

**THE LANTERN COMMUNITY**  
**COMPANY NUMBER: 3773749**

**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

# **THE LANTERN COMMUNITY (Company limited by guarantee and not having a share capital)**

## **TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2021**

### **INTRODUCTION**

The Trustees present their report and the audited financial statements for the year ended 31 March 2021. This includes the Directors' Report and Strategic Report as required by Company Law.

The legal and administrative information set out below forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) published on 16 July 2014.

### **REFERENCE AND ADMINISTRATIVE DETAILS**

The organisation is a charitable company limited by guarantee, incorporated on 20 May 1999 and registered as a charity on 4 June 1999. The charity changed its name on 5 December 2012 from The Lantern Retreat to The Lantern Community.

The company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association.

**REGISTERED COMPANY NUMBER:** 3773749

**REGISTERED CHARITY NUMBER:** 1075845

### **PRINCIPAL ADDRESS AND REGISTERED OFFICE**

The Lantern Centre, Folly Farm Lane, Ashley, Ringwood, Hampshire BH24 2NN

### **TRUSTEES/DIRECTORS**

during the year and to date:

Liz Bord

Michael Bradshaw

Luigi Carnelli- (reappointed by rotation on 26 September 2020)

Heidi Harrison -(appointed on 22 July 2020, reappointed on 26 September 2020)

Alan Hollands - (reappointed by rotation on 26 September 2020)

Ian Humphries

Mark Loveys – appointed on 24 May 2021

Lorraine Morgan (reappointed by rotation on 26 September 2020)

Louise Tonkin - Chair until 2<sup>nd</sup> October 2021

Maria Verhoeven

All trustees are elected by the charity's membership or appointed by the trustees to fill any interim vacancies, in accordance with the Charity's Articles of Association. In such cases those trustees are required to offer themselves for re-election at the next following AGM. One such appointment has been made since the last AGM.

## **THE LANTERN COMMUNITY**

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### **TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2021**

#### **KEY MANAGEMENT PERSONNEL:**

##### **Senior managers**

B.Bilge Hunt	General Manager / Nominated Individual
Carol Cheeseman	Operations Manager
Emma Borbely-Bartis - left 26 July 2021	Day Services Manager
Robert van Turenhout	Finance Manager
Richard Pestell	Estate and Maintenance Manager
Burga Liddiard	Registered Manager Four Meadows
Ann Stevens	Registered Manager Phoenix
Vell Cattaree	Retail Services Manager

#### **LEGAL ADVISORS:**

Pitmans  
46 The Avenue, Southampton SO17 1AX

#### **BANKERS:**

National Westminster Bank plc  
11 High Street, Ringwood, Hampshire BH24 1BA

#### **AUDITORS:**

PKF Francis Clark  
Towngate House, 2-8 Parkstone Road, Poole  
Dorset BH15 2PW

# **THE LANTERN COMMUNITY**

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## **TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2021**

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Governing document**

The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association. This document was amended by special resolutions on 30 April 2007, 19 November 2012, 29 August 2014 and 28 September 2019.

#### **Appointment and training of the Trustees**

There must be at least five trustees at any time and no more than two may be co-workers. Trustees shall be proposed for appointment by the existing trustees. The Board seeks to have Trustees with a range of competencies and backgrounds, to allow it to effectively fulfil its role. An induction pack is provided for all Trustees and specialist training is carried out on topics such as governance from time to time as required.

#### **Members**

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2021 was 122 (2020: 120).

#### **Governance of the Charity**

The Trustees recognise their ultimate responsibility for directing the affairs of The Lantern Community and for ensuring that it is solvent, well-run, and delivering the charitable outcomes for the benefit of the public for which it has been set up.

The Trustees meet together at least quarterly to review reports from management and to discuss matters such as the strategic direction of The Lantern Community, governance issues and certain financial matters. A number of Committees and Working Groups have been established to ensure that these matters can be properly addressed. These committees are seen as part of the on-going structure of the community and membership consists of Trustees and members of the Lantern Management Group. A pattern of at least three meetings each year has been established, although the coronavirus pandemic prohibited many of these meetings in the year under review, with the dates for these three meetings being fixed well in advance to enable reports to be considered by a Trustee Board meeting within a few weeks. The Strategy Committee recommended the establishment of a 'Changing Needs' Working Group. Since the outbreak of the Coronavirus, Full Trustee Board meetings have been held remotely and this will continue for the foreseeable future.

