

22 Employment 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. As at 31 January 2023, the company formally exited The Cheshire Pension Fund due to the movement from deficit to surplus and ceased contributions from that point.

The Cheshire Pension Fund

The most recent actuarial valuations of scheme assets and the present value of defined benefit obligation were carried out at 31 January 2023 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.

The David Lewis Centre exited the Cheshire Pension Fund on 31 January 2023. On 20 October 2023 the charity received the payment from the Cheshire Fund. The figures disclosed below are the figures at 31 January 2023.

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2023

	2023 %	2022 %
Discount rate	3.70	4.25
Future salary increases	2.90	4.05
Inflation / Future pension increases	<u>6.20</u>	<u>3.35</u>

Post retirement mortality assumptions

	2023 Years	2022 Years
Current UK pensioners at retirement age - male	21.00	21.00
Current UK pensioners at retirement age - female	24.00	24.00
Future UK pensioners at retirement age - male	23.00	22.00
Future UK pensioners at retirement age - female	<u>25.00</u>	<u>26.00</u>

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2023 £ 000	2022 £ 000
Fair value of scheme assets	34,553	35,715
Present value of defined benefit obligation	<u>(32,440)</u>	<u>(29,210)</u>
Defined benefit pension scheme surplus	<u>2,113</u>	<u>6,505</u>

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2023 £ 000
Present value at start of year	29,210
Actuarial gains and losses	3,428
Contributions by scheme participants	<u>(198)</u>
Present value at end of 31 January 2023	<u>32,440</u>

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2023 £ 000
Fair value at start of year	35,715
Actuarial gains and losses	<u>(1,162)</u>
Fair value at end of 31 January 2023	<u>34,553</u>

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2023

Analysis of assets

The major categories of scheme assets are as follows:

	2023 £ 000	2022 £ 000
Cash and cash equivalents	1,728	1,786
Equity instruments	13,821	14,286
Debt instruments	13,821	14,286
Property	5,183	5,357
	<u>34,553</u>	<u>35,715</u>

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers. All teachers have the option to opt-out of the TPS following enrolment. The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department of Education on 30 October 2023. The key elements of the valuation and subsequent consultation are:

- Employer contribution rates set at 28.68% (2022: 23.68%) of pensionable pay (including 0.08% administration levy)
- Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million
- the SCAPE discount rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 1.7% above the rate of CPI, and is based on the Office for Budget Responsibility's forecast for long-term GDP growth.

The next valuation result is due to be implemented from 1 April 2027.

The employer's pension costs paid to TPS in the period amounted to £90,145 (2022: £76,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website. (<https://www.teacherspensions.co.uk/news/employers/2023/10/valuation-result.aspx>)

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme. The charity has set out above the information available on the scheme.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2023

Defined contribution pension scheme

The charity operates a defined contribution pension scheme. 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 pension cost charge for the year represents contributions payable by the charity to the scheme and amounted to £1,113,493 (2022: £717,000).

23 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £564,000 (2022: £Nil).

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2023

24 Funds

	Balance at 1 September 2022 £ 000	Incoming resources £ 000	Resources expended £ 000	Other recognised gains/(losses) £ 000	Balance at 31 August 2023 £ 000
Unrestricted funds					
<i>General</i>					
General fund	17,711	30,597	(31,385)	-	16,923
Revaluation reserve	389	-	(136)	-	253
Pension scheme asset	6,505	-	198	(4,590)	2,113
	<u>24,605</u>	<u>30,597</u>	<u>(31,323)</u>	<u>(4,590)</u>	<u>19,289</u>
Restricted funds					
Appeal Funds - other	130	221	(233)	-	118
Endowment funds					
<i>Expendable</i>					
Revaluation reserve	1,615	-	(66)	-	1,549
Other reserve	366	-	(12)	-	354
	<u>1,981</u>	<u>-</u>	<u>(78)</u>	<u>-</u>	<u>1,903</u>
Total funds	<u>26,716</u>	<u>30,818</u>	<u>(31,634)</u>	<u>(4,590)</u>	<u>21,310</u>

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2023

	Balance at 1 September 2021 £ 000	Incoming resources £ 000	Resources expended £ 000	Other recognised gains/(losses) £ 000	Transfers £ 000	Balance at 31 August 2022 £ 000
Unrestricted funds						
<i>General</i>						
General fund	16,838	27,784	(26,321)	-	(590)	17,711
Revaluation reserve	525	-	(136)	-	-	389
Pension scheme asset	(1,364)	-	(21)	7,300	590	6,505
	<u>15,999</u>	<u>27,784</u>	<u>(26,478)</u>	<u>7,300</u>	<u>-</u>	<u>24,605</u>
Restricted						
Appeal Funds - other	81	68	(19)	-	-	130
Covid-19 support	<u>-</u>	<u>111</u>	<u>(111)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total restricted funds	<u>81</u>	<u>179</u>	<u>(130)</u>	<u>-</u>	<u>-</u>	<u>130</u>
Endowment funds						
<i>Expendable</i>						
Revaluation reserve	1,681	-	(66)	-	-	1,615
Other reserve	<u>378</u>	<u>-</u>	<u>(12)</u>	<u>-</u>	<u>-</u>	<u>366</u>
	<u>2,059</u>	<u>-</u>	<u>(78)</u>	<u>-</u>	<u>-</u>	<u>1,981</u>
Total funds	<u>18,139</u>	<u>27,963</u>	<u>(26,686)</u>	<u>7,300</u>	<u>-</u>	<u>26,716</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 and cumulative depreciation charged to date.

