

COMPANY REGISTRATION NUMBER: 3286672
CHARITY REGISTRATION NUMBER: 1065423

Progress to Change
Company Limited by Guarantee
Financial Statements
For the year ended
31 March 2023

Progress to Change

Company Limited by Guarantee

Financial Statements

Year ended 31 March 2023

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Progress to Change

Company Limited by Guarantee

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

Year ended 31 March 2023

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 2023.

Reference and administrative details

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| 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 | Prof A W M Hay (Chairman) Mr N Wainman Mrs D Favre Mrs J Dilks Prof O Matthias Mrs C Cochran Dr E Wincup Mrs S Mondon Mr R Brook (Resigned 18 October 2022) |
| Key management personnel | Chief Executive - Mrs L Cantley Finance Manager - Mrs R Kyle Ripon House Hostel Manager - Mrs C Maguire Cardigan House Hostel Manager - Mr B Spink Training and Project Manager - Mrs E Falk |
| Company 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 |

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

Year ended 31 March 2023

Chairman's report

This is my first year as Chair of Progress to Change having been a trustee for some 6 years now. I took over from Jill Dilks who chaired the trustees for many years and to whom we all owe a debt of thanks for her adept handling of the charity, and particularly through the Covid era.

As trustees, we have the privilege of being associated with the fine work of the charity, but at a distance, as the day-to-day functioning is supervised by an experienced Management Team who have been in place for over a year now. The move of Clare McGuire from Cardigan to Ripon House, appointment of Ben Spink to manage Cardigan, and Emma Falk to oversee many projects including applications for the Enabling Environment award, has been a great success. They all work under the guidance of our Chief Executive, Louise Cantley. This quartet, with its considerable expertise, continues to manage both of our premises with real dedication, good humour, and much needed ingenuity. We owe all four, and the teams they manage, a real debt of gratitude, for we know how difficult a period it continues to be, with staffing a constant problem.

During the year we lost our long-standing Treasurer Nigel Wainman and have yet to find a replacement. The role of treasurer will be divided amongst existing trustees until a replacement is found. Nigel was a real support for the charity, and we will miss him and his clear guidance on matters financial. He is another we wish to thank. Aside from Nigel's departure, our Board of Trustees remains unchanged and is a real resource for the support and wise counsel it provides for the wide range of issues the trustees need to consider. Although the board continues to meet mainly via Zoom to suit the needs of trustees, it decided that at least two meetings a year will be in person. Inspection visits of premises are now also in person except, on rare occasions, where a staff absence might have necessitated an online interview. The in-person visits by trustees provides a valuable opportunity to engage with staff and residents, and is a vital engagement mechanism for the trustees, as well as an important window on activities.

We are delighted that Ripon House has been awarded the Enabling Environment (EE) award again and Cardigan House is awaiting the outcome of its application. The application procedure for the EE award requires considerable work and we thank all the staff who have made such a success of this. As part of the application process a team of inspectors from the Royal College of Psychiatry (RCP) visit each premise to, in effect, audit our submission. The visit to each premise enabled the RCP team to also enjoy a lunch and meet with some trustees, management teams, current and previous residents. The three trustees Emma Wincup, Sara Mondon, and Olga Matthias, and our secretary, Tricia Gradys, who oversee our grant giving process continue to meet and recently recommended an award to the Lighthouse charity to support a seaside outing for the people it supports.

Carol Cochrane created, and maintains, our Risk Register which gives us a clear view of any potential problems and how we might mitigate these. Carol also co-ordinates our Remuneration Committee, with Jill and Diana Favre additional members. The high inflation we have experienced, with the associated cost-of-living problems for staff, has meant extra work for the committee as it has to assess what the charity can afford by way of salaries. Diana, as Vice-Chair, also continues to step in and cover for me when I am unavailable. I am grateful to all three trustees on the Remuneration Committee, to those on the grant-giving committee, and other trustees, for all of their work and support of me, and the charity.

Progress to Change is an associate of NAPA (National Approved Premises Association). This gives us access to training and to meetings with other Independent APs and representatives from the Ministry of Justice. Two Trustees attended the Napa residential conference in July.

Our Achievements and Performance report explains that our contract with the Ministry of Justice, previously renewed until March 2024, will now be extended until March 2026. In the interim, and within the next few months, we will have to take part in a competitive tender, to bid for a 5-year contract for the charity from 1 April 2026. We await details about the bidding process and when we will have to submit our application. The charity thus has a guaranteed income for the next 2 and ½ years. Beyond this will depend on the outcome of the new bid, and we will not know the outcome of our submission for a new contract until well into 2025.