# THE LANTERN COMMUNITY

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## TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

### OBJECTIVES AND ACTIVITIES

#### Charitable Objects

Under the Memorandum and Articles of Association adopted on 29 August 2014, the objects of the charity are as follows:

*To relieve sickness, promote good health, provide care to and advance the education and training of people with a disability (whether mental or physical), the young, the old, or people otherwise in need, in accordance with the principles of Dr Rudolf Steiner, particularly (without limitation) by the establishment and maintenance of intentional communities in the form of villages, residential houses, day centres, kindergartens, schools, colleges or other types of social and / or educational community in which beneficiaries live and / or work and / or to which they otherwise resort, in community with persons providing support (known as "Co-workers").*

We 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 objectives. In particular the trustees consider how planned activities will contribute to the aims and objectives they have set.

#### Activities

1. The provision of housing for its beneficiaries who choose to live within a social and therapeutic community. The Lantern Community consists of eleven houses for beneficiaries, all with easy access to the town of Ringwood in Hampshire. The Lantern Community continues to include the tenants of Tawa (which belongs to the Oliver Trust) within its full life and provides care and support to them in their own home. There is a residential population of seventy-four people in the Lantern Community in Ringwood (including Tawa). Fifty one are adults with learning disabilities who hold their own tenancies, eighteen are short term volunteer workers and five are long term Co-workers.
2. The provision of personal care services to meet the care needs of beneficiaries. The Lantern Community offers Personal Care services to people who live in or near the Lantern Community Estate or who use the Day Services on the estate. The Lantern Community has a certificate of registration with the Care Quality Commission (CQC) for the regulated activity 'personal care'. The Lantern Community as a service provider has two (formerly three) registered locations. In the beginning of 2020, The Lantern Community applied for a change of registration regarding closing the Field Maple Tree Location after an internal review and consequent restructuring of the management of the support and care across the community.
3. The provision of support services to assist in developing the beneficiaries' independence and enabling them to maintain their tenancy. The Lantern Community works closely with East Boro Housing Trust and they continue to provide expertise in managing tenancies and related matters. Another link to external expertise is maintained with Ellis Whittam providing advice on employment law, HR and health and safety in an unlimited support agreement covering these important areas.
4. The provision of Day Services which create opportunities for work experience, lifelong learning, artistic and educational development. The work and training facilities are: Estate Work, Pottery, Art Studios, Weaving, Seasonal Crafts, Home Making Skills, Café, Bakery, Gift Shop and Horticultural Nursery, many of these selling products to the general public.

## THE LANTERN COMMUNITY

(Company limited by guarantee and not having a share capital)

### TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

#### **OBJECTIVES AND ACTIVITIES** - continued

##### Objectives

- To provide a range of accommodation, workshops and social settings, staffed by highly motivated employees and volunteers able to support adults who have learning disabilities.
- To provide opportunities for adults with learning disabilities to meet and interact with a wide range of people within the security of The Lantern Community and to develop the skills to engage with the wider community,
- To support people to build relationships and develop their confidence so that they can take a full and active role in society.
- To extend and develop the range and quality of the services offered in direct response to the needs of those adults with a learning disability.

#### **ACHIEVEMENTS AND PERFORMANCE**

Our 2020-21 financial year was one of the most challenging periods the community has ever experienced as was probably the case for many other care and support providers both in the UK and worldwide. Due to the coronavirus pandemic our year began, and also ended in, a national lockdown. We have had several ups and downs, easing the measures when appropriate in our risk management and then reviewing and strengthening them again when circumstances changed for the worse. However, amidst this chaos, we were able to continue to provide a safe environment for our companions and this was due to the resilience, selflessness and determination of our hard working and committed staff.

Nearly one and a half months before the start of the financial year we lost a long standing community member. Even though he was deteriorating quite considerably over the years, as well as being under the care of palliative care specialists, his passing away was still a shock for all of us. Unfortunately in October 2020, we lost another beneficiary. This was a sudden unexpected death and not related in any way to Covid 19. Both companions had lived with us in the Lantern for many years and before then they were part of the Sheiling School.