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

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.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2023

25 Analysis of net assets between funds

	Unrestricted funds General £ 000	Restricted funds £ 000	Endowment funds Expendable £ 000	Total funds at 31 August 2023 £ 000
Tangible fixed assets	11,911	-	1,903	13,814
Current assets	7,905	118	-	8,023
Current liabilities	(2,477)	-	-	(2,477)
Creditors over 1 year	(163)	-	-	(163)
Pension scheme liability	2,113	-	-	2,113
Total net assets	19,289	118	1,903	21,310

	Unrestricted funds General £ 000	Restricted funds £ 000	Endowment funds Expendable £ 000	Total funds at 31 August 2022 £ 000
Tangible fixed assets	9,874	-	1,981	11,855
Current assets	10,516	130	-	10,646
Current liabilities	(2,048)	-	-	(2,048)
Creditors over 1 year	(242)	-	-	(242)
Pension scheme liability	6,505	-	-	6,505
Total net assets	24,605	130	1,981	26,716

26 Analysis of net funds

	At 1 September 2022 £ 000	Financing cash flows £ 000	At 31 August 2023 £ 000
Cash at bank and in hand	8,785	(2,948)	5,837
Net debt	8,785	(2,948)	5,837

	At 1 September 2021 £ 000	Financing cash flows £ 000	At 31 August 2022 £ 000
Cash at bank and in hand	8,229	556	8,785
Net debt	8,229	556	8,785

27 Related party transactions

There were no related party transactions in the year.

The David Lewis Centre

Notes to the Financial Statements for the Year Ended 31 August 2023

28 Prior period adjustment

The prior year adjustment of £430k was release of deferred income due to re-examination of the criteria for providing sums against this.

29 Comparative Statement of Financial Activities

	Note	Unrestricted funds £ 000	Restricted funds £ 000	Endowment funds £ 000	Total 2022 £ 000
Income and Endowments from:					
Donations and legacies	4	125	68	-	193
Charitable activities	5	27,637	111	-	27,748
Other trading activities	6	18	-	-	18
Investment income	7	4	-	-	4
Total income		<u>27,784</u>	<u>179</u>	<u>-</u>	<u>27,963</u>
Expenditure on:					
Raising funds	8	(15)	-	-	(15)
Charitable activities	9	<u>(26,463)</u>	<u>(130)</u>	<u>(78)</u>	<u>(26,671)</u>
Total expenditure		<u>(26,478)</u>	<u>(130)</u>	<u>(78)</u>	<u>(26,686)</u>
Net income/(expenditure)		1,306	49	(78)	1,277
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes		<u>7,300</u>	<u>-</u>	<u>-</u>	<u>7,300</u>
Net movement in funds		8,606	49	(78)	8,577
Reconciliation of funds					
Total funds brought forward		15,569	81	2,059	17,709
Prior year adjustment		<u>430</u>	<u>-</u>	<u>-</u>	<u>430</u>
Total funds carried forward	24	<u><u>24,605</u></u>	<u><u>130</u></u>	<u><u>1,981</u></u>	<u><u>26,716</u></u>

THE DAVID LEWIS CENTRE

England & Wales - Charity number 1000392

Accounts

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

OFFICERS AND PROFESSIONAL ADVISERS

TRUSTEES

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 Tebbby-Lees
C Spencer
T Kalloo

PRINCIPAL OFFICERS – Key Management Personnel

Chief Executive	John Heritage
Company Secretary	Neil Edwards, ACMA, CGMA

KEY MANAGEMENT PERSONNEL

Director of Adult Residential and Day Opportunities
Director of Clinical Services, Quality & Compliance
Director of Education
Director of Finance & Estates
Director of People, Culture & Systems

PATRONS

HRH The Countess of Wessex, GCVO
Viscount Ashbrook

BANKERS

National Westminster Bank Plc
Spring Gardens
Manchester
M60 2DB

SOLICITORS

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

Axis Professional
Suite 21 - Edwin Foden Business Centre,
Moss Lane,
Sandbach,
Cheshire
CW11 3AE

INDEPENDENT AUDITOR

Deloitte LLP
Statutory Auditor
1 Trinity Gardens
Newcastle Upon Tyne
United Kingdom
NE1 2HF

REGISTERED OFFICE

Mill Lane
Warford
Alderley Edge
Cheshire
SK9 7UD

THE DAVID LEWIS CENTRE

TRUSTEES' REPORT (including the Strategic report)

The Trustees, who are also Directors of the charity for the purposes of the Companies Act, present their annual report, including the Strategic report, on the affairs of the charity, together with financial statements and 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

THE DAVID LEWIS CENTRE

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:

THE DAVID LEWIS CENTRE

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.

THE DAVID LEWIS CENTRE

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
Total	210	197

* 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).

THE DAVID LEWIS CENTRE

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.

THE DAVID LEWIS CENTRE

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

THE DAVID LEWIS CENTRE

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.

THE DAVID LEWIS CENTRE

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.

THE DAVID LEWIS CENTRE

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.