We continue to be indebted to Tricia for her efficient work as Company Secretary and to Patrick Heaton, our auditor from Gibson Booth.

Amidst many uncertainties the charity continues to offer opportunities for our residents to re-assess their lives and with support make the changes needed to turn from offending. I wish to thank all our staff, without whose resourcefulness, dedication, and hard work, none of this would be possible.



Alastair Hay (Dec 18, 2023, 3:26pm)

Prof A W M Hay
Chairman

18 Dec 2023

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

Year ended 31 March 2023

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 63 Clarendon Road, Leeds, LS2 9NZ.

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 further reviewed and updated the Articles of Association of the Company. 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 this year has created 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. During the year 2022/23 many meetings of the Board including some sub-group meetings were still held via the Zoom platform to accommodate the needs of trustees. One Board meeting was held face-to-face, and another will take place in September, the plan being to have at least two face-to-face meetings of the Board each year. Bar the occasional AP inspection visit of premises, due to staff absences, all visits were in person by a trustee.

Day-to-day management of the two Approved Premises (AP's) is delegated to the Chief Executive Officer and Operational Managers. The Managers have responsibility for operational management of the AP's, individual supervision of staff and ensuring that the staff teams continue to develop skills and working practices in line with best practice. As noted in the Chair's Report for 2022/23 the new management team for both Cardigan and Ripon houses has been in place for over a year.

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.

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

Year ended 31 March 2023

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

Grant making policy

In the recent past the charity has made the occasional small grant to local organisations in furtherance of the charity's objectives. During this year the grant making policy has been revisited and a small grants programme has been developed.

Progress to Change is now encouraging any individual, or small community-based group, to apply for a small grant in supporting a planned activity, in accordance with our charitable aims, which will enhance the quality of life of those taking part. Applications from individuals can be submitted for grants of up to £1,000, and community groups or organisations up to £2,000.

Individuals and groups applying must be able to show that the activity will improve the life opportunities for those who have been affected by crime.

Organisations may only apply for a grant once in any financial year.

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. On an ongoing basis as new risks are identified or the nature or or significance of perceived risks change the Risk Register has been updated. The last update was in February 2021. This involved the identification of any changes to the potential risks and progress on the implementation of identified actions to mitigate risks. A further full review will be undertaken in 2023.

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 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 AP's 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 AP's 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 and temperance and of higher standards of moral life in the individual, the family and the community;
 - the rehabilitation of offenders and in particular 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.

The focus of our work

Progress To Change provides enhanced supervision for people on probation (POP's) who are on post custody licence. Both premises work with those who present a very high or high risk of harm to the public, although Ripon House also takes women who are medium risk of harm with complex problems. The majority of residents stay for up to three months, during which time they are subject to curfews, keywork and monitoring. A resident's plan is prepared which informs work with them during their stay and a programme of activities is provided by staff and partner agencies. Work focuses on desistance from offending,

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Year ended 31 March 2023

preparation for positive move-on and reducing 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 main key performance indicators for 22-23 are occupancy, keywork and first inductions. Both premises have achieved the MOJ targets.

Contract with the MOJ

This has been a source of concern over the last year. Initially we were told that running independent approved premises (from March 2024) would be subject to a competitive tendering process. However, having tested the market in 22-23 it was then decided the contract would be rolled over for one year, plus one, which means the premises are secure until March 2026. The tender process for 2026 onwards is due to commence in September 2023.

Enabling Environments

It is a contractual requirement that all approved premises achieve EE status. Both premises had awards that expired during the pandemic. Ripon House successfully achieved the award again on the 17th of November 2022. Cardigan House had a very good assessment day on the 17th of May 2023, but the report has been delayed owing to issues outside our control. We hope that Cardigan House will be successful.

Partnerships

One of our key strengths as independent approved premises is our partnership working with others. During 2022-23 we have developed a partnership with Active Leeds. As part of this we have developed a gym facility at Cardigan House with several pieces of equipment. This is well used, and sessions developed by Active Leeds are utilised in terms of residents and staff health and well-being.

Our other partnerships enable our residents to engage in theatre, poetry, music, and art and complement the sessions offered by our own staff which focus on thinking skills, budgeting and cooking on a budget.

Staffing

Recruitment and retention of quality staff has been and continues to be our biggest challenge. The job market appears to have changed over the last few years and recruiting staff that want to do shift work is much more difficult. Over the last year we have been very reliant on a number of established staff, as other staff in the support worker role have come and gone. We hope that things will settle down moving forwards.

