

COMPANY REGISTRATION NUMBER: 3286672  
CHARITY REGISTRATION NUMBER: 1065423

**Progress to Change**

**Company Limited by Guarantee**

**Financial Statements**

**For the year ended  
31 March 2021**

Progress to Change

Company Limited by Guarantee

Financial Statements

Year ended 31 March 2021

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## Progress to Change

### Company Limited by Guarantee

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

Year ended 31 March 2021

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The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 March 2021.

#### Reference and administrative details

Registered charity name	Progress to Change
Charity registration number	1065423
Company registration number	3286672
Principal office and registered office	63 Clarendon Road Leeds LS2 9NZ
The trustees	Mrs J Dilks (Chairman) Mrs D Favre Mr N Wainman Rev M A Whatmough (Resigned 15 September 2020) Mrs L E Hague (Resigned 30 April 2020) Prof O Matthias (Appointed 15 September 2020) Mrs C Cochrane Prof A W M Hay Dr E Wincup Mrs S Mondon Mr R Brook (Appointed 30 April 2020)
Key management personnel	Chief Executive - Mrs L Cantley Finance Manager - Mrs R Kyle Ripon House Hostel Manager - Mrs E Falk Cardigan House Hostel Manager - Mrs C Maguire
Trustees Secretary	Mrs T Gradys
Auditor	Gibson Booth Chartered Accountants & Statutory Auditors New Court Abbey Road North Shepley Huddersfield HD8 8BJ
Bankers	National Westminster Bank plc Leeds City Office Branch 8 Park Row Leeds LS1 5HD
Solicitors	Wrigleys Solicitors LLP 19 Cookridge Street Leeds LS2 3AG
Investment managers	CCLA Senator House 85 Queen Victoria Street London EC4V 4ET

## Progress to Change

### Company Limited by Guarantee

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

Year ended 31 March 2021

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##### Chairman's report

We have experienced twelve months of unprecedented risk and restriction in our two Approved Premises and much reorganisation has been required to cope with it. The Achievement and Performance section of the Trustees' Report outlines the measures taken and it is a credit to her and to our two AP Managers, Clare and Emma, that they have steered the organisation safely through these stages of the CV pandemic. It has been an exhausting and stressful environment in which to work. The Trustees are grateful to them and the whole staff group for their adaptability.

For our residents too it has been an unsettling and difficult time and we have not been able to offer as wide a range of service and support as would be usual. However, the premises have been kept safe from the spread of infection, which is a vital achievement. As soon as it is feasible, we shall be offering a greater variety of activities and interventions. It is remarkable that in this situation the Enabling Environment awards were maintained in each AP.

The Trustee Board has had to adapt to the challenging times by holding all meetings via Zoom. As no external visitors could go into the APs we have conducted our monthly inspections by phone with the managers. During the year Rev. Tony Whatmough resigned. We valued his contributions and wish him well in retirement from a busy parish. We were very pleased to welcome Professor Olga Matthias as a Trustee.

In November 2020 several Trustees took part in an online investigation instigated by the Charity Commission whose major issue of concern was the importance of reporting serious incidents to the Commission as well as to the NPS. Accordingly, we have amended our protocols. In January 2021 we enjoyed a Board Development Day held using Zoom, to explore further our governance responsibilities as Trustees. This was a stimulating event ably facilitated for us by an experienced consultant in governance for charities in the person of Angela Dinsdale.

In all our Board activities we are superbly supported by our company secretary Tricia Gradys, and we are also grateful to the audit team from Gibson Booth, led by Patrick Heaton.

As we all try to find our feet after the shock waves of the pandemic and adapt to a changed world, we are aware of many challenges ahead for Progress to Change.

One is financial for although we have reserves, as outlined in the Financial Review section of the Trustees' Report, we plan to use these for essential building work and to improve the People's Pension provision for the staff not in the West Yorkshire Pension Fund. However, we know that the deficit payments required by that latter fund will continue to rise. We have been grateful for the contribution to those deficits from the Ministry of Justice, but we must be aware of the future risks.

Other challenges are organisational. Relating to a new Directorate within the MoJ, we are conscious of a change of emphasis in what is required of us, and are concerned that we should be regarded as 'accommodation of last resort'. This description does not fit with our founding principles.

At the moment we do not have a secure contract beyond March 2022. It is a cause of unease for the Board. Nonetheless, the Trustees continue to seek a way forward so that, with confidence in the resilience and loyalty of our staff and our procedures, Progress to Change can continue to contribute to the rehabilitation of those who wish to turn from offending. I am as ever, appreciative of the time and expertise willingly given by all Trustees. It remains our hope that the charity can continue to provide a turning point in the lives of those who wish to put a difficult past behind them.

Mrs J Dilks  
Chairman

14.9.21

## **Progress to Change**

### **Company Limited by Guarantee**

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

**Year ended 31 March 2021**

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#### **Structure, governance and management**

##### **Governing document**

Progress to Change (formerly known as the Ripon and Leeds Diocesan Council for Social Concern) is a Company Limited by Guarantee and incorporates the work of the two Approved Premises – Ripon House and Cardigan House – and their related assets and liabilities. Our registered charity number is 1065423. The Charity has its office at 11 The Rise, Kirkstall, Leeds LS5 3EP.

Social Concern was incorporated on 3 December 1996. Following a special resolution, the company was incorporated under the revised name of Ripon & Leeds Diocesan Council for Social Concern with effect from 27 December 2000.

As a result of the creation of the Diocese of Leeds in 2014, and following a special resolution, the company was incorporated under the revised name of Progress to Change with effect from 15 August 2015.

During 2015 the Trustees also reviewed and updated the Company's Articles of Association. These were amended by a Special Resolution dated 22 September 2015.

##### **Recruitment and appointment of trustees.**

The Trustees of Progress to Change and the Board members are the same people. Under the requirements of the Articles of Association Trustees are appointed for a period of four years, after which they can be re-appointed for one further term of four years. Five are appointed by the Bishop of Leeds and four are appointed by the Board of Trustees.

Members have a wide range of backgrounds and skills, bringing expertise in business, finance, education, the legal system, social work, and the Church.

To ensure a broad skills mix, Trustees are asked to provide a CV and list of skills on their application form. A skills inventory is maintained and, in the event of particular skills being lost due to retirement, efforts are made to recruit individuals with a similar skills base. Progress to Change has an application pack for Interested parties.