THE DAVID LEWIS CENTRE

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

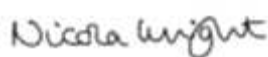
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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	<u>(2,048)</u>		<u>(2,580)</u>
NET CURRENT ASSETS			8,598	7,468
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)
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		<u>6,505</u>		<u>(1,364)</u>
Unrestricted funds			24,605	15,569
Restricted funds			130	81
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 £'000	2021 £'000
Net cash flows from operating activities		1,043	2,469
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
Cash flows from financing activities:			
Financing		(89)	(72)
Net cash outflows from financing activities		(89)	(72)
Net increase in cash and cash equivalents		556	4,426
Cash and cash equivalents at beginning of year		8,229	3,803
Cash and cash equivalents at the end of the year		8,785	8,229

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

Reconciliation of net income to cash generated by operations:	2022 £'000	2021 £'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

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 £'000	2021 £'000
Donations and legacies	193	87
	<u>193</u>	<u>87</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 £'000	2021 £'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 £'000	2021 £'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 No.	2021 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 No.	2021 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 No.	2021 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 Restated £'000	Assets under construction £'000	Equipment and furniture £'000	Motor vehicles £'000	Total Restated £'000
Cost					
At 1 September 2021	18,840	255	3,650	703	23,448
Additions	-	395	-	-	395
Disposals	-	-	-	(15)	(15)
Transfers	99	(113)	14	-	-
At 31 August 2022	<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)
At 31 August 2022	<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 £'000	2021 £'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	-	-
Net (expenditure) recognised within net income/(expenditure) for the year	(21)	(44)
Other recognised losses – actuarial gains/(losses)	7,300	846
Total cost relating to defined benefit scheme recognised in the Statement of Financial Activities	7,279	802

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
Net liability recognised in the balance sheet	6,505	(1,364)

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
At 31 August	(29,210)	(41,304)

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)
At 31 August	35,715	39,940

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
	35,715	39,940

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	15,569	430	27,784	(26,478)	7,300	-	24,605
Endowment funds:							
Revaluation reserve	1,681	-	-	(66)	-	-	1,615
Other reserve	378	-	-	(12)	-	-	366
Endowment funds total	2,059	-	-	(78)	-	-	1,981
Restricted fund:							
Appeal Funds - other	81	-	68	(19)	-	-	130
Covid-19 support	-	-	111	(111)	-	-	-
Restricted funds total	81	-	179	(130)	-	-	130
Total charity funds	17,709	430	27,963	(26,686)	7,300	-	26,716

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		1	-	-	1
	6				
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.

THE DAVID LEWIS CENTRE

England & Wales - Charity number 1000392

Accounts

THE DAVID LEWIS CENTRE

Trustees' Report and Financial Statements

For the year ended 31 August 2021

THE DAVID LEWIS CENTRE

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THE DAVID LEWIS CENTRE

OFFICERS AND PROFESSIONAL ADVISERS

TRUSTEES

D K Cornwall
G Devlin
S Devlin (Chair)
L Feerick
A V Hollows
G Loughlin
S Tebby-Lees
C Spencer (Appointed 14/01/2022)
T Kalloo (Appointed 31/01/2022)

PRINCIPAL OFFICERS – Key Management Personnel

Chief Executive	John Heritage
Company Secretary	Neil Edwards, ACMA, CGMA

KEY MANAGEMENT PERSONNEL

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

PATRONS

HRH The Countess of Wessex
Viscount Ashbrook

BANKERS

National Westminster Bank Plc
Spring Gardens
Manchester
M60 2DB

SOLICITORS

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

Chafes Solicitors LLP
22 Church Street
Wilmslow
Cheshire
SK9 1AU

INDEPENDENT AUDITOR

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

REGISTERED OFFICE

Mill Lane
Warford
Alderley Edge
Cheshire
SK9 7UD

THE DAVID LEWIS CENTRE

TRUSTEES' REPORT (including the Strategic report)

The Trustees, who are also Directors of the charity for the purposes of the Companies Act, present their annual report, including the Strategic Report, on the affairs of the charity, together with financial statements and auditor's report, for the year ended 31 August 2021.

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 from 14/8/2021)
L Feerick
A V Hollows
A M Imrie (Chair) (resigned 14/8/2021)
G Loughlin
S Tebbby-Lees
D A Hole (resigned 17/12/2021)
C Spencer (Appointed 14/01/2022)
T Kalloo (Appointed 31/01/2022)

No Trustee has any financial interest in the charity.

CONSTITUTION

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

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

GOVERNANCE & MANAGEMENT

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

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

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

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

THE DAVID LEWIS CENTRE

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

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

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

REMUNERATION POLICY FOR KEY MANAGEMENT PERSONNEL

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

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

ORGANISATIONAL STRUCTURE AND METHOD OF ELECTION OF TRUSTEES

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

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

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

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

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

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

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

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

GEOGRAPHICAL ORGANISATION

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

THE DAVID LEWIS CENTRE

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

INVESTMENTS AND CASH MANAGEMENT

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

There have been no acquisitions of investments during the year.

INSURANCE FOR TRUSTEES

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

DISABLED EMPLOYEES

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

EMPLOYEE CONSULTATION

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

FUNDRAISING

David Lewis is regulated by the Fundraising Standards Board and actively seeks to comply with those standards. The charity has not received any complaints in the reporting period with regards to its fundraising activities.

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

S.172 STATEMENT

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

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

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

- the need to foster the company's business relationships with suppliers, customers and others
 - The Trustees guide the Executive team to ensure this goal is met and are appraised regularly on those relationships

THE DAVID LEWIS CENTRE

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

- 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	7,313,090 kWh	(2020: 7,007,575 kWh)
Emissions from gas and fuel use	1,072 tonnes CO2	(2020: 1,012 tonnes CO2)
Emissions from electricity use	459 tonnes CO2	(2020: 466 tonnes CO2)
Aggregate emissions	1,531 tonnes CO2	(2020: 1,478 tonnes CO2)
Emissions per FTE	2.13 tonnes CO2	(2020: 1.90 tonnes CO2)

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

AUDITOR

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

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

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

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

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

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

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

Against this backdrop in the year to 31 August 2021, David Lewis:

- Provided high quality, specialist care, education and medical services to 197 people from across the UK with a wide range of complex needs. Prior year this was 328 people up until our day services had to be suspended due to the pandemic. To date these have not yet re-opened, but we are planning for an improved suite of services to re-open that will cover cost and be Covid-safe.
- Operated an "Outstanding" special education needs College.
- Operated 25 residential homes which were all assessed as "Fully Compliant" with the Care Quality Commissions' "Essential Standards of Safety and Care". This is a decrease of one from prior year as we were able to relinquish one of our community rental properties whilst serving the needs of our community residents.