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.

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.

Financial review

The after effects of the Pandemic continued to be felt throughout this past year and continued to have an influence on the day-to-day operations of our two Approved Premises. Our Ministry of Justice contract was initially extended to 31 March 2024 and was increased in line with the agreed CPI. We have recently been informed that the existing contract will be extended until March 2026 before which we will have to bid for a new contract which will operate from 1 April 2026. The financial details of the two-year extension from 2024-2026 have yet to be agreed.

The Ministry of Justice provided a contribution of 80% of the Additional annual pension payments to WYPF for 2021/2022, but the charity was informed that this was a one-off payment. Since then, the charity has been solely responsible for all pension payments to the WYPF and for the employer's contribution to pensions for those staff on the People's Pension.

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.

Income for the year including investment income was similar to the previous at £2,216,025 (2022: £2,082,153). Further information is provided in notes 5, 6 and 7.

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

Year ended 31 March 2023

Expenditure during the year increased from £1,870,988 in 2022 to £2,131,652 in 2023. Further information is provided in notes 8 and 9.

The Charity's investment portfolio increased in value during the year to £2,067,547 (2022: £2,010,950).

The net losses on investments during the year were £29,403 (2022: gains of £195,838).

As set out in note 20 'Pensions and other post-retirement benefits' following an actuarial review a gain of £956,000 (2022: £744,000) has been reflected in this year's Statement of Financial Activities.

The net movement in funds for 2023 was a gain of £1,010,970 (2022: £1,151,003).

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; the high level of inflation, the high level of interest rates and our contract with the Ministry of Justice.

There remain uncertainties regarding the Charity's 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 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.

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 there is no guarantee that the Ministry of Justice will continue to provide funding.

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 £2,568,669 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 alters, 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

The Charity continues to monitor its reserves, some of which have been used in 2022/23 on major roof repairs at Ripon House

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Year ended 31 March 2023

and installation of insulation. As the charity is solely responsible for the pension funds of previous and existing staff on the WYPF, and for those with the People's Pension, it may have to look to its reserves to meet all payments. Some small projects that will benefit the residents of both Approved Premises may also be considered. The charity also approved a small grant to another charity Lighthouse.

The Charity's contract with the MoJ will be rolled over for two more years to 31 March 2026. After that our contract with the MOJ will be dependent on a successful competitive tender.

The Charity will continue to operate at the highest level in carrying out its activities for the benefit of its residents.

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

Plans for future periods

It is anticipated that a good deal of time will be required by the Trustees and senior management during 2023 in preparing to tender for a new Ministry of Justice contract going forward from 1 April 2024.

Trustees' responsibilities statement

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

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

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

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

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

Auditor

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

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

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 18 Dec 2023 and signed on behalf of the board of trustees by:



Alastair Hay (Dec 18, 2023, 3:26pm)

Prof A W M Hay
Trustee

Progress to Change

Company Limited by Guarantee

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

Year ended 31 March 2023

Opinion

We have audited the financial statements of Progress to Change (the 'charity') for the year ended 31 March 2023 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 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 Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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 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.

Responsibilities of trustees

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

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

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

Year ended 31 March 2023

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Based on our understanding of the charity and the charity sector, we identified that the principal risks of non-compliance with law and regulations related to the Charities Act 2011, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and the audit procedures performed included:

- 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;
- testing of non-purchase and sales ledger bank transactions;
- testing of journals;
- testing 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.

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 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 the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Patrick Heaton (Dec 18, 2023, 3:51pm)

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.

18 Dec 2023

Progress to Change

Company Limited by Guarantee

Statement of Financial Activities (including income and expenditure account)

Year ended 31 March 2023

| | | 2023 | | 2022 |
|--|------|-------------------------|--------------------|--------------------|
| | Note | Unrestricted funds £ | Total funds £ | Total funds £ |
| Income and endowments | | | | |
| Donations and legacies | 5 | 175 | 175 | 250 |
| Charitable activities | 6 | 2,206,984 | 2,206,984 | 2,073,295 |
| Investment income | 7 | 8,866 | 8,866 | 8,608 |
| Total income | | <u>2,216,025</u> | <u>2,216,025</u> | <u>2,082,153</u> |
| Expenditure | | | | |
| Expenditure on charitable activities | 8,9 | (2,131,652) | (2,131,652) | (1,870,988) |
| Total expenditure | | <u>(2,131,652)</u> | <u>(2,131,652)</u> | <u>(1,870,988)</u> |
| Net (losses)/gains on investments | 11 | (29,403) | (29,403) | 195,838 |
| Net income | | <u>54,970</u> | <u>54,970</u> | <u>407,003</u> |
| Other recognised gains and losses | | | | |
| Actuarial gains on defined benefit pension schemes | | 956,000 | 956,000 | 744,000 |
| Net movement in funds | | 1,010,970 | 1,010,970 | 1,151,003 |
| Reconciliation of funds | | | | |
| Total funds brought forward | | 3,974,812 | 3,974,812 | 2,823,809 |
| Total funds carried forward | | <u>4,985,782</u> | <u>4,985,782</u> | <u>3,974,812</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 13 to 24 form part of these financial statements.