##### **Organisational structure**

The Board of Trustees, of up to nine members, has overall responsibility for the management, strategic direction, and policy of the Charity. The Trustees meet nine times a year and during the year 2020/21 (Covid-19 Pandemic) all meetings including Board Meetings, Sub-group meetings, AP inspection visits were held via the ZOOM platform in compliance with Government Covid-19 restrictions on social isolation and social distancing.

Day-to-day management of the two Approved Premises (APs) is delegated to the Chief Executive Officer and Operational Managers. The Managers have responsibility for operational management of the APs, individual supervision of staff and ensuring that the staff teams continue to develop skills and working practices in line with best practice.

##### **Trustee induction and training**

New Board members are provided with a newly produced induction pack. Additionally, gaps in knowledge are identified by individual members and visits and training are organized to enable members to have sufficient information about the work of the charity to contribute effectively.

##### **Remuneration policy**

Introduction: Progress to Change is committed to paying its employees fairly, so that the best people for the job are attracted and retained.

Employee Salaries: The pay and benefits of senior employees are reviewed on a regular basis and are benchmarked against the salary scales used within the Probation Service for equivalent roles.

Payments to Trustees: All trustees give their time freely and do not receive any pay or recompense other than for reasonable out of pocket expenses.

Remuneration Committee: The Remuneration Committee reviews the remuneration of all senior employees and makes recommendations to the Board of Trustees for implementation.

## Progress to Change

## Company Limited by Guarantee

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

### Year ended 31 March 2021

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The Remuneration Committee comprises the Treasurer of the Charity along with at least two other trustees. The Treasurer will act as chair of the Remuneration Committee. The Committee will:

- Make salary recommendations to the Board for all senior employees
- Review any recommendations for pay increases for APs employees that are put forward by the Chief Executive & Finance Manager in advance of presentation to the Board.
- Make recommendations to the Board in respect of cost-of-living increases

Recommendations of the Remuneration Committee must be ratified by the Board of Trustees.

### Risk management

The Trustees maintain a Risk Register of the potential risks which the Charity is exposed to and has put in place steps to mitigate these risks. The risks are grouped under three main headings – a) Governance Risks, b) Financial Risks, c) Operational Risks. For each risk existing control procedures have been identified along with proposed improvements in controls. In June 2020 an additional Covid-19 section was added to the Risk Register with these risks also grouped into Governance, Financial and Operational Risks. On an ongoing basis as new risks are identified or the nature or significance of perceived risks change the Risk Register has been updated.

In September 2020, the Risk Register was reviewed in full by the Trustees with regard to the identification of any changes to the potential risks and progress on the implementation of identified actions to mitigate risks. A further review will be undertaken in September 2021.

As explained under 'Objectives and activities', the principal activity of the two Approved Premises is to provide enhanced supervision in a residential setting, including rehabilitation, risk management, and monitoring. The majority of offenders are on license following release from custodial sentences. There are particular risks associated with this work. The Charity has a team of appropriately qualified key management personnel who undertake regular training as well as working closely with the Ministry of Justice and the National Probation Service.

Robust Risk Management procedures are in place in all aspects of the Charity's day-to-day activities in this regard. Policies and procedures are in place to ensure compliance with health and safety regulations, food hygiene regulations and fire regulations.

The risk management systems and procedures are continually reviewed by the key management team. All the identified risks are managed by regular training and awareness for staff working on day-to-day operations and by ensuring accreditation is up to date and having robust policies and procedures in place.

### Related parties

In so far as it is complementary to the Charity's objects, the Charity is guided by local and national policies. The APs work in association with the regional Probation Service, Community Rehabilitation Companies, local GP practices, local housing organisations, alcohol and drugs services, and other third sector organisations.

Nationally, the APs work collaboratively with their funders, the Ministry of Justice, and Her Majesty's Prison & Probation Service. We are also a member of the National Approved Premises Association (NAPA), ensuring that national standards are constantly attained.

The Trustees thank all of our partner agencies for their commitment to and assistance with our work.

### Objectives and activities

The Charity's purposes as set out in the objects contained in the company's Articles of Association are:

- to maintain the premises known as Ripon House and Cardigan House as Approved Premises within the meaning of the Offender Management Act 2007, and
- to support and further all or any charitable activities carried out in connection with the Church of England in the Diocese of Leeds and in particular:
  - the promotion of temperance and of higher standards of moral life in the individual, the family, and the community;
  - the rehabilitation of offenders and particularly those addicted to drugs or alcohol or otherwise in need of help;
  - the relief of distress or suffering arising from offending behaviour.

These objects were last reviewed and updated in 2015. The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities.

## Progress to Change

### Company Limited by Guarantee

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

Year ended 31 March 2021

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#### The focus of our work

The Charity supports those individuals who are on post custody licence, community order or bail. Cardigan House mainly works with offenders assessed as posing a high risk of harm to the public. Ripon House works with female offenders assessed as posing a high or medium risk of harm to the public.

Our qualified Approved Premises Managers and trained staff teams liaise closely with the Probation Service, Ministry of Justice, and Criminal Justice System. Staff work with residents to help them address their offending behaviour, and so reduce the risk of re-offending and the risk of harm to the public.

#### Achievements and Performance

Each year the Trustees discuss and agree targets and objectives for the coming year in consultation with the Chief Executive. As part of the above the Chief Executive prepares a Business Plan which is considered and approved by the Board which is used throughout the year to monitor and review achievements and performance. As part of the Charity's contract with the MoJ there are a number of key performance criteria which are monitored by the Chief Executive and the Managers of each of the two Approved Premises.

The Trustees appraise the performance of all the key management personnel during the year to ensure that they and the Approved Premises have met the KPI's.

The last year has been dominated by the Covid 19 Pandemic, which continues to present unprecedented challenges to our residential environments. It has forced us to close our doors to all non-essential visitors, to deliver our services to an exceptional delivery model and it has brought our programmes of activities to a halt. Despite this we have remained open and latterly we are starting to emerge from the fog and slowly beginning to increase resident numbers and get things moving again. The majority of key performance indicators around occupancy and activities have been suspended during this period with the focus on keeping everybody safe. All staff have worked extremely hard to try and keep residents safe and well, address their needs and assist them to identify suitable move-on accommodation. It has been a tiring and difficult year for residents and staff.