THE DAVID LEWIS CENTRE

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

- Provided employment, training and career development opportunities to up to 838 full and part time members of staff. Prior year was 928 and with the impact of Covid-19 on services, we redeployed staff from day services into residential care and reviewed a small number of administrative roles that were no longer required.
- Invested £0.2 million in improving and developing facilities. Prior year was £0.4m and this year's expenditure was restricted to emergency asset repairs only due to restrictions in place to avoid Covid-19 transmission.
- Contributed £26 million across the year to the local economy through salaries and supply contracts with local companies. Prior year was £28 million and this year was reduced due to lower activities because of Covid-19 restrictions.

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:

	2021 No	2020 No
Pathways & Community – residential	160	163
Pathways & Community – day placement	-	129
Education & Life Skills – residential*	12	16
Education & Life Skills – day placement*	25	20
Total	197	328

* at the end of the summer term

FINANCIAL REVIEW

The Charity receives the majority of its income from local authorities, clinical commissioning groups and the Education & Skills Funding Authority (ESFA) for education and social care services. Fee and service related income decreased to £28,497,000 in the year ended 31 August 2021(2020: £28,787,000) due to lower numbers of residential Service Users and suspension of day services. £1,619,000 was gained on sales of properties surplus to requirements to boost the Charity's finances.

Before accounting for the impact of movements in the pension liability, the overall result produced net income for the year of £4,225,000 (2020: £1,189,000). Cash at bank was £8,229,000 (2020: £3,803,000).

Net current assets at £7,468,000 (2020: £2,931,000) have increased this year due to increased cash reserves and lower level of trade creditors at the year end. With activities limited due to protecting staff and residents from unnecessary social contact, capital additions were much reduced in the year at £155,000 and were spent on asset repairs only.

The amount of total funds held by the Charity at 31 August 2021 is £19,822,000 (2020: £14,795,000), of which £80,000 (2020: £78,000) are restricted funds.

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

PLANS FOR FUTURE PERIODS

The Charity continues to be flexible and responsive to an uncertain and difficult operating environment. The lack of clarity in a demand led market makes detailed planning over an extended timeline difficult. The added complexity of the Covid-19 pandemic has exacerbated future uncertainty. The Charity will continue to respond and evolve and by establishing closer working relationships with commissioners we expect to reduce this uncertainty.

In July 2019 the Trustees approved the Long Term Plan 2019-2023. This plan anticipates that Pathways & Communities is expected to grow organically. College and School student numbers are expected to decline slightly, but the College and School will seek, where possible, to maintain student numbers by responding

THE DAVID LEWIS CENTRE

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

flexibly to the changes in the commissioning environment for day, residential and weekly boarders on full time or part time placements. The plan also includes major investment into residential property refurbishment on the Warford site and in new facilities in the community. Due to Covid-19, many of the major investment decisions have been put on hold until such a time as more certainty is ascertained and the plan will need to be revisited at such time. Because of this uncertainty, the Charity has chosen to retain surpluses as reserves.

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

In the fiscal year 2021-2022, a new long term plan will be developed to consider new services which meet the aims and objectives of the Charity and to set a new strategic direction.

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. 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 19 October 2021.

The principal risks and uncertainties identified through this review are:

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

RESERVES POLICY

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

THE DAVID LEWIS CENTRE

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

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 2021 the unrestricted funds (excluding fixed assets and the pension fund deficit) amounted to £7,150,000 (2020: £2,466,000) and unrestricted net liquid funds (cash at bank and in hand, less designated and restricted funds) amounted to £8,149,000 (2020: £3,725,000). 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 expected challenges resulting from the pandemic and the social care staffing crisis. A significant amount of these reserves will be consumed in year as the Charity has embarked on a programme of essential fire risk assessments and remedial works. The increase came from operational surpluses for the year being supplemented by the proceeds of sale of certain surplus properties amounting to £2.1m. These properties were sold as they had been identified as surplus to requirements, were incurring maintenance costs and independent advice indicated that it was an advantageous time to sell them.

ACKNOWLEDGEMENTS

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

This Trustee Report and Strategic Report were approved and authorised for issue by the Trustees on 17 February 2022.



Neil Edwards

Company Secretary

THE DAVID LEWIS CENTRE

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.

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 2021 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.

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 annual 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.

THE DAVID LEWIS CENTRE

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.

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.

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 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 regulations and Care Quality Commission regulations.

We discussed among the audit engagement team including relevant internal specialists such as pensions regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

THE DAVID LEWIS CENTRE

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 assess whether 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 correspondence with Ofsted and Care Quality Commission.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the 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.

THE DAVID LEWIS CENTRE

A handwritten signature in black ink that reads "Sarah Anderson". The script is cursive and fluid, with the first letters of each name being capitalized and prominent.