Progress to Change

Company Limited by Guarantee

Statement of Financial Position

31 March 2023

| | Note | 2023 £ | 2022 £ |
|--|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible fixed assets | 15 | 1,985,883 | 2,027,555 |
| Investments | 16 | 2,067,547 | 2,010,950 |
| | | <u>4,053,430</u> | <u>4,038,505</u> |
| Current assets | | | |
| Debtors | 17 | 74,232 | 269,116 |
| Cash at bank and in hand | | 320,326 | 268,633 |
| | | <u>394,558</u> | <u>537,749</u> |
| Creditors: amounts falling due within one year | 18 | (63,206) | (103,442) |
| Net current assets | | <u>331,352</u> | <u>434,307</u> |
| Total assets less current liabilities | | <u>4,384,782</u> | <u>4,472,812</u> |
| Net assets excluding defined benefit pension plan liability | | <u>4,384,782</u> | <u>4,472,812</u> |
| Defined benefit pension plan asset/ (liability) | 20 | 601,000 | (498,000) |
| Net assets including defined benefit pension plan liability | | <u><u>4,985,782</u></u> | <u><u>3,974,812</u></u> |
| Funds of the charity | | | |
| Unrestricted funds: | | | |
| Revaluation reserve | | 1,816,113 | 1,816,113 |
| Defined benefit pension reserve | | 601,000 | (498,000) |
| Other unrestricted income funds | | 2,568,669 | 2,656,699 |
| Total unrestricted funds | | <u>4,985,782</u> | <u>3,974,812</u> |
| Total charity funds | 21 | <u><u>4,985,782</u></u> | <u><u>3,974,812</u></u> |

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

18 Dec 2023

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



Alastair Hay (Dec 18, 2023, 3:26pm)

Prof A W M Hay
Trustee

The notes on pages 13 to 24 form part of these financial statements.

Progress to Change

Company Limited by Guarantee

Statement of Cash Flows

Year ended 31 March 2023

| | 2023 £ | 2022 £ |
|---|-----------------|------------------|
| Cash flows from operating activities | | |
| Net income | 54,970 | 407,003 |
| <i>Adjustments for:</i> | | |
| Depreciation of tangible fixed assets | 57,906 | 52,798 |
| Net (losses)/gains on investments | 29,403 | (195,838) |
| Dividends, interest and rents from investments | (8,866) | (8,608) |
| Interest payable and similar charges | 10,000 | 24,000 |
| Defined benefit pension plan employer contributions | (22,000) | 62,000 |
| Accrued (income)/expenses | (1,413) | 5,491 |
| Service cost of defined benefit pension scheme | (131,000) | (174,000) |
| <i>Changes in:</i> | | |
| Trade and other debtors | 194,884 | 371,582 |
| Trade and other creditors | (38,823) | (460,111) |
| Cash generated from operations | 145,061 | 84,317 |
| Net cash from operating activities | <u>145,061</u> | <u>84,317</u> |
| Cash flows from investing activities | | |
| Dividends, interest and rents from investments | 8,866 | 8,608 |
| Purchase of tangible assets | (16,234) | (82,956) |
| Purchases of other investments | (240,000) | (80,000) |
| Proceeds from sale of other investments | 154,000 | 5,000 |
| Net cash used in investing activities | <u>(93,368)</u> | <u>(149,348)</u> |
| Net increase/(decrease) in cash and cash equivalents | 51,693 | (65,031) |
| Cash and cash equivalents at beginning of year | 268,633 | 333,364 |
| Cash and cash equivalents at end of year | <u>320,326</u> | <u>268,333</u> |

The notes on pages 13 to 24 form part of these financial statements.

Progress to Change

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 March 2023

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.