#### The Directorate of Reducing Re-Offending, Partnerships and Accommodation.

In November 2019 all approved premises moved to the new directorate and have been grouped together with other accommodation services. This move has presented challenges for us in terms of staying in touch with probation staff and ensuring that we are not just seen and used as accommodation. The ethos of the charity is about delivering interventions that make a real difference to the lives of our residents and some of this is being lost because of inappropriate referrals and an increased emphasis on accommodating rather than providing a full wrap round package of intervention. Covid 19 has made it more difficult to showcase our work and keep relevant partners fully informed. Presently it feels like we are growing more distant and more removed from the Probation Service. We hope that this will change as the Probation Service unifies and we move through the next year.

#### Contract

During the year we were informed that our contract which commenced in 2018 would be rolled over for the year 2021 to 2022. We were hopeful that we would have a new contract from 2021 for four or five years. However, the fact that the Ministry of Justice is trying to expand the number of beds and encourage new independent providers has caused the Treasury to consider all premises and the cost in total, the result of which means we will remain on interim contract arrangements probably until 2024. This is not the security that we had hoped for, but we cannot influence this position. All we can do is to continue to deliver an excellent service for residents and hopefully make a difference to their lives so that they can move-on successfully.

#### Covid 19

From April 2020 Ripon House and Cardigan House closed their doors to all but residents and staff. Handwashing, sanitising, social distancing, and mask wearing became compulsory and activities inside and outside the premises ceased. We started to operate to our exceptional delivery plan in order to try and ensure that residents and staff were kept as safe as possible. We were concerned about the number of deaths that were happening in care homes and what would happen if Covid 19 spread in our premises.

We had to make changes to the staff rotas in order to minimise footfall and direct finance and admin staff to work from home. We halved the number of residents that we could take to make social distancing possible, and we kept some rooms free with private bathrooms for any residents testing positive or displaying symptoms. We set limits for numbers allowed in communal areas at any time and we had to completely redesign our catering service and stagger mealtimes to reduce the risks of transmission. We received some extra funding to purchase extra cleaning services, buy personal protective equipment and some individual activity packs for residents.

As we settled into this new way of working, we were eventually able to introduce workplace PCR testing for staff and residents. This gave us a bit more confidence in managing the situation. By the Spring of 2021 all staff were able to get vaccinated via the health and social care route and twice weekly lateral flow tests had replaced PCRs. We were also able to re-introduce some outdoor activities at both premises, utilising the gardens.

Both premises managed some Covid cases during the year, mainly those released from prison who were positive and needed to complete periods of isolation on arrival. By careful management we were able to prevent it spreading to others and to date our staff teams have remained mainly Covid free. It is to the credit of staff and residents that this has been the case in our premises, others have not been so lucky, with a few temporary closures.

## Progress to Change

### Company Limited by Guarantee

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

##### Year ended 31 March 2021

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There is no doubt that Covid 19 has brought about many changes to how we work with Zoom and Teams meetings replacing face to face contact with others. It is also likely that it is going to impact on us for the foreseeable future and we are having to consider how we will deliver our services that enable residents develop their skills and move on successfully, whilst keeping all residents and staff as safe as possible. We are encouraging all residents to get vaccinated, and we are hopeful that as time goes on and vaccination levels increase, we will be able to resume more activities and increase our numbers of residents, whilst maintaining safety.

##### Enabling Environments

Both premises have maintained Enabling Environments Awards during the year, with the focus on managing safely during Covid 19. Ripon House's Award will need to be renewed in November 2021 and Cardigan House's is valid until March 2022. This is very positive and demonstrates how well residents and staff have worked together.

##### Training

The majority of training has been online during the past year, with practical first aid training only becoming available again in April 2021. Staff access a variety of health and safety, diversity and CARE training, some of which is collaborative on Teams.

##### Approved Premises CARE Policy

In early 2021 a new policy and procedure for managing residents self-harm and suicide assessments was introduced. On arrival all residents complete a support and safety plan (SASP) if there are any concerns about self-harm or suicide. This is designed to help staff understand the residents' risk of harm to self and how best to prevent risk developing. If during their stay an immediate risk is identified a concern and keep safe form (CAKS) is then completed. This is signed off by the manager and an immediate action plan is developed detailing all work and checks to be done to support the resident. This is then reviewed on a regular basis and only closed when all identified issues have been resolved.

Staff are getting used to this process. The SASP is helpful in identifying specific issues that impact on individual residents and trigger self-harm, such as the anniversary of a serious incident or traumatic event. In reality the work that staff do to support and check on residents has not changed, but the paperwork to evidence it has increased and it has been important to emphasise to staff that their focus should remain on the resident.

##### Staffing

The management team, finance team and house staff have remained mainly unchanged for another consecutive year, which promotes stability in the staff team. All continue to contribute to the further development of the premises and the regimes bringing creativity, enthusiasm and innovation to their roles.

We have experienced a lot of staff changes in the support worker team at Ripon House, with several staff moving on to promotion opportunities. This has been difficult in terms of recruitment, as the majority has had to be done utilising Zoom. Providing induction during Covid has been challenging with practical training in key skills such as first aid unavailable during this period. In addition, maintaining collective memory of processes and tasks is also a challenge with so many changes. Hopefully we will now have a period of stability.

We said hello and welcome to Julie Young, Josh Allan, Sarah Oldfield, Hannah Trevisani, Jo Molineaux, Jodie Lough, Chloe Johnson, Lizzie Cliff and Robina Khatun.

We said goodbye and good luck to Anne Biscombe, Sue Springall, Nu Van Lelyveld, Rachel Harkin, Mellna Trikili, Fiona Manners, Odelya Yechezkel, Beth Collett and Natasha Champion who have all moved on during the past year.

Thanks go to our relief pool of staff, who cover holidays and sickness, sometimes with little notice. We would not be able to maintain our services without them and the energy and commitment that they bring.

A number of our long serving relief staff have stepped down over the last year due to the issues presented by Covid 19. Thank you to Elise Melaugh, Becky Carroll, and Victoria Northern, you will be missed.

We are grateful to the Trustees for their ongoing guidance and support. One of the many positive things about being an independent approved premise is that the Trustees are there during the good and the challenging times, offering their skills, time and investment on a voluntary basis. We are thankful for all that they bring.