Sarah Anderson FCCA (Senior statutory auditor)
For and on behalf of Deloitte LLP, Statutory Auditor
Manchester, United Kingdom
17 February 2022

THE DAVID LEWIS CENTRE

STATEMENT OF FINANCIAL ACTIVITIES
(including income and expenditure account)
Year ended 31 August 2021

	Note	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2021 £'000	Total funds 2020 £'000
INCOME FROM:						
Donations and legacies	3	84	3	-	87	28
Charitable activities	4	28,097	400	-	28,497	28,787
Other trading activities	5	18	-	-	18	45
Gain on sale of surplus assets		1,619	-	-	1,619	-
Investments	6	1	-	-	1	7
TOTAL INCOME		29,819	403	-	30,222	28,867
EXPENDITURE ON:						
Raising funds	7	-	-	-	-	33
Charitable activities	8	25,562	401	78	26,041	27,689
TOTAL EXPENDITURE		25,562	401	78	26,041	27,722
Net income/(expenditure) for the year		4,257	2	(78)	4,181	1,145
Other recognised (losses)/gains:						
Actuarial gains/(losses) on defined benefit schemes	15	846	-	-	846	(946)
NET MOVEMENT IN FUNDS		5,103	2	(78)	5,027	199
RECONCILIATION OF FUNDS:						
Total funds brought forward		12,580	78	2,137	14,795	14,596
Net movement in funds for the year		5,103	2	(78)	5,027	199
Total funds carried forward	16,17	17,683	80	2,059	19,822	14,795

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 2021

	Note	£'000	2021 £'000	£'000	2020 £'000
FIXED ASSETS					
Tangible assets	12		14,036		15,018
CURRENT ASSETS					
Stocks		130		74	
Debtors	13	1,689		1,796	
Cash at bank and in hand		8,229		3,803	
		10,048		5,673	
Creditors: amounts falling due within one year	14	(2,580)		(2,742)	
NET CURRENT ASSETS			7,468		2,931
Total assets less current liabilities			21,504		17,950
Creditors: amounts falling due after one year	14		(318)		(390)
Provision for pension scheme liability	15		(1,364)		(2,764)
NET ASSETS			19,822		14,795
FUNDS					
General reserve		18,521		14,683	
Designated fund		-		-	
Revaluation reserve		525		661	
Pension reserve		(1,364)		(2,764)	
Unrestricted funds			17,682		12,580
Restricted funds			81		78
Endowment funds			2,059		2,137
TOTAL FUNDS	16, 17		19,822		14,795

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 17 February 2022 and they were signed on its behalf by:


Chair of Trustees

THE DAVID LEWIS CENTRE

CASH FLOW STATEMENT
Year ended 31 August 2021

	Note	2021 £'000	2020 £'000
Net cash flows from operating activities		2,469	1,399
Cash flows from investing activities:			
Sale of property		2,064	-
Purchase of property, plant and equipment		(35)	(353)
Net cash outflows from investing activities		2,029	(353)
Cash flows from financing activities:			
Financing		(72)	(85)
Net cash outflows from financing activities		(72)	(85)
Net increase/(decrease) in cash and cash equivalents		4,426	961
Cash and cash equivalents at beginning of year		3,803	2,842
Cash and cash equivalents at the end of the year		8,229	3,803

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

Reconciliation of net income to cash generated by operations:	2021 £'000	2020 £'000
Net income for the year	4,181	1,145
Adjustments for:		
Interest receivable	-	-
Gain on sale of surplus assets	(1,619)	-
Depreciation charges	572	613
Operating cash flow before movement in working capital	3,134	1,758
(Increase) in stock	(56)	(40)
Decrease in debtors	107	115
(Decrease)/increase in creditors	(162)	278
Adjustment for pension funding	(554)	(712)
	2,469	1,399

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2021

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 2021

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 2021

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 all eligible employees as well as a defined contribution pension scheme for other employees.

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

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

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

Taxation

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2021

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 £603k or a 1 year increase in pensioner lifespan would increase it by £1,652k. 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

	2021 £'000	2020 £'000
Donations and legacies	87	28
	<u>87</u>	<u>28</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2021

4. ANALYSIS OF INCOME FROM CHARITABLE ACTIVITIES

	2021 £'000	2020 £'000
Care & residential	25,726	23,711
Education	2,771	5,076
	<u>28,497</u>	<u>28,787</u>

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

- £296k Infection Control Fund from central government, administered by our local authority
- £104k Rapid Testing Fund from central government, administered by our local authority

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

	2021 £'000	2020 £'000
Minor trading activities	18	45
	<u>18</u>	<u>45</u>

6. ANALYSIS OF INCOME FROM INVESTMENTS

	2021 £'000	2020 £'000
Bank interest receivable	1	7
	<u>1</u>	<u>7</u>

7. ANALYSIS OF EXPENDITURE ON RAISING FUNDS

	2021 £'000	2020 £'000
Raising donations and legacies	-	33
	<u>-</u>	<u>33</u>

8. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

Activity	Activities undertaken directly £'000	Support costs £'000	Total 2021 £'000	Total 2020 £'000
Care & residential	20,561	3,496	24,057	23,735
Education	1,185	799	1,984	3,954
	<u>21,746</u>	<u>4,295</u>	<u>26,041</u>	<u>27,689</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2021

Activity	Activities undertaken directly £'000	Support costs £'000	Total 2020 £'000	Total 2019 £'000
Care & residential	19,829	3,640	23,735	22,175
Education	3,190	1,027	3,954	4,849
	<u>23,019</u>	<u>4,670</u>	<u>27,689</u>	<u>27,024</u>