These two losses reduced the number of beneficiaries to 50 and we were not able to admit anyone to fill these vacancies until much later in the year due to the pandemic and our risk management. With the arrival of a new companion we ended the year, and currently have, 51 beneficiaries who live on site and we still have two vacancies which we intend to fill in the coming months.

At the beginning of pandemic, due to the uncertainties and the sudden lockdown, 10 of our co-workers chose to leave their volunteering posts with us earlier than their committed time. We also had employees who self-isolated due to signs of having contracted Covid-19 or were shielding because of underlying health conditions. This daily changing staff turnover and covering duty rotas were very difficult to manage. Our employees and remaining co-workers have been incredibly committed and supportive offering extra hours and flexibility in those rather drastic times. We are grateful as a community for their selfless devotion and hard work which they have shown throughout the year and to date.

We thankfully didn't have a confirmed COVID-19 outbreak in the community during our financial year 2020-21 and this was mainly due to the stringent measures put in place regarding where staff worked, staff illnesses and self-isolation procedures. In addition changes were made to our property portfolio by our Estate and Maintenance team to make our properties Covid safe. To achieve all of this considerable costs were incurred, mainly in the form of overtime to cover the gaps caused by staff on leave or self-isolating. We also minimised the number of houses staff worked in to minimise the potential impact of someone catching the virus. In the financial year we received local authority grants totalling £147,938 which we used to offset the additional pandemic related costs. Had we not received these grants we would have ended the year with an increased loss of £157,823 instead of the published loss figure of £9,885

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### TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

#### ACHIEVEMENTS AND PERFORMANCE - continued

As at 31 March 2021, we had approximately seventeen short term co-workers supporting the community. Covid-19 has made the recruitment of staff in general much more difficult and also, as a result of Brexit, we have seen a sharp drop in demand from EU based volunteers due to substantial additional costs. Despite these two factors we have still been able to meet the needs of the community by recruiting suitably qualified and competent staff. Although we have worked hard in terms of our Human Resources and on retaining our staff, our staff turnover was higher this year than in previous years, mainly due to a very competitive employment market.

Despite the effects of the pandemic we have continued to increase pay and we believe we offer a competitive wage. We wish to make the Lantern Community a long term vocation for staff. We have also continued with the employee benefits initiated in previous years.

In the face of the threat posed by the pandemic examples of infection control measures we put into place include

- We unfortunately felt we had no option but to close our workshops to external day placements. We are aware of the impact that this has caused for our external attendees and our intention is to open our day services as soon as possible in a Covid-19 secure way.
- We cancelled all extra curriculum activities e.g eurythmy befriending, yoga, social clubs, speech, singing etc. in the beginning of pandemic and to this day, we have not resumed them.
- We closed our retail services, our shop, café and bakery to the public at the start of the first national lockdown and they will remain closed until it is safe to open up to the general public. Although the shop and café were closed to the general public, we have transformed them for our own internal use. All through the pandemic, the third part of our retail services, the bakery stayed open and carried on its operations to meet the needs of the public and community.
- At the beginning of pandemic, we restricted as much footfall into the community as possible, limiting subcontractors who work on site and asking volunteers, friends and relatives not to visit. During the year, we implemented changes to the existing risk management in line with government guidelines and we have recently started to allow relatives/ friends to visit their loved ones.
- Our companions remained in house “bubbles” when attending our workshops by allocating one house per workshop and revising the timetable. This enabled better risk management by restricting the risk of spread to one house and workshop if we have a case of Covid-19.
- Extensive Covid-19 related infection control training was delivered often remotely
- Risk assessments were carried out throughout the community by our Estate and Maintenance team with a view to minimising the risk of infection.
- Several of our staff spend a large proportion of their time each week administering our rigorous testing regime for both PCR and LFT testing

## **THE LANTERN COMMUNITY (Company limited by guarantee and not having a share capital)**

### **TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2021**

#### **ACHIEVEMENTS AND PERFORMANCE** - continued

Our Estate and Maintenance team helped to meet our COVID- related needs and so most of the building projects planned for 2020-21 had to be postponed. These projects included

- The building of the new hall/social centre
- The development of our shop and café development
- Creating office space on the first floor of the Lantern Centre
- Maintenance work in the Craft Centre Art-Pottery building.