Finally, a big thank you to all staff, residents and partner agencies who have been involved with Cardigan House and Ripon House over the past year. We value all that you do to keep the approved premises positive places to be.



## Progress to Change

### Company Limited by Guarantee

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

Year ended 31 March 2021

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##### The Future

At the time of writing the Probation Service is re-unifying and still trying to recover from the transforming rehabilitation experiment of 2014. Many changes have occurred since then and the service is currently developing a national security division to manage terrorist and other offenders that present a very high risk of harm. It feels as though we have been in a constant state of flux and that this may continue. A body of experience has been lost from the Probation Service and it will take time and investment to train and support new staff.

Covid 19 continues to present a challenge and no doubt this will continue throughout the next year. We will have to find new ways of supporting residents and working with them whatever this throws at us. We are resilient and committed to assisting residents to develop their skills, improve their self-esteem and move-on successfully. Hopefully we can continue to do this while keeping all staff and residents as safe as possible.

##### Financial review

It was noted in the Post balance sheet events note last year that a worldwide COVID 19 Pandemic had been confirmed. The effects of the Pandemic continued throughout this past year and have had a significant influence on the day-to-day operations of our two Approved Premises. We started the year with a one-year extension to our Ministry of Justice contract. The amount we received was increased in line with CPI in January 2021. We also received additional money to offset certain extra costs incurred as a result of Covid 19.

During the year our negotiations with the MoJ continued regarding the additional annual payments to the West Yorkshire Pension Fund arising out of the 2019 Actuarial Triennial Review for both Approved Premises. Subsequent to 31 March 2021 it was agreed with the MoJ that the charity would receive a contribution of 80% of the Additional annual payments to WYPF for 2020/2021 and for 2021/2022.

An annual finance budget for each AP is submitted to the Board of Trustees in March. Budget reviews take place at every Management Board meeting (a minimum of six such meetings per year). Both AP's have continued to manage their finances in a prudent and resourceful way in spite of the extra strains resulting from Covid 19.

Income for the year including investment income increased slightly to £2,087,271 (2020: £1,912,922). Further information is provided in notes 5, 6 and 7.

Expenditure during the year reduced from £1,942,042 in 2020 to £1,746,437 in 2021. Further information is provided in notes 8 and 9.

The main reason for the reduction in expenditure arose out of the impact of Covid 19 resulting in resident numbers reducing (covered in the Chairman's Report). A reduction in Resident numbers, reduced Staff costs, Premises costs, Supplies and Services costs and Establishment costs.

The Charity's investment portfolio increased in value during the year to £1,740,112 (2020: £1,371,556).

The Net gains on investments during the year were £325,841 (2020: £10,209)

As set out in note 20 'Pensions and other benefits' following an actuarial review a loss of £154,000 has been reflected in this year's Statement of Financial Activities (2020: a gain of £115,000)

The net movement in funds for 2021 was a gain of £512,675 (2020: £796,089)

##### a) Principal Funding Sources

The Ministry of Justice is the principal funder of both Cardigan House and Ripon House. Detailed information on this and the Charity's finances are set out in the Financial Accounts at the end of this Report. The Charity does not undertake any additional fundraising activities.

##### b) Reserves Policy

In considering this the Trustees have had regard to the current situation in the UK regarding Covid 19 and its possible further impact during 2021/2022. Our contract with the Ministry of Justice which ended on 31 March 2021 has been rolled over for a further year until 31 March 2022 and may be rolled over again. The uncertainty this creates has implications when considering the Reserves of the Charity.

There remain uncertainties regarding the Charity's pension deficit with West Yorkshire Pension Fund and its funding by the MoJ. It is for the above reasons and the level of uncertainty that the charity has again considered it both prudent and necessary to maintain Designated Reserves of £624,500 as set out in the Designated Reserves note.

The Trustees have established a policy whereby the funds of the Approved Premises not committed or invested in tangible fixed assets ("the free reserves") are maintained at a level which the Board considers sufficient to maintain the continuing activities of the Charity on the basis of the funding arrangements with the Ministry of Justice.

## Progress to Change

## Company Limited by Guarantee

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

Year ended 31 March 2021

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### Why reserves are needed.

As part of its Risk Assessment, the Board has established that the Charity needs to maintain short-term and long-term reserves to reduce the impact of risks from both internal and external factors.

- As owner of the two properties Cardigan House and Ripon House, the Board needs to hold sufficient reserves to cover major building works which are not funded by the MoJ.
- The two Approved Premises need to hold short-term reserves to meet costs of unplanned events and planned internal maintenance of the buildings.
- The Board also has overall responsibility for the staff employed and, should income be disrupted the Charity need to hold sufficient reserves to meet ongoing costs and commitments until further funding is secured.
- Reserves are also required to meet the WYPF defined benefit liabilities given that only 80% funding has been secured for the current financial year 2020/2021 and for 2021/2022.

### Level of Reserves

Given the stated background as to why reserves are needed, the trustees are of the view that the level of unrestricted income reserves of £2,337,696 (2020: £1,811,021) are at an appropriate level to enable the charity to meet its objectives and continue as a Going Concern.

### Investment of reserves

The reserves of the Charity are held in the freehold property, investments managed by CCLA, and short-term bank accounts.

With regard to risk, as the balance of the Central Reserves Fund increases, investment advice will be sought by the Trustees when necessary.

### c) Investment Policy

The investment policy's objectives are:

- Effective management of the Charity's assets that are not required for imminent use.
- To protect the reserves of the Charity and maximise investment income.

The Investment Objectives are:

- Produce the best financial return within an acceptable level of risk.
- Produce a total return of at least RPI plus 3% over the long term.

The policy has regard to areas of Risk, Liquidity, Time Horizon, the charity's Ethical Policy, Management, Reporting and Monitoring.

The policy is approved by the Trustees and is reviewed annually.

### Investment of reserves

It is anticipated that following the end of Government restrictions on the 19 of July 2021 relating to Covid 19 that the number of residents at both Approved Premises will slowly increase possibly to pre Covid levels.

As noted in the Financial Review there was a surplus of income over expenditure on the day-to-day activities of the Charity. It is the Trustees intention to use part of this surplus to replace the central heating boilers at both Cardigan House and Ripon House as well as attending to urgent roof repairs to stop the ingress of water. The Trustees also intend making additional employer contributions in respect of those employees who are members of the Peoples Pension Fund. A number of other projects will be considered that will benefit the residents of both Approved Premises.