9. ANALYSIS OF SUPPORT COSTS

2021	Raising funds £'000	Care & residential £'000	Education £'000	Total 2021 £'000	Basis of allocation
Admin & personnel	-	1,264	65	1,329	Headcount
Governance	-	31	2	33	Headcount
Depreciation	-	470	102	572	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>3,496</u>	<u>799</u>	<u>4,295</u>	

2020	Raising funds £'000	Care & residential £'000	Education £'000	Total 2020 £'000	Basis of allocation
Admin & personnel	2	1,229	242	1,473	Headcount
Governance	-	29	5	34	Headcount
Depreciation	-	545	67	612	Beds
Domestic services	-	286	35	321	Beds
Estates	-	764	541	1,305	Maintenance
Finance & IT	1	544	108	663	Headcount
Interest payable	-	-	-	-	Headcount
Transport	-	233	29	262	Beds
Total	<u>3</u>	<u>3,640</u>	<u>1,027</u>	<u>4,670</u>	

10. NET INCOME/(EXPENDITURE) FOR THE YEAR

	2021 £'000	2020 £'000
Net income/(expenditure) is stated after charging:		
Depreciation of owned assets	572	612
Rentals under operating leases	106	139
Auditor's remuneration:		
- Fees payable to the Charity's auditor for the audit of the Charity's annual financial statements	31	33
- Fees payable to the Charity's auditor for other services to the Charity:		
- taxation services	-	-
- Other services	1	1
	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2021

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

The aggregate costs of employment were:

	2021 £'000	2020 £'000
Wages and salaries	18,939	19,736
Social Security costs	1,610	1,674
Pension costs	737	785
	<u>21,287</u>	<u>22,195</u>

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

	2021 No.	2020 No.
Care & residential	609	656
Education	17	17
Support	94	106
	<u>720</u>	<u>779</u>

The average monthly number of employees was:

	2021 No.	2020 No.
Care & residential	725	789
Education	18	19
Support	104	119
	<u>847</u>	<u>927</u>

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

	2021 No.	2020 No.
£60,000 - £70,000	2	1
£70,000 - £80,000	3	1
£80,000 - £90,000	-	1
£90,000 - £100,000	-	1
£140,000 - £150,000	1	1
	<u>6</u>	<u>5</u>

The key management personnel of the Charity are listed on page 3. The total remuneration of the key management personnel of the Charity for the year totalled £597,000 (2020: £625,000). 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 (2020: £Nil).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2021

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

The total of donations received from the Trustees during the year was £ Nil (2020: £Nil).

12. TANGIBLE FIXED ASSETS

	Freehold property	Assets under construction	Equipment and furniture	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 September 2020	23,498	402	3,599	669	28,168
Additions	-	63	-	-	63
Disposals	(714)	-	-	-	(714)
Transfers	125	(210)	51	34	-
At 31 August 2021	22,909	255	3,650	703	27,517
At 1 September 2020	9,035	-	3,512	603	13,150
Charge for the year	482	-	45	45	572
Disposals	(241)	-	-	-	(241)
At 31 August 2021	9,276	-	3,557	648	13,481
Net book value					
At 31 August 2021	13,633	255	93	55	14,036
At 31 August 2020	14,463	402	87	66	15,018

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

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

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

	Land and buildings
	£'000
Cost	16,501
Accumulated depreciation	(8,567)
Net book value	
At 31 August 2021	7,934
Net book value	
At 31 August 2020	9,068

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2021

13. DEBTORS

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade debtors	1,374	1,512
Prepayments and accrued income	289	267
Other debtors	26	17
	<u>1,689</u>	<u>1,796</u>

14. CREDITORS

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Bank loans (see below)	75	75
Trade creditors	73	140
Accruals	866	951
Deferred income	980	976
Taxation and social security	358	380
Other creditors	228	220
	<u>2,580</u>	<u>2,742</u>

Amounts falling due after one year

Bank loans (see below)	<u>318</u>	<u>390</u>
------------------------	------------	------------

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2021

14. CREDITORS (continued)

	2021	2020
	£'000	£'000
Deferred income		
Brought forward	976	883
Released in the year	(980)	(848)
Deferred in the year	980	941
	<u>976</u>	<u>976</u>
Carried forward	<u>976</u>	<u>976</u>
Bank loans	<u>393</u>	<u>466</u>
The maturity of the above amounts is as follows:		
Within one year	75	75
Between one and two years	75	75
Between two and five years	225	225
After five years	18	91
	<u>393</u>	<u>466</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2021
15. EMPLOYEE RETIREMENT BENEFITS

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

Cheshire Pension Fund

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

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

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

	Valuation at	
	2021	2020
Key assumptions used:	%	%
Discount rate	1.55	1.60
Expected rate of salary increases	3.60	3.10
Inflation / Future pension increases	2.90	2.40

The assumed life expectations on retirement at age 65 are:

	Valuation at	
	2021	2020
	years	years
Retiring today:		
Males	21.4	21.2
Females	24.0	23.6
Retiring in 20 years:		
Males	22.4	21.9
Females	25.7	25.0

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

	2021	2020
	£'000	£'000
Current service cost	(5)	(5)
Net interest cost	(39)	(39)
Past service cost	-	-
Net (expenditure) recognised within net income/(expenditure) for the year	(44)	(44)
Other recognised losses – actuarial gains/(losses)	846	(946)
Total cost relating to defined benefit scheme recognised in the Statement of Financial Activities	802	(990)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2021

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:

	2021 £'000	2020 £'000
Present value of defined benefit obligations	(41,304)	(39,271)
Fair value of scheme assets	39,940	36,507
	<u>(1,364)</u>	<u>(2,764)</u>