Building projects which were completed include

- A new building behind Badger Cottage which provides secure storage for our tractor and also some high quality office space
- A new multi-purpose property of high quality was built behind Barn Cottage
- Ten pergolas were installed in the Lantern Village Green. We would like to thank T H Russel Charitable Trust for financially supporting this project
- Alterations were made to our Seasonal and Weavery craft building to make them Covid-19 secure environment
- Iona was transformed into a much needed COVID safe visitors pod

The Estate and Maintenance manager and team also ensured we had sufficient stocks of good quality PPE, testing equipment, sanitising products, signage and more. This was after the start of the pandemic when the sourcing of these products was very difficult not just for us but for all care and support providers. However this came with a cost to the charity because of the increased prices in PPE at the beginning of the pandemic.

As an intentional community, the Covid-19 pandemic and Brexit have hit us maybe more than other UK based support and care provider. Two of the main values of the community are based on the importance of encounter and creating community together. Celebrations are also of great importance to us bringing people together and welcoming them to our community. Celebrating festivals, birthdays, are essential parts of who we are; it is part of our identity. It was challenging to maintain these core values while managing the risk of Covid but we believe we maintained a sense of our cultural identity. Since the restrictions have been somewhat relaxed, and using the new pergolas outside, we have been able to meet with each other again.

#### **Plans for the coming year**

- Fill the vacancies in the residential and day services .
- Commence the building of a multi-use hall/social centre on the site in the budget year 2021/22.
- Maintain the delivery of excellent support and care to the beneficiary group.
- Create additional office and meeting rooms to provide a more suitable working environment for senior managers and administrative staff.
- Create a strategy and implement a system to meet the changing needs of the beneficiary group in the community.
- Relaunch our retail services with a revised vision and layout.



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### **TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2021**

#### **Medium Term Plans**

Create new workshops. Meet the changing needs of some beneficiaries who may wish to have a slower pace of life in their old age.

Enable as many individuals as possible, both beneficiaries and day placements, the chance to be involved in meaningful day opportunities and skills training in craft and service workshops.

Invest in training and improving our Health and Safety procedures.

#### **Pay policy for senior staff**

The Senior Managers are all on an approved pay scale based on the NJC (National Joint Council) Pay Scales. All these posts cover a range of 3 - 6 spinal points on the NJC Scale. The individual managers have been appointed to a point within the range commensurate with their qualifications and experience. For the General Manager progression within the range is automatic but for the other senior managers there is a "bar" at the mid-point and progression above the "bar" is dependent on performance and qualification. Future senior staff appointments will be made in a similar way. In normal circumstances pay rises will be in line with those agreed as part of the NJC Pay Scale agreement. Consideration will be given on an annual basis to the appropriateness of the NJC Pay Scales and whether any changes in the structure of community require reconsideration of the pay scale approved by the Board of The Lantern Community.

### **STRATEGIC REPORT**

#### **Risk management**

The Trustees have established a process for reviewing the key risks facing the charity and for ensuring that actions are taken to manage those risks. A detailed Risk Register is maintained. Individual risks are reviewed by the appropriate committee the results of this exercise are reported to the Board of Trustees. The Trustees have given consideration to the major risks to which the charity is exposed and are satisfied that systems and procedures are in place to manage those risks or that action is being taken to establish such systems and procedures.

The three principal risk areas are:

##### Operational Risk

Craft Centre: During the last financial year, a number of issues were identified in one of the craft centre buildings (pottery and art) which included water ingress in the basement, cracks in the floor of the Art Studio, rainwater entering the building through the roof, problems with the roof. This is currently being investigated and a claim has been made through our insurance company, which may be contested by the lead contractor and could result in legal action being taken. The dispute regarding the liability for the water ingress continues. In the future remedial works will require the Art/Pottery workshop building to be closed for three months and an alternative venue will be sought. Included in these accounts is a provision of £286,644 to cover the cost of repairing the building.