The charity's contract with the MoJ has been rolled over for a further year to 31 March 2022. After then it is anticipated that there may be a further role over period. With uncertainty over the contract with the MoJ it is difficult to look beyond the end of 2022.

The charity will continue to operate at the highest level in carrying out its activities for the benefit of its residents and looks to resume a number of things that had to cease as a result of Covid 19 such as staff training and external projects with residents.

The Charity continues to investigate future outreach work with residents once they have left the Approved Premises.

### Post balance sheet events

The only event of significance since the 31 March 2021 is the lifting of Covid 19 restrictions by the UK Government. This is likely to enable the charity over time being able to return to operate at pre Covid 19 levels as regards the number of residents. The year ahead is expected to be more stable and less problematic.

It is anticipated that a good deal of time will be required by the Trustees and senior management in preparing for a new Ministry of Justice contract going forward from 1 April 2022.

## Progress to Change

### Company Limited by Guarantee

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

Year ended 31 March 2021

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##### Trustees' responsibilities statement

The trustees who are also the directors of Progress to Change 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).

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

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the 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.

##### Auditor

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

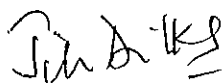
- so far as each trustee is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each trustee has taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the company's auditor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

A resolution to reappoint Gibson Booth as auditors for the ensuing year will be proposed at the forthcoming annual general meeting.

##### Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

The trustees' annual report was approved on 14.9.21 and signed on behalf of the board of trustees by:



Mrs J Dilks

Trustee

## **Progress to Change**

### **Company Limited by Guarantee**

#### **Independent Auditor's Report to the Members of Progress to Change**

**Year ended 31 March 2021**

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##### **Opinion**

We have audited the financial statements of Progress to Change (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

##### **Basis for opinion**

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

##### **Conclusions relating to going concern**

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 annual 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.

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.

##### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
  - the charity has not kept adequate accounting records; or
  - the financial statements are not in agreement with the accounting records and returns; or
  - we have not received all the information and explanations we require for our audit.
-

## Progress to Change

### Company Limited by Guarantee

#### Independent Auditor's Report to the Members of Progress to Change (continued)

Year ended 31 March 2021

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##### Responsibilities of trustees

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

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

##### Auditor's responsibilities for the audit of the financial statements

We have been appointed under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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.

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:

- discussions with management including consideration of known or suspected instances of non-compliance with laws, regulation and fraud;
- challenging assumptions and judgements made by management in their significant accounting estimates;
- review of non-purchase and sales ledger bank transactions;
- review of journals;
- review of purchase invoice authorisations.

Because of the inherent limitations of an audit, there is a risk that we will fail to detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

##### Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Gibson Booth  
Chartered Accountants & Statutory Auditors  
New Court  
Abbey Road North  
Shepley  
Huddersfield  
HD8 8BJ

Gibson Booth is eligible to act as auditor in terms of section 1212 of the Companies Act 2006.

Progress to Change

Company Limited by Guarantee

Statement of Financial Activities  
(including income and expenditure account)

Year ended 31 March 2021

		2021		2020
	Note	Unrestricted funds £	Total funds £	Total funds £
<b>Income and endowments</b>				
Donations and legacies	5	50	50	300
Charitable activities	6	2,078,864	2,078,864	1,904,509
Investment income	7	8,357	8,357	8,113
<b>Total income</b>		<u>2,087,271</u>	<u>2,087,271</u>	<u>1,912,922</u>
<b>Expenditure</b>				
Expenditure on charitable activities	8,9	(1,746,437)	(1,746,437)	(1,942,042)
<b>Total expenditure</b>		<u>(1,746,437)</u>	<u>(1,746,437)</u>	<u>(1,942,042)</u>
<b>Net gains on investments</b>	11	325,841	325,841	10,209
<b>Net income/(expenditure)</b>		<u>666,675</u>	<u>666,675</u>	<u>(18,911)</u>
<b>Other recognised gains and losses</b>				
Gains from revaluation of fixed assets		—	—	700,000
Actuarial (losses)/gains on defined benefit pension schemes		(154,000)	(154,000)	115,000
<b>Net movement in funds</b>		<u>512,675</u>	<u>512,675</u>	<u>796,089</u>
<b>Reconciliation of funds</b>				
Total funds brought forward		2,311,134	2,311,134	1,515,045
<b>Total funds carried forward</b>		<u>2,823,809</u>	<u>2,823,809</u>	<u>2,311,134</u>

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

The notes on pages 15 to 25 form part of these financial statements.

**Progress to Change**

**Company Limited by Guarantee**

**Statement of Financial Position**

**31 March 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible fixed assets	15	1,997,397	2,003,782
Investments	16	1,740,112	1,371,556
		<u>3,737,509</u>	<u>3,375,338</u>
<b>Current assets</b>			
Debtors	17	167,283	543,746
Cash at bank and in hand		333,364	295,073
		<u>500,647</u>	<u>838,819</u>
<b>Creditors: amounts falling due within one year</b>	18	(84,347)	(587,023)
<b>Net current liabilities</b>		<u>416,300</u>	<u>251,796</u>
<b>Total assets less current liabilities</b>		<u>4,153,809</u>	<u>3,627,134</u>
<b>Net assets excluding defined benefit pension plan liability</b>		<u>4,153,809</u>	<u>3,627,134</u>
Defined benefit pension plan liability	20	(1,330,000)	(1,316,000)
<b>Net assets including defined benefit pension plan liability</b>		<u>2,823,809</u>	<u>2,311,134</u>
<b>Funds of the charity</b>			
Unrestricted funds:			
Revaluation reserve		1,816,113	1,816,113
Defined benefit pension reserve		(1,330,000)	(1,316,000)
Other unrestricted income funds		2,337,696	1,811,021
<b>Total unrestricted funds</b>		<u>2,823,809</u>	<u>2,311,134</u>
<b>Total charity funds</b>	21	<u>2,823,809</u>	<u>2,311,134</u>


For the year ending 31 March 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies but as this company is a charity, it is subject to audit under the Charities Act 2011.

Trustees' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of trustees and authorised for issue on 14.9.21, and are signed on behalf of the board by:

  
Mrs J Dilks  
Trustee

The notes on pages 15 to 25 form part of these financial statements.