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

	2021 £'000	2020 £'000
At 1 September		
Opening defined benefit obligation	(39,271)	(40,429)
Current service cost	(5)	(5)
Past service costs	-	-
Net interest costs	(616)	(716)
Contributions from scheme participants	(1)	(1)
Actuarial (losses)/gains	(2,876)	392
Benefits paid	1,465	1,488
	<u>(41,304)</u>	<u>(39,271)</u>

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

	2021 £'000	2020 £'000
At 1 September		
Opening fair value of scheme assets	36,507	37,899
Actuarial gains	577	677
Actual return on plan assets (excluding amounts included in net interest cost)	3722	(1,338)
Contributions from the employer	598	756
Contributions from scheme participants	1	1
Benefits paid	(1465)	(1,488)
	<u>39,940</u>	<u>36,507</u>

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

Fair value of assets

	2021 £'000	2020 £'000
Equity instruments	15,976	14,238
Debt instruments	18,373	16,428
Property	4,393	4,016
Cash	1,198	1,825
	<u>39,940</u>	<u>36,507</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2021
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 £74,000 (2020: £62,000).

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 £690,000 (2020: £716,000).

16. MOVEMENTS ON FUNDS

	At 1 September 2020 £'000	Income £'000	Expenditure £'000	Gains £'000	Transfers £'000	At 31 August 2021 £'000
Unrestricted funds:						
General fund	14,683	29,819	(25,382)	-	(598)	18,522
Revaluation reserve	661	-	(136)	-	-	525
Pension reserve	(2,764)	-	(44)	846	598	(1,364)
Unrestricted funds total	<u>12,580</u>	<u>29,819</u>	<u>(25,562)</u>	<u>846</u>	<u>-</u>	<u>17,683</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)	-	-	80
Covid-19 support	-	400	(400)	-	-	-
Restricted funds total	<u>78</u>	<u>403</u>	<u>(401)</u>	<u>-</u>	<u>-</u>	<u>78</u>
Total charity funds	<u><u>14,795</u></u>	<u><u>30,222</u></u>	<u><u>(26,041)</u></u>	<u><u>846</u></u>	<u><u>-</u></u>	<u><u>19,822</u></u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2021
16. MOVEMENTS ON FUNDS (continued)

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

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 2021

17. ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

Charity	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2021 £'000
Tangible fixed assets	11,977	-	2,059	14,036
Current assets	9,968	80	-	10,048
Current liabilities	(2,580)	-	-	(2,580)
Long-term liabilities	(318)	-	-	(318)
Pension liability	(1,364)	-	-	(1,364)
At 31 August 2021	<u>17,683</u>	<u>80</u>	<u>2,059</u>	<u>19,822</u>

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

18. FINANCIAL COMMITMENTS

Operating lease commitments

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

	Leasehold properties	
	2021 £'000	2020 £'000
Payments due:		
- within one year	88	116
- between one and five years	350	415
- after five years	625	842
	<u>1,063</u>	<u>1,373</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2021
19. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

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

20. RELATED PARTY TRANSACTIONS

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

THE DAVID LEWIS CENTRE

England & Wales - Charity number 1000392

Accounts

THE DAVID LEWIS CENTRE

Trustees' Report and Financial Statements

For the year ended 31 August 2020

THE DAVID LEWIS CENTRE

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THE DAVID LEWIS CENTRE

OFFICERS AND PROFESSIONAL ADVISERS

TRUSTEES

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

PRINCIPAL OFFICERS – Key Management Personnel

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

KEY MANAGEMENT PERSONNEL

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

PATRONS

HRH, The Countess of Wessex
Viscount Ashbrook

BANKERS

National Westminster Bank Plc
Spring Gardens
Manchester
M60 2DB

SOLICITORS

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

Chafes Solicitors LLP
22 Church Street
Wilmslow
Cheshire
SK9 1AU

INDEPENDENT AUDITOR

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

REGISTERED OFFICE

Mill Lane
Warford
Alderley Edge
Cheshire
SK9 7UD

THE DAVID LEWIS CENTRE

TRUSTEES' REPORT (including the Strategic report)

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

NAME AND REGISTERED OFFICE OF THE CHARITY

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

TRUSTEES

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

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

No Trustee has any financial interest in the charity.

CONSTITUTION

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

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

GOVERNANCE & MANAGEMENT

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

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

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

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

THE DAVID LEWIS CENTRE

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

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

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

REMUNERATION POLICY FOR KEY MANAGEMENT PERSONNEL

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

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

ORGANISATIONAL STRUCTURE AND METHOD OF ELECTION OF TRUSTEES

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

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

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

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

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

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

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

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

GEOGRAPHICAL ORGANISATION

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

INVESTMENTS AND CASH MANAGEMENT

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

THE DAVID LEWIS CENTRE

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

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

There have been no acquisitions of investments during the year.

INSURANCE FOR TRUSTEES

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

DISABLED EMPLOYEES

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

EMPLOYEE CONSULTATION

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

FUNDRAISING

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

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

S.172 STATEMENT

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

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

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

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

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

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

ENERGY AND CARBON REPORTING

The annual energy use figures are shown below:

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

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

AUDITOR

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

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

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

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

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

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

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

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

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

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

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

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

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

* at the end of the summer term

FINANCIAL REVIEW

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

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

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

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

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

PLANS FOR FUTURE PERIODS

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

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

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

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

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

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

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

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

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

GOING CONCERN

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

RISK MANAGEMENT

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

The principal risks and uncertainties identified through this review are:

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

RESERVES POLICY

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

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

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

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

ACKNOWLEDGEMENTS

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

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

A handwritten signature in black ink, appearing to be 'NE', with a long horizontal stroke extending to the right.