Another operational risk that The Lantern Community needs to take into account in the coming years is the impact of Brexit on the recruitment of volunteers, in particular on the numbers of Co-workers. The Lantern community, in common with most Camphill Communities is very reliant on residential volunteers for cultural enrichment/life sharing. A reduction in voluntary co-workers, because of difficulties in obtaining visas, would mean losing a very important aspect of community life. The Lantern Community is intending working with other communities in creating an awareness and lobbying about the importance of having co-workers in Camphill communities for life-sharing. Thankfully our recent application to the UK Home Office to increase the annual number of visas we can issue from 10 to 30 was recently approved.

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#### STRATEGIC REPORT - Operational Risk continued

##### Covid -19

The Trustees are closely monitoring the impact that COVID-19 is having on the charity's contract income and on its wellbeing overall. As most of our contract income is paid for by the UK local government sector we are in the relatively fortunate position of not experiencing a decline in our contract revenues. The Trustees are also closely monitoring the COVID-19 related increases in our costs and they believe the short to medium term impact on liquidity will not affect the ability of the charity to fulfil its aims and commitments.

The Trustees have considered the financial position of the charity and the potential impact of COVID-19. The business plan predicts that although the pandemic is likely to result in higher costs, as our income stream is robust and as we have significant free reserves amounting to £1,919,758 or 8.0 months of cover, they are confident the charity is able to continue fulfilling its objective for at least the short and medium term.

Even though as a community, we have been blessed with a relatively high level of reserves fund and continuous public funding, challenges dealing with after Covid-19 pandemic may cause financial problems in the long term.

##### Finance Risk

The Finance Manager has the relevant qualifications and experience to maintain the professional approach in finances. The Lantern Community invested in a good computerised finance system, Advanced Exchequer, which is kept up to date. Quarterly management accounts are produced for management and the Trustee Board.

A major instrument for the control of operations in The Lantern Community is the annual production of a three year business plan, the first year being the budget. The plan contains the major assumptions for all elements of the organisation, including capital expenditure projects, beneficiary and staff numbers. The plan has income and expenditure, balance sheet and cashflow forecasts, allowing a clear framework for future direction. The plans are set prudently and the experience has been that actual results exceed the plan.

### Financial Performance

Total incoming resources on charitable activities for the year totalled £2,844,677. Of this amount £2,016,638 or 70.9% related to care fees from local authorities. In particular, Dorset County Council contributed £1,346,947 or 47.3% of total income from charitable activities. In addition, housing benefit of £428,670 (or 15.1% of our total income from charitable activities) was received from East Dorset District Council on behalf of our companions and long term volunteers. It can be seen that a significant proportion of income comes from local government and that changes in government policy could have a notable effect on The Lantern Community's financial situation. Relations with both Dorset County Council and East Dorset District Council remain positive.

### Performance Criteria

The Board of Trustees of The Lantern Community continues to measure actual financial performance against budgets at every meeting of the Board.

The Board and the Lantern Management Group have been considering more formal means of measuring performance and are working on a number of areas on which they will report in the future. Arriving at suitable performance indicators and developing the systems for capturing the data is a significant task. The areas that such indicators will be focused on include:

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#### Performance Criteria - continued

##### Beneficiaries

- Use of the 'Outcome Star model' to assess beneficiaries' progress, identify development needs and arrive at an action plan. The Outcome Star Model is an identifying and enabling for beneficiaries' changing needs. Summary and analysis of Beneficiaries' Outcome Star assessments will be utilised as performance indicators to assess the effectiveness and quality of support and care provision received.
- The involvement of beneficiaries in external activities outside The Lantern Community sites. The Lantern Community has initiated a number of projects for beneficiaries to partake in external activities to gain confidence and experience.

##### Staff

- Annual appraisals are being undertaken for all staff. The outcome of appraisals will provide a benchmark in assessing staff performance in the coming years and will help in assessing the organisation's performance.
- Analysing staff turnover: Staff are important in providing support for beneficiaries. Staff turnover compared to other providers in the care sector and understanding the reasons for staff leaving provides useful information.