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 2023

3. Accounting policies (*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:

Allocation of overheads and support costs by activity

The charity allocates its expenditure and overheads to either direct costs or support costs. Costs incurred which are in line with the charity's objective's are allocated to direct costs. Costs incurred for the administration of the charity are allocated to support costs.

Property revaluation

The properties within land and buildings are valued under the revaluation model and are held at market value. The valuation is re-assessed annually, and where the trustees judge that the property valuations have not materially changed, no subsequent revaluation is obtained. The valuation is amended when necessary to reflect current estimates.

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.

Progress to Change

Company Limited by Guarantee

Notes to the Financial Statements (*continued*)

Year ended 31 March 2023

3. Accounting policies (*continued*)

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.

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.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument. Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted. Where investments in shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in income and expenditure. All other such investments are subsequently measured at cost less impairment.

Progress to Change

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 March 2023

3. Accounting policies (continued)

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.

5. Donations and legacies

| | Unrestricted Funds £ | Total Funds 2023 £ | Unrestricted Funds £ | Total Funds 2022 £ |
|-----------|----------------------------|--------------------------|----------------------------|--------------------------|
| Donations | 175 | 175 | 250 | 250 |

6. Charitable activities

| | Unrestricted Funds £ | Total Funds 2023 £ | Unrestricted Funds £ | Total Funds 2022 £ |
|----------------------------|----------------------------|--------------------------|----------------------------|--------------------------|
| Ministry of Justice grants | 2,157,344 | 2,157,344 | 2,024,728 | 2,024,728 |
| Income from residents | 49,392 | 49,392 | 42,152 | 42,152 |
| Other income | 248 | 248 | 6,415 | 6,415 |
| | <u>2,206,984</u> | <u>2,206,984</u> | <u>2,073,295</u> | <u>2,073,295</u> |

7. Investment income

| | Unrestricted Funds £ | Total Funds 2023 £ | Unrestricted Funds £ | Total Funds 2022 £ |
|-------------------|----------------------------|--------------------------|----------------------------|--------------------------|
| Investment income | 8,866 | 8,866 | 8,608 | 8,608 |

Progress to Change

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 March 2023

8. Expenditure on charitable activities by fund type

| | Unrestricted Funds £ | Total Funds 2023 £ | Unrestricted Funds £ | Total Funds 2022 £ |
|-----------------------------|----------------------------|--------------------------|----------------------------|--------------------------|
| Staff costs | 1,561,377 | 1,561,377 | 1,416,543 | 1,416,543 |
| Premises costs | 276,843 | 276,843 | 192,771 | 192,771 |
| Supplies and services costs | 106,231 | 106,231 | 77,174 | 77,174 |
| Establishment costs | 166,159 | 166,159 | 144,809 | 144,809 |
| Grants payable | – | – | 5,000 | 5,000 |
| Finance costs | 10,000 | 10,000 | 24,000 | 24,000 |
| Support costs | 11,042 | 11,042 | 10,691 | 10,691 |
| | <u>2,131,652</u> | <u>2,131,652</u> | <u>1,870,988</u> | <u>1,870,988</u> |

9. Expenditure on charitable activities by activity type

| | Activities undertaken directly £ | Support costs £ | Total funds 2023 £ | Total fund 2022 £ |
|-----------------------------|---|--------------------|-----------------------|----------------------|
| Staff costs | 1,561,377 | – | 1,561,377 | 1,416,543 |
| Premises costs | 276,843 | – | 276,843 | 192,771 |
| Supplies and services costs | 106,231 | – | 106,231 | 77,174 |
| Establishment costs | 166,159 | – | 166,159 | 144,809 |
| Grants payable | – | – | – | 5,000 |
| Finance costs | 10,000 | – | 10,000 | 24,000 |
| Governance costs | – | 11,042 | 11,042 | 10,691 |
| | <u>2,120,610</u> | <u>11,042</u> | <u>2,131,652</u> | <u>1,870,988</u> |

10. Analysis of support costs

| | Governance costs £ | Total 2023 £ | Total 2022 £ |
|-------------|--------------------------|-----------------|-----------------|
| Staff costs | <u>11,042</u> | <u>11,042</u> | <u>10,691</u> |

11. Net (losses)/gains on investments

| | Unrestricted Funds £ | Total Funds 2023 £ | Unrestricted Funds £ | Total Funds 2022 £ |
|------------------------------------|----------------------------|--------------------------|----------------------------|--------------------------|
| Net (losses)/ gains on investments | <u>(29,403)</u> | <u>(29,403)</u> | <u>195,838</u> | <u>195,838</u> |