**Progress to Change**

**Company Limited by Guarantee**

**Statement of Cash Flows**

**Year ended 31 March 2021**

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Net income/(expenditure)	666,675	(18,911)
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	40,851	40,167
Net gains on investments	(325,841)	(10,209)
Dividends, interest and rents from investments	(8,357)	(8,113)
Interest payable and similar charges	27,000	31,000
Defined benefit pension plan employer contributions	(35,000)	253,000
Accrued (Income)/expenses	(15,336)	29,701
Service cost of defined benefit pension scheme	(132,000)	(187,000)
<i>Changes in:</i>		
Trade and other debtors	376,463	(471,010)
Trade and other creditors	(487,340)	415,954
Cash generated from operations	107,115	74,579
Net cash from operating activities	107,115	74,579
<b>Cash flows from investing activities</b>		
Dividends, interest and rents from investments	8,357	8,113
Purchase of tangible assets	(34,466)	(97,244)
Purchases of other investments	(42,715)	(41,000)
Proceeds from sale of other investments	-	29,000
Net cash used in investing activities	(68,824)	(101,131)
<b>Net increase/(decrease) in cash and cash equivalents</b>	38,291	(26,552)
Cash and cash equivalents at beginning of year	295,073	321,625
Cash and cash equivalents at end of year	333,364	295,073

The notes on pages 15 to 25 form part of these financial statements.



## Progress to Change

## Company Limited by Guarantee

## Notes to the Financial Statements

Year ended 31 March 2021

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### 1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is 63 Clarendon Road, Leeds, LS2 9NZ.

### 2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland issued in October 2019 (FRS 102) (Charities SORP (FRS 102)) and the Companies Act 2006, Charities Act 2011 and UK Generally Accepted Accounting Practice.

### 3. Accounting policies

#### Basis of preparation

The financial statements have been prepared under the historical cost convention, except for investments which are included at fair value and the revaluation of certain fixed assets.

#### Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the charity has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the charity's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements. The trustees have considered the current economic uncertainty as a result of Covid-19. The Charity has continued to make a surplus since the Covid-19 outbreak, and this is expected to continue for the foreseeable future. Taking into account the above the trustees continue to adopt the going concern basis in preparing the financial statements.

#### Judgements and key sources of estimation uncertainty

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

#### Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Depreciation has not been charged on freehold buildings as it is the charity's policy to maintain the properties in a continual state of sound repair. Due consideration has been given to any necessary requirement to impair these assets.

## Progress to Change

### Company Limited by Guarantee

#### Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

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#### 3. Accounting policies *(continued)*

##### Judgements and key sources of estimation uncertainty *(continued)*

###### Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

###### Defined benefit pension scheme

The charity has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation are determined using actuarial valuations which make assumptions about a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. These factors are estimated in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 20 for the disclosures relating to the defined benefit pension scheme.

###### Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates. See note 15 for the carrying amount of the tangible assets, and the tangible fixed assets policy below for the depreciation rates used for each class of assets.

###### Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on the general fund and designated funds. They are available for use at the discretion of the directors in the furtherance of the company's general charitable objectives.

Restricted funds are created when grants and donations are made for a particular purpose, the use of which is restricted to that purpose.

###### Incoming resources

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

Income from donations is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes, but not expended during the period, is shown in the relevant funds in the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Ministry of justice grants are recognised in full in the year which they are receivable and any unspent amount is reflected as a balance in the unrestricted general fund. Capital grants are recognised when receivable and are deferred over the life of the asset on which they are expended.

###### Resources expended

###### Allocation of overhead and support costs

Overhead and support costs have been allocated between charitable activity and governance based on the time spent by employees working in the two areas concerned and the actual cost incurred.

###### Governance costs

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees plus an apportionment of wages, overheads and support costs.

###### Irrecoverable VAT

All expenditure is stated inclusive of irrecoverable VAT.

## Progress to Change

### Company Limited by Guarantee

#### Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

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#### 3. Accounting policies *(continued)*

##### Operating leases

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

##### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Freehold buildings are not depreciated. It is the charity's policy to maintain the properties in a continual state of sound repair. Accordingly, the trustees consider that the life of the properties is so long and the residual value, based on prices prevailing at the time of acquisition, is so high that any depreciation would be insignificant.

##### Depreciation

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

Fixtures and fittings	- 25% straight line
Computer equipment	- 25% straight line

##### Investments

Listed investments are measured at fair value with changes in fair value being recognised in the Statement of Financial Activity.

##### Defined benefit plans

The charitable company contributes to the Local Government Pension Scheme ("LGPS"), a defined benefit pension scheme. The LGPS is a funded scheme and the assets are held separately from those of the charitable company 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 term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The amounts charged to operating surplus 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 Statement of Financial Activities 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 as other finance costs or income. Net pension finance costs are allocated to appropriate resources expended categories in the statement of financial activities. Net pension finance income is recognised as an incoming resource in the Statement of Financial Activities.

Actuarial gains and losses are recognised immediately as other recognised gains and losses in the Statement of Financial Activities.

#### 4. Company limited by guarantee

The charitable company has nine members. If the charity is dissolved, each member promises to remain a member or within twelve months afterwards, to pay up to £10 towards the cost of dissolution and the liabilities of the charity while the contributor was a member.

Progress to Change

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 March 2021

5. Donations and legacies

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Donations	50	50	300	300

6. Charitable activities

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Ministry of Justice grants	2,012,539	2,012,539	1,834,998	1,834,998
Income from residents	35,490	35,490	62,025	62,025
Government grant income	23,254	23,254	—	—
Other income	7,581	7,581	7,486	7,486
	<u>2,078,864</u>	<u>2,078,864</u>	<u>1,904,509</u>	<u>1,904,509</u>

7. Investment Income

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Investment income	8,357	8,357	8,113	8,113

8. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Staff costs	1,352,805	1,352,805	1,410,478	1,410,478
Premises costs	163,052	163,052	222,211	222,211
Supplies and services costs	69,654	69,654	111,588	111,588
Establishment costs	123,312	123,312	156,108	156,108
Finance costs	27,000	27,000	31,000	31,000
Support costs	10,614	10,614	10,657	10,657
	<u>1,746,437</u>	<u>1,746,437</u>	<u>1,942,042</u>	<u>1,942,042</u>

9. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2021 £	Total fund 2020 £
Staff costs	1,352,805	—	1,352,805	1,410,478
Premises costs	163,052	—	163,052	222,211
Supplies and services costs	69,654	—	69,654	111,588
Establishment costs	123,312	—	123,312	156,108
Finance costs	27,000	—	27,000	31,000
Governance costs	—	10,614	10,614	10,657
	<u>1,735,823</u>	<u>10,614</u>	<u>1,746,437</u>	<u>1,942,042</u>

Progress to Change

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 March 2021

10. Analysis of support costs

	Governance costs £	Total 2021 £	Total 2020 £
Staff costs	10,614	10,614	10,409

11. Net gains on investments

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Net gains on investments	325,841	325,841	10,209	10,209

12. Net income/(expenditure)

Net income/(expenditure) is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of tangible fixed assets	40,851	40,167
Fees payable for the audit of the financial statements	4,030	3,910

13. Staff costs

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

	2021 £	2020 £
Wages and salaries	1,131,294	1,122,881
Social security costs	83,448	89,675
Employer contributions to defined contribution pension plans	16,677	21,331
Employer contributions to defined benefit pension plans	132,000	187,000
	1,363,419	1,420,887

The average head count of employees during the year was 89 (2020: 87). The average number of full-time equivalent employees during the year is analysed as follows:

	2021 No.	2020 No.
Cardigan House approved premises	18	18
Ripon House approved premises	16	16
Secretary	1	1
	35	35

No employee received employee benefits (excluding employer pension costs) of more than £60,000 during the year (2020: Nil).

The key management personnel of the charity comprise the trustees together with the individuals listed on page 1. The total employee benefits of the key management personnel were £261,449 (2020: £231,435).

14. Trustee remuneration and expenses

No trustees received any remuneration (2020: none).

The amount paid to trustees in respect of travelling costs was £nil (2020: £248). This was in respect of no trustees (2020: one).

Progress to Change

Company Limited by Guarantee

Notes to the Financial Statements (*continued*)

Year ended 31 March 2021

15. Tangible fixed assets

	Land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 April 2020	1,900,000	375,351	9,864	2,285,215
Additions	—	34,466	—	34,466
<b>At 31 March 2021</b>	<u>1,900,000</u>	<u>409,817</u>	<u>9,864</u>	<u>2,319,681</u>
<b>Depreciation</b>				
At 1 April 2020	—	273,665	7,768	281,433
Charge for the year	—	39,836	1,015	40,851
<b>At 31 March 2021</b>	<u>—</u>	<u>313,501</u>	<u>8,783</u>	<u>322,284</u>
<b>Carrying amount</b>				
At 31 March 2021	<u>1,900,000</u>	<u>96,316</u>	<u>1,081</u>	<u>1,997,397</u>
At 31 March 2020	<u>1,900,000</u>	<u>101,686</u>	<u>2,096</u>	<u>2,003,782</u>

All fixed assets are used for direct charitable purposes, namely that of approved premises. Land and buildings were revalued on 8 June 2020 on an existing use basis by Sanderson Weatherall, Chartered Surveyors and valuers. The trustees do not consider there to have been any material change in the market value between this date and the year end.

The historic cost of the land and buildings is £83,887 (2020: £83,887)

16. Investments

	Listed investments £
<b>Cost or valuation</b>	
At 1 April 2020	1,371,556
Additions	42,715
Other movements	325,841
<b>At 31 March 2021</b>	<u>1,740,112</u>
<b>Impairment</b>	
At 1 April 2020 and 31 March 2021	<u>—</u>
<b>Carrying amount</b>	
At 31 March 2021	<u>1,740,112</u>
At 31 March 2020	<u>1,371,556</u>

All investments shown above are held at valuation.

**Financial assets held at fair value**

Investments of £1,740,112 (2020: £1,371,556) represent UK quoted investments held in Central Board of Finance of the Church of England.

The historical cost of investments at 31 March 2021 was £883,573 (2020: £840,856).

Progress to Change

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

17. Debtors

	2021	2020
	£	£
Trade debtors	137,778	481,867
Prepayments and accrued income	14,291	61,879
Other debtors	15,214	—
	<u>167,283</u>	<u>543,746</u>

18. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	6,825	47,738
Accruals and deferred income	44,087	533,138
Other creditors	33,435	6,147
	<u>84,347</u>	<u>587,023</u>

19. Deferred income

	2021	2020
	£	£
At 1 April 2020	473,715	—
Amount released to income	(473,715)	—
Amount deferred in year	—	473,715
At 31 March 2021	<u>—</u>	<u>473,715</u>

20. Pensions and other post retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £16,677 (2020: £21,331).

Defined benefit plans

The disclosures below relate to the funded liabilities within the West Yorkshire Pension Fund ("the Fund") which is part of the Local Government Pension Scheme ("LGPS"). The funded nature of the LGPS requires the charitable company and its employees to pay contributions into the Fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The employer's regular contributions to the Fund for the year ending 31 March 2022 are estimated to be £298,000.

Additional contributions may also become due in respect of any employer discretions to enhance member benefits in the Fund over the next accounting period.

The scheme was closed to new members with effect from 30 September 2014.

The latest actuarial valuation of the charitable company's liabilities took place as at 31 March 2019. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS 102 purposes were:

# Progress to Change

## Company Limited by Guarantee

### Notes to the Financial Statements (continued)

Year ended 31 March 2021

#### 20. Pensions and other post retirement benefits (continued)

##### Principal Actuarial Assumptions

	2021	2020	2019
Discount rate	2.1%	2.3%	2.4%
RPI inflation	—	—	3.3%
CPI inflation	2.7%	1.9%	2.2%
Rate of increase to pensions in payment	2.7%	1.9%	2.2%
Rate of increase to deferred pensions	2.7%	1.9%	2.2%
Rate of general increase in salaries	3.95%	3.15%	3.45%

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements. The assumed life expectations on retirement age 65 are:

	2021	2020	2019
Retiring today:			
Males	22	22	22
Females	25	25	25
Retiring in twenty years:			
Males	23	23	23
Females	26	26	27

The approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the table below.

	2021	2020	2019
Equities	79.7%	77.5%	74.0%
Property	3.8%	4.5%	4.7%
Government bonds	8.3%	9.6%	11.2%
Corporate bonds	4.6%	5.1%	4.0%
Cash	2.0%	1.9%	2.3%
Other	1.6%	1.4%	3.8%
Total	100	100	100

The actual return on the scheme assets was £814,000 (2020: (£367,000)).