##### External Quality Measures

We have not been inspected in 2020-2021 budget year by Social Services or CQC due to ongoing infection control measures in place in care and support provisions. It has Health & Safety audits by Ellis Whittam and fire risk assessments by East Boro Housing Trust. The Lantern Community considers these external reports and assessments to be helpful and is responsive to proposals or comments made.

#### **RESERVES POLICY**

The Trustees have continued to review the level of reserves held by the charity in line with the guidance set out by the Charity Commission. Sufficient reserves need to be available to cover unforeseeable fluctuations in income and cash flow. The Trustees consider that the aim should be to be able to cover at least three months expenditure and in the longer term for the charity to have free reserves equal to approximately six months expenditure.

As at 31 March 2021 General Reserves stood at £2,029,867 (2020: £2,029,526). Of this reserve balance £110,109 (2020: £110,411) represents non land and buildings tangible fixed assets, this leaves free reserves of £1,919,758 (2020: £1,919,115), equivalent to 8.0 months of continuing operations expenditure (2020: 8.1 months). See note 16.

The purpose, movements and balances of all the designated funds are set out in Note 14. The Property Capital Fund can only be realised on disposal of the property and settlement of the related loans.

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**TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2021**

**Statement of Directors' Responsibilities**

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping 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.

**Statement of Compliance**

The trustees believe they have complied with all currently prevailing laws and regulations that apply to the charity and its operations.

**Auditors**

So far as the trustees are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware. Each trustee has taken all the steps that he ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The provision of auditing services was subjected to open competition in 2021. A resolution to appoint Knight Goodhead, who were selected to succeed PKF Francis Clarke as the Lantern Community's auditors, will be proposed at the 2021 Annual General Meeting which is due to take place on October 2<sup>nd</sup> 2021.

This report has been prepared in accordance with the Companies Act 2006, and complies with the charity's governing document and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2020).

The Strategic Report is also hereby approved.

Approved by the trustees and signed on their behalf by Louise Tonkin (Trustee)



Date: September 17<sup>th</sup> 2021

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LANTERN COMMUNITY**

## **Opinion**

We have audited the financial statements of The Lantern Community (the 'charity') for the year ended 31 March 2021, which comprise the Statement of Financial Activities, Balance Sheet and Statement of the Cash Flows, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its results 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.

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

## **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 original financial statements were authorised for issue.

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

## **Other information**

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

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LANTERN COMMUNITY**

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

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the financial statements.

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

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

### **Responsibilities of trustees**

As explained more fully in the Statement of responsibilities of trustees set out on page 12, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LANTERN COMMUNITY**

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

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

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:

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the Charitable company. We gained an understanding of the Charitable company and the sector in which the Charitable company operates as part of this assessment to identify the key laws and regulations affecting the Charitable company. As part of this, we reviewed the Charitable company's website for an indication of any regulations in place and discussed these with the relevant individuals responsible for compliance. The key regulations we identified were Charity legislation, health and safety regulations, the Care Act 2014 and breaches of The General Data Protection Regulation ("GDPR"). We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011 and Charities SORP - FRS 102.

We discussed with management and trustees how the compliance with these laws and regulations is monitored and discussed policies and procedures in place. We also identified the individuals who have responsibility for ensuring that the Charitable company complies with laws and regulations and deals with reporting any issues if they arise. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the Charitable company's ability to continue trading and the risk of material misstatement to the accounts.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management and trustees regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances, allegations or suspicions of fraud, of which there were none.
- Reviewed filings with the Charity Commission and whether there were any serious incident reports made during the year, of which there were none.
- Reviewed the most recent reports relating to regulatory visits from the Care Quality Commission (CQC), the overall ratings were 'good'
- Discussed with management if any health and safety incidents have been recorded during the year, of which there were none.
- Review of the GDPR policy and enquiries to management as to the occurrence of any reportable breaches, of which there were none.
- Reviewed legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance, of which there were none.
- Reviewed Board minutes
- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Reviewed estimates and judgements made in the accounts for any indication of bias, of which there were none.

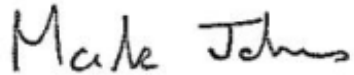
## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LANTERN COMMUNITY**

A further description of our responsibilities is available 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.