12. Net income

Net income is stated after charging/(crediting):

| | 2023 £ | 2022 £ |
|--|--------------|--------------|
| Depreciation of tangible fixed assets | 57,906 | 52,798 |
| Fees payable for the audit of the financial statements | <u>4,500</u> | <u>4,500</u> |

Progress to Change

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 March 2023

13. Staff costs

The average head count of employees during the year was 86 (2022: 72). The average number of full-time equivalent employees during the year is analysed as follows:

| | 2023 No. | 2022 No. |
|----------------------------------|-------------|-------------|
| Cardigan House approved premises | 21 | 20 |
| Ripon House approved premises | 16 | 16 |
| Secretary | 1 | 1 |
| | <u>38</u> | <u>37</u> |

The total staff costs and employee benefits were as follows:

| | 2023 £ | 2022 £ |
|---|------------------|------------------|
| Wages and salaries | 1,274,792 | 1,115,126 |
| Social security | 105,931 | 88,177 |
| Defined contribution pension costs | 49,654 | 39,240 |
| Defined benefit pension operating costs | 131,000 | 174,000 |
| | <u>1,561,377</u> | <u>1,416,543</u> |

The number of employees whose remuneration for the year fell within the following bands, were:

| | 2023 No. | 2022 No. |
|--------------------|-------------|-------------|
| £60,000 to £69,999 | 1 | – |

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 £316,316 (2022: £253,982).

14. Trustee remuneration and expenses

No trustees received any remuneration (2022: none).

The amount paid to trustees in respect of travelling costs was £140 (2022: £103). This was in respect of three trustees (2022: two).

15. Tangible fixed assets

| | Land and buildings £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|-------------------------|----------------------------|-------------------------------|----------------------------|------------------|
| Cost | | | | |
| At 1 April 2022 | 1,900,000 | 484,606 | 18,031 | 2,402,637 |
| Additions | – | 12,515 | 3,719 | 16,234 |
| At 31 March 2023 | <u>1,900,000</u> | <u>497,121</u> | <u>21,750</u> | <u>2,418,871</u> |
| Depreciation | | | | |
| At 1 April 2022 | – | 364,717 | 10,365 | 375,082 |
| Charge for the year | – | 55,159 | 2,747 | 57,906 |
| At 31 March 2023 | <u>–</u> | <u>419,876</u> | <u>13,112</u> | <u>432,988</u> |
| Carrying amount | | | | |
| At 31 March 2023 | <u>1,900,000</u> | <u>77,245</u> | <u>8,638</u> | <u>1,985,883</u> |
| At 31 March 2022 | <u>1,900,000</u> | <u>119,889</u> | <u>7,666</u> | <u>2,027,555</u> |

All fixed assets are used for direct charitable purposes, namely that of approved premises. Land and buildings were revalued on 13 February 2023 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 (2022: £83,887).

Progress to Change

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

16. Investments

| | Listed investments £ |
|-----------------------------------|----------------------------|
| Cost or valuation | |
| At 1 April 2022 | 2,010,950 |
| Additions | 240,000 |
| Disposals | (154,000) |
| Other movements | (29,403) |
| At 31 March 2023 | 2,067,547 |
| Impairment | |
| At 1 April 2022 and 31 March 2023 | — |
| Carrying amount | |
| At 31 March 2023 | 2,067,547 |
| At 31 March 2022 | 2,010,950 |

All investments shown above are held at valuation.

Financial assets held at fair value

Investments of £2,067,547 (2022: £2,010,950) represent UK quoted investments held in Central Board of Finance of the Church of England.

The historical cost of investments at 31 March 2023 was £1,042,879 (2022: £961,286).

17. Debtors

| | 2023 £ | 2022 £ |
|--------------------------------|---------------|----------------|
| Trade debtors | 108 | 252,679 |
| Prepayments and accrued income | 71,863 | 15,154 |
| Other debtors | 2,261 | 1,283 |
| | <u>74,232</u> | <u>269,116</u> |

18. Creditors: amounts falling due within one year

| | 2023 £ | 2022 £ |
|------------------------------|---------------|----------------|
| Trade creditors | 12,079 | 5,797 |
| Accruals and deferred income | 48,165 | 61,968 |
| Other creditors | 2,962 | 35,677 |
| | <u>63,206</u> | <u>103,442</u> |

19. Deferred income

| | 2023 £ | 2022 £ |
|-------------------------|-----------|-----------|
| Amount deferred in year | — | 12,390 |

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 £49,654 (2022: £39,240).