Sensitivity analysis on defined benefit obligations are:

	2021 £	2020 £	2019 £
Discount rate + 0.1%	5,492,000	4,538,000	4,943,000
Discount rate - 0.1%	5,704,000	4,712,000	5,115,000
Mortality assumption + 1 year increase	5,610,000	4,474,000	4,870,000
Mortality assumption - 1 year decrease	5,584,000	4,775,000	5,187,000
Salary rate + 0.1%	5,802,000	4,634,000	5,043,000
Salary rate - 0.1%	5,394,000	4,615,000	5,013,000

The statement of financial position net defined benefit liability is determined as follows:

	2021 £	2020 £
Present value of defined benefit obligations	(5,595,000)	(4,624,000)
Fair value of plan assets	4,265,000	3,308,000
	<u>(1,330,000)</u>	<u>(1,316,000)</u>



Progress to Change

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

20. Pensions and other post retirement benefits *(continued)*

Changes in the present value of the defined benefit obligations are as follows:

	2021 £
At 1 April 2020	4,624,000
Current service cost	132,000
Interest expense	105,000
Benefits paid	(180,000)
Contributions by plan participants	24,000
Remeasurements:	
Actuarial gains and losses	890,000
At 31 March 2021	<u>5,595,000</u>

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

	2021 £
At 1 April 2020	3,308,000
Interest Income	78,000
Benefits paid	(180,000)
Contributions by employer	299,000
Contributions by plan participants	24,000
Remeasurements:	
Actuarial gains and losses	736,000
At 31 March 2021	<u>4,265,000</u>

The total costs for the year in relation to defined benefit plans are as follows:

	2021 £	2020 £
Recognised in income or expenditure:		
Current service cost	132,000	139,000
Past service credit	—	48,000
Net interest expense	27,000	31,000
	<u>159,000</u>	<u>218,000</u>
Recognised in other recognised gains and losses:		
Remeasurement of the liability:		
Actuarial gains and losses	154,000	(115,000)
	<u>154,000</u>	<u>(115,000)</u>

# Progress to Change

## Company Limited by Guarantee

### Notes to the Financial Statements (continued)

Year ended 31 March 2021

#### 21. Analysis of charitable funds

##### Unrestricted funds

	At 1 Apr 2020 £	Income £	Expenditure £	Transfers £	Gains and losses £	At 31 Mar 2021 £
Unrestricted Funds	956,921	2,087,271	(1,886,437)	229,600	325,841	1,713,196
Revaluation reserve	1,816,113	—	—	—	—	1,816,113
Pension	(1,316,000)	—	140,000	—	(154,000)	(1,330,000)
<b>Designated funds</b>						
Cessation fund	80,000	—	—	—	—	80,000
Redundancy fund	118,000	—	—	—	—	118,000
Building fund	200,000	—	—	—	—	200,000
Pension fund	456,100	—	—	(229,600)	—	226,500
	<u>2,311,134</u>	<u>2,087,271</u>	<u>(1,746,437)</u>	<u>—</u>	<u>171,841</u>	<u>2,823,809</u>

	At 1 Apr 2019 £	Income £	Expenditure £	Transfers £	Gains and losses £	At 31 Mar 2020 £
Unrestricted Funds	1,732,932	1,912,922	(1,845,042)	(854,100)	10,209	956,921
Revaluation reserve	1,116,113	—	—	—	700,000	1,816,113
Pension	(1,334,000)	—	(97,000)	—	115,000	(1,316,000)
<b>Designated funds</b>						
Cessation fund	—	—	—	80,000	—	80,000
Redundancy fund	—	—	—	118,000	—	118,000
Building fund	—	—	—	200,000	—	200,000
Pension fund	—	—	—	456,100	—	456,100
	<u>1,515,045</u>	<u>1,912,922</u>	<u>(1,942,042)</u>	<u>—</u>	<u>825,209</u>	<u>2,311,134</u>

The description of the designated funds are as follows:

Cessation fund - The anticipated costs that are likely to be incurred in the event of cessation of the MOJ contract which runs until 31 March 2022.

Redundancy fund - The calculated redundancy for all employees.

Building fund - The estimate for potential major works to Ripon House and Cardigan House.

Pension fund - The annual lump sum pension contributions for the next 3 years arising out of the 2019 Triennial Review of the charity's funds within the West Yorkshire Pension Fund.

## Progress to Change

### Company Limited by Guarantee

#### Notes to the Financial Statements (continued)

##### Year ended 31 March 2021

#### 22. Analysis of net assets between funds

	Unrestricted Funds £	Total Funds 2021 £
Tangible fixed assets	1,997,397	1,997,397
Investments	1,740,112	1,740,112
Current assets	500,647	382,967
Creditors less than 1 year	(84,347)	(84,347)
Defined benefit pension	(1,330,000)	(1,330,000)
<b>Net assets</b>	<b>2,823,809</b>	<b>2,706,129</b>

	Unrestricted Funds £	Total Funds 2020 £
Tangible fixed assets	2,003,782	2,003,782
Investments	1,371,556	1,371,556
Current assets	838,819	838,819
Creditors less than 1 year	(587,023)	(587,023)
Defined benefit pension	(1,316,000)	(1,316,000)
<b>Net assets</b>	<b>2,311,134</b>	<b>2,311,134</b>

#### 23. Analysis of changes in net debt

	At 1 Apr 2020 £	Cash flows £	At 31 Mar 2021 £
Cash at bank and in hand	295,073	38,291	333,364

#### 24. Operating lease commitments

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

	2021 £	2020 £
Not later than 1 year	5,573	5,573
Later than 1 year and not later than 5 years	13,932	19,505
	<b>19,505</b>	<b>25,078</b>

#### 25. Contingencies

Each Approved Premise has received maintenance funding of £50,000 from the National Offender Management Service which is subject to clawback if, within ten years of receiving the funding, the Approved Premise is sold to a third party and does not continue to operate as an Approved Premise or if the charitable company stops offering the building as an Approved Premise. The potential clawback is reduced pro rata over this ten year period.

The charitable company do not have intention of either selling the Approved Premises or changing their use in the foreseeable future, however at the year end the potential clawback under such a scenario is £25,000 (2020: £35,000).

#### 26. Related parties

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 14.