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



Mark Johns FCCA FCA (Senior Statutory Auditor)  
For and on behalf of PKF Francis Clark,  
Chartered Accountants and Statutory Auditor

Towngate House  
2-8 Parkstone Road  
Poole  
Dorset  
BH15 2PW

Date: 21 September 2021



**THE LANTERN COMMUNITY** (Company limited by guarantee and not having a share capital)

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2021**

(including Income and Expenditure Account)

	Notes	Unrestricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
<b>Income from:</b>					
Donations and legacies	2	23,934	23,422	47,356	542,929
Charitable activities	2	2,844,677	-	2,844,677	3,069,008
Investments	2	5,190	-	5,190	16,687
<b>Total income</b>		<b>2,873,801</b>	<b>23,422</b>	<b>2,897,223</b>	<b>3,628,624</b>
<b>Expenditure on:</b>					
Raising funds	3	187	-	187	965
Charitable activities	3	2,872,957	33,964	2,906,921	2,930,654
<b>Total expenditure</b>		<b>2,873,144</b>	<b>33,964</b>	<b>2,907,108</b>	<b>2,931,619</b>
<b>Net income</b>	2	657	(10,542)	(9,885)	697,005
<b>Net movement in funds</b>	14/15	657	(10,542)	(9,885)	697,005
<b>Reconciliation of funds:</b>					
Total funds brought forward	14/15	8,534,946	1,215,261	9,750,207	9,053,202
<b>Total funds carried forward</b>	14/15	<b>8,535,603</b>	<b>1,204,719</b>	<b>9,740,322</b>	<b>9,750,207</b>

All income and expenditure derives from continuing activities.

**THE LANTERN COMMUNITY** (Company limited by guarantee and not having a share capital)

**BALANCE SHEET AS AT 31 MARCH 2021**

	Note	2021	2020
		£	£
<b>Fixed assets</b>			
Tangible assets	8	7,087,688	7,021,588
<b>Current assets</b>			
Stocks	9	18,940	4,500
Debtors	10	187,045	210,450
Cash at bank and in hand		3,738,463	3,742,101
		<u>3,944,448</u>	<u>3,957,051</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(666,968)</u>	<u>(516,069)</u>
<b>Net current assets</b>		<u>3,277,480</u>	<u>3,440,983</u>
<b>Total assets less current liabilities</b>		<u>10,365,168</u>	<u>10,462,570</u>
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(624,846)</u>	<u>(712,363)</u>
<b>Net assets</b>		<u><u>9,740,322</u></u>	<u><u>9,750,207</u></u>
<b>Charity Funds</b>			
Restricted Funds	14	1,204,719	1,215,261
General funds	15	2,029,867	2,029,526
Designated funds	15	6,505,736	6,505,420
<b>Total charity funds</b>	16	<u><u>9,740,322</u></u>	<u><u>9,750,207</u></u>

The financial statements were approved and authorised for issue by the Board on September 6<sup>th</sup> 2021.

Signed on behalf of the Board of Trustees by Louise Tonkin (Trustee)



Date: September 17<sup>th</sup> 2021

The notes on pages 20 to 33 form part of these financial statements.

Company registration number: 03773749

# THE LANTERN COMMUNITY

(Company limited by guarantee and not having a share capital)

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

		2021	2020
	Note	£	£
<b>Cash flow from operating activities</b>	21	189,400	819,455
<b>Net cash flow from operating activities</b>		<u>189,400</u>	<u>819,455</u>
<b>Cash flow from investing activities</b>			
Payments to acquire tangible fixed assets	8	(95,328)	(96,738)
Receipts from sales of tangible fixed assets		-	928,149
Interest received	2	5,190	16,687
<b>Net cash flow from investing activities</b>		<u>(90,138)</u>	<u>848,098</u>
<b>Cash flow from financing activities</b>			
Repayment of long term loans	13	(85,228)	(81,811)
Interest paid		(17,672)	(22,190)
<b>Net cash flow from financing activities</b>		<u>(102,900)</u>	<u>(104,001)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		(3,639)	1,563,552
<b>Cash and cash equivalents at 1 April 2020</b>		<u>3,742,101</u>	<u>2,178,549</u>
<b>Cash and cash equivalents at 31 March 2021</b>		<u><u>3,738,463</u></u>	<u><u>3,742,101</u></u>
<b>Cash and cash equivalents consists of:</b>			
Cash at bank and in hand		3,738,463	3,742,101
<b>Cash and cash equivalents at 31 March 2021</b>		<u><u>3,738,463</u></u>	<u><u>3,742,101</u></u>