Progress to Change

Company Limited by Guarantee

Notes to the Financial Statements (*continued*)

Year ended 31 March 2023

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

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 2024 are estimated to be £226,000.

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 2022. 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:

Principal Actuarial Assumptions

Ripon House

| | 2023 | 2022 | 2021 |
|---|-------|-------|-------|
| Discount rate | 4.7% | 2.7% | 2.1% |
| CPI inflation | 2.7% | 3.0% | 2.7% |
| Rate of increase to pensions in payment | 2.7% | 3.0% | 2.7% |
| Rate of increase to deferred pensions | 2.7% | 3.0% | 2.7% |
| Rate of general increase in salaries | 3.95% | 4.25% | 3.95% |

Cardigan House

| | 2023 | 2022 | 2021 |
|---|-------|-------|-------|
| Discount rate | 4.7% | 2.8% | 2.1% |
| CPI inflation | 2.7% | 3.1% | 2.7% |
| Rate of increase to pensions in payment | 2.7% | 3.1% | 2.7% |
| Rate of increase to deferred pensions | 2.7% | 3.1% | 2.7% |
| Rate of general increase in salaries | 3.95% | 4.35% | 3.95% |

All other assumptions below are the same for Ripon House and Cardigan House.

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:

| | 2023 | 2022 | 2021 |
|---------------------------|------|------|------|
| Retiring today: | | | |
| Males | 22 | 22 | 22 |
| Females | 25 | 25 | 25 |
| Retiring in twenty years: | | | |
| Males | 23 | 23 | 23 |
| Females | 26 | 26 | 26 |

Progress to Change

Company Limited by Guarantee

Notes to the Financial Statements (*continued*)

Year ended 31 March 2023

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

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.

| | 2023 | 2022 | 2021 |
|------------------|---------------|---------------|---------------|
| Equities | 80.8% | 79.8% | 79.7% |
| Property | 3.3% | 4.0% | 3.8% |
| Government bonds | 6.9% | 7.4% | 8.3% |
| Corporate bonds | 4.6% | 4.8% | 4.6% |
| Cash | 2.3% | 2.9% | 2.0% |
| Other | 2.1% | 1.1% | 1.6% |
| Total | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> |

The actual return on the scheme assets was £52,000 (2022: £443,000).

Sensitivity analysis on defined benefit obligations are:

| | 2023 £ | 2022 £ | 2021 £ |
|--|-----------|-----------|-----------|
| Discount rate + 0.1% | 4,051,000 | 5,279,000 | 5,492,000 |
| Discount rate - 0.1% | 4,177,000 | 5,482,000 | 5,704,000 |
| Mortality assumption + 1 year increase | 4,007,000 | 5,190,000 | 5,394,000 |
| Mortality assumption - 1 year decrease | 4,221,000 | 5,566,000 | 5,802,000 |
| Salary rate + 0.1% | 4,121,000 | 5,389,000 | 5,610,000 |
| Salary rate - 0.1% | 4,107,000 | 5,367,000 | 5,584,000 |

The statement of financial position net defined benefit asset/ (liability) is determined as follows:

| | 2023 £ | 2022 £ |
|--|------------------|------------------|
| Present value of defined benefit obligations | (4,114,000) | (5,378,000) |
| Fair value of plan assets | <u>5,086,000</u> | <u>4,880,000</u> |
| | 972,000 | (498,000) |
| Asset restriction | <u>(371,000)</u> | <u>—</u> |
| | <u>601,000</u> | <u>(498,000)</u> |

In accordance with paragraph 28.22 of FRS102, the surplus has been restricted to the amount that can be recovered through reduced contributions in the future.

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

| | 2023 £ |
|------------------------------------|-------------------------|
| At 1 April 2022 | 5,378,000 |
| Current service cost | 131,000 |
| Interest expense | 147,000 |
| Benefits paid | (153,000) |
| Contributions by plan participants | 23,000 |
| Remeasurements: | |
| Actuarial gains and losses | (1,412,000) |
| At 31 March 2023 | <u>4,114,000</u> |

Progress to Change

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 March 2023

20. Pensions and other post retirement benefits (continued)

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

| | 2023 £ |
|------------------------------------|------------------|
| At 1 April 2022 | 4,880,000 |
| Interest income | 137,000 |
| Benefits paid | (153,000) |
| Contributions by employer | 284,000 |
| Contributions by plan participants | 23,000 |
| Remeasurements: | |
| Actuarial gains and losses | (85,000) |
| At 31 March 2023 | 5,086,000 |