Neil Edwards

Company Secretary

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.

THE DAVID LEWIS CENTRE

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

Report on the audit of the financial statements

Opinion

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

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

We have audited the financial statements which comprise:

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

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the

THE DAVID LEWIS CENTRE

trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

THE DAVID LEWIS CENTRE

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

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

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

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

THE DAVID LEWIS CENTRE

BALANCE SHEET
As at 31 August 2020

	Note	£'000	2020 £'000	2019 £'000
FIXED ASSETS				
Tangible assets	12		15,018	15,263
CURRENT ASSETS				
Stocks		74		35
Debtors	13	1,796		1,911
Cash at bank and in hand		3,803		2,842
		<u>5,673</u>		<u>4,788</u>
Creditors: amounts falling due within one year	14	<u>(2,742)</u>		<u>(2,464)</u>
NET CURRENT ASSETS			<u>2,931</u>	<u>2,324</u>
Total assets less current liabilities			<u>17,950</u>	<u>17,587</u>
Creditors: amounts falling due after one year	14		(390)	(461)
Provision for pension scheme liability	15		(2,764)	(2,530)
NET ASSETS			<u><u>14,795</u></u>	<u><u>14,596</u></u>
FUNDS				
General reserve		14,683		14,038
Designated fund		-		-
Revaluation reserve		661		797
Pension reserve		<u>(2,764)</u>		<u>(2,530)</u>
Unrestricted funds			12,580	12,305
Restricted funds			78	76
Endowment funds			<u>2,137</u>	<u>2,215</u>
TOTAL FUNDS	16, 17		<u><u>14,795</u></u>	<u><u>14,596</u></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 18 February 2021 and they were signed on its behalf by:

Alastair Imrie
Chair of Trustees

THE DAVID LEWIS CENTRE

CASH FLOW STATEMENT
Year ended 31 August 2020

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

1. ACCOUNTING POLICIES

Company and charitable status

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

Basis of accounting

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

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

Going concern

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

Funds' structure

The Charity maintains various types of funds as follows:

Restricted funds

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

Endowment funds

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

Unrestricted funds

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

Income

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

Fees and services related income

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

Donations, gifts and activities for generating funds

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

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

Legacies

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

Investment income

Investment income is accounted for when receivable.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

1. ACCOUNTING POLICIES (continued)

Grants

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

Donated assets and services

Donated professional services and donated facilities are recognised as income when the Charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the Charity of the item is probable and that economic benefit can be measured reliably.

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

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

Expenditure

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

Expenditure on raising funds

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

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

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

Allocation of costs

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

Support costs

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

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

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

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

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

Stocks

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

Operating leases

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

Employee benefits

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

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

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

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

Taxation

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

1. ACCOUNTING POLICIES (continued)

Financial instruments

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

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

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

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

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

3. ANALYSIS OF INCOME FROM DONATIONS AND LEGACIES

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

4. ANALYSIS OF INCOME FROM CHARITABLE ACTIVITIES

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

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

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

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

5. ANALYSIS OF INCOME FROM OTHER TRADING ACTIVITIES

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

6. ANALYSIS OF INCOME FROM INVESTMENTS

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

7. ANALYSIS OF EXPENDITURE ON RAISING FUNDS

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

8. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

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

9. ANALYSIS OF SUPPORT COSTS

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

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

10. NET INCOME/(EXPENDITURE) FOR THE YEAR

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

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

The aggregate costs of employment were:

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

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

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

The average monthly number of employees was:

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

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

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

12. TANGIBLE FIXED ASSETS

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

13. DEBTORS

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

14. CREDITORS

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

Amounts falling due after one year

Bank loans (see below)	<u>390</u>	<u>461</u>
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All deferred income relates to amounts received in respect of care and education taking place after the year end.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

14. CREDITORS (continued)

	2020	2019
	£'000	£'000
Deferred income		
Brought forward	883	882
Released in the year	(848)	(739)
Deferred in the year	941	740
	<u>976</u>	<u>883</u>
Carried forward	<u>976</u>	<u>883</u>
 Bank loans	 466	 536
	<u>466</u>	<u>536</u>
The maturity of the above amounts is as follows:		
Within one year	75	75
Between one and two years	75	75
Between two and five years	225	225
After five years	91	161
	<u>466</u>	<u>536</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

15. EMPLOYEE RETIREMENT BENEFITS

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

Cheshire Pension Fund

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

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

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

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

The assumed life expectations on retirement at age 65 are:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

15. EMPLOYEE RETIREMENT BENEFITS (continued)

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

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

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

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

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

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

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

Fair value of assets

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020
15. EMPLOYEE RETIREMENT BENEFITS (continued)**Teachers' Pension Scheme**

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

Under the definitions set out in the Financial Reporting Standards 17 (Retirement Benefits), the TPS is a multi-employer scheme. The Charity is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Charity has taken advantage of the exemption in FRS 17 and has accounted for its contribution to the scheme as if it were a defined contribution scheme. The contribution made for the 12 month period was £62,000 (2019: £65,000).

Defined contribution group personal pension plan

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

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

16. MOVEMENTS ON FUNDS

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

16. MOVEMENTS ON FUNDS (continued)

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

17. ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

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

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

18. FINANCIAL COMMITMENTS

Operating lease commitments

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

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st August 2020

19. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

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

20. RELATED PARTY TRANSACTIONS

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