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

| | 2023 £ | 2022 £ |
|--|----------------|----------------|
| Recognised in income or expenditure: | | |
| Current service cost | 131,000 | 174,000 |
| Net interest expense | 10,000 | 24,000 |
| | <u>141,000</u> | <u>198,000</u> |
| Recognised in other recognised gains and losses: | | |
| Asset restriction | (371,000) | – |
| Remeasurement of the liability: | | |
| Actuarial gains and losses | 1,327,000 | 744,000 |
| | <u>956,000</u> | <u>744,000</u> |

21. Analysis of charitable funds

Unrestricted funds

| | At 1 Apr 2022 £ | Income £ | Expenditure £ | Transfers £ | Gains and losses £ | At 31 Mar 2023 £ |
|-------------------------|--------------------|------------------|--------------------|----------------|-----------------------|---------------------|
| Unrestricted Funds | 1,892,699 | 2,216,025 | (2,274,652) | – | (29,403) | 1,804,669 |
| Revaluation reserve | 1,816,113 | – | – | – | – | 1,816,113 |
| Pension | (498,000) | – | 143,000 | – | 956,000 | 601,000 |
| Designated funds | | | | | | |
| Cessation fund | 90,000 | – | – | – | – | 90,000 |
| Redundancy fund | 124,000 | – | – | – | – | 124,000 |
| Building fund | 220,000 | – | – | – | – | 220,000 |
| Pension fund | 330,000 | – | – | – | – | 330,000 |
| | <u>3,974,812</u> | <u>2,216,025</u> | <u>(2,131,652)</u> | <u>–</u> | <u>926,597</u> | <u>4,985,782</u> |

| | At 1 Apr 2021 £ | Income £ | Expenditure £ | Transfers £ | Gains and losses £ | At 31 Mar 2022 £ |
|-------------------------|--------------------|------------------|--------------------|----------------|-----------------------|---------------------|
| Unrestricted Funds | 1,713,196 | 2,082,153 | (1,958,988) | (139,500) | 195,838 | 1,892,699 |
| Revaluation reserve | 1,816,113 | – | – | – | – | 1,816,113 |
| Pension | (1,330,000) | – | 88,000 | – | 744,000 | (498,000) |
| Designated funds | | | | | | |
| Cessation fund | 80,000 | – | – | 10,000 | – | 90,000 |
| Redundancy fund | 118,000 | – | – | 6,000 | – | 124,000 |
| Building fund | 200,000 | – | – | 20,000 | – | 220,000 |
| Pension fund | 226,500 | – | – | 103,500 | – | 330,000 |
| | <u>2,823,809</u> | <u>2,082,153</u> | <u>(1,870,988)</u> | <u>–</u> | <u>939,838</u> | <u>3,974,812</u> |

Progress to Change

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

21. Analysis of charitable funds *(continued)*

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 2023.

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.

22. Analysis of net assets between funds

| | Unrestricted Funds £ | Total Funds 2023 £ |
|----------------------------|----------------------------|--------------------------|
| Tangible fixed assets | 1,985,883 | 1,985,883 |
| Investments | 2,067,547 | 2,067,547 |
| Current assets | 394,558 | 394,558 |
| Creditors less than 1 year | (63,206) | (63,206) |
| Defined benefit pension | 601,000 | 601,000 |
| Net assets | 4,985,782 | 4,985,782 |

| | Unrestricted Funds £ | Total Funds 2022 £ |
|----------------------------|----------------------------|--------------------------|
| Tangible fixed assets | 2,027,555 | 2,027,555 |
| Investments | 2,010,950 | 2,010,950 |
| Current assets | 537,749 | 537,749 |
| Creditors less than 1 year | (103,442) | (103,442) |
| Defined benefit pension | (498,000) | (498,000) |
| Net assets | 3,974,812 | 3,974,812 |

23. Analysis of changes in net debt

| | At 1 Apr 2022 £ | Cash flows £ | At 31 Mar 2023 £ |
|--------------------------|--------------------|-----------------|---------------------|
| Cash at bank and in hand | 268,633 | 51,693 | 320,326 |

24. Operating lease commitments

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

| | 2023 £ | 2022 £ |
|--|--------------|---------------|
| Not later than 1 year | 5,573 | 5,573 |
| Later than 1 year and not later than 5 years | 2,786 | 8,359 |
| | 8,359 | 13,932 |

Progress to Change

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

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 £5,000 (2022: £15,000).

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.



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