# THE LANTERN COMMUNITY

(Company limited by guarantee and not having a share capital)

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

### 1 Summary of significant accounting policies

#### (a) General information and basis of preparation

The Lantern Community is an incorporated charity in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 2 of these financial statements. The nature of the charity's operations and principal activities are providing housing, care and support within a social and therapeutic community.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2020.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £1.

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

#### (b) Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

#### (c) Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

No amount is included in the financial statements for volunteer time in line with the Statement of Recommended Practice (FRS 102).

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the charity however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

Income from trading activities is generated by supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

The charity receives fees from local government in respect of services and facilities provided. Income from government and other grants and fees are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Investment income is earned through holding assets for investment purposes such as deposits. It includes interest income which is recognised as the charity's right to receive payment is established.

**(d) Expenditure recognition**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes publicity and advertising costs incurred in seeking voluntary contributions. They do not include the costs of disseminating information in support of the charitable activities;
- Expenditure on charitable activities includes the costs of operations directed towards fulfilling the charitable objective; and
- Other expenditure represents those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management. Where support costs cannot be directly attributed to particular headings they have been allocated to the cost of raising funds and expenditure on charitable activities on a basis consistent with the use of the resources. Premises overheads have been allocated based on the location where possible or based on area and other overheads have been allocated on an activity level basis.

The analysis of these costs is included in note 3.

**(e) Government grant income**

A grant that becomes receivable as compensation for expenses already incurred will be recognised in profit or loss in the same period in which the related expense is incurred.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

**(f) Tangible fixed assets**

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold land	Nil– see below
Freehold buildings	Nil– see below
Furniture and Equipment	20% reducing balance
Computer Equipment	33% reducing balance
Motor vehicles	25% reducing balance

Freehold land is not depreciated in general but the cost of paths is written off over 10 years on a straight line basis. In addition the pergolas, which were constructed in the year under review and have a carrying value of £9,652, are being depreciated over 2 years on a straight line basis. The other Freehold buildings are not depreciated because the trustees consider the high level of ongoing maintenance extends the life of these assets for an indefinite period, the trustees consider the carrying value not to be less than their residual value. The trustees consider whether any impairment has occurred on an annual basis and are not aware of any events or matters (such as damage or exceptional deterioration) that would require a write down against the carrying value of any particular building.

**(g) Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete, slow-moving or otherwise impaired stock where appropriate.

**(h) Debtors and creditors receivable / payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

**(i) Loans and borrowings**

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

**(j) Concessionary loans**

Concessionary loans include those received from third parties which are interest free or below market interest rates and are made to advance charitable purposes. Loans repayable on demand within one year are measured at cost, less impairment. Concessionary loans repayable in over one year are measured at cost as no interest is chargeable.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

**(k) Impairment**

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset is estimated and compared to the carrying amount.

**(l) Provisions**

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

**(m) Employee benefits**

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

**(n) Tax**

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

**(o) Going concern**

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern. As explained in the trustees report on page 10, the trustees have considered the uncertainty relating to the coronavirus pandemic, which began just before the start of the financial year, and the impact on the charity's operations and finances in the short to medium term. In the opinion of the trustees, with its robust income stream as well as 8.0 months or £1,919,758 of free reserves and the constant monitoring and control of costs, the charity has sufficient working capital to continue to meet its financial obligations and pay its liabilities as they fall due for the foreseeable future and therefore the financial statements have been prepared on a going concern basis. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves held for the charity to be able to continue as a going concern.

**(p) Judgements and key sources of estimation uncertainty**

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

That the market value of properties is not expected to fall.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

The amounts set aside for designated funds to cover future costs.

**THE LANTERN COMMUNITY** (Company limited by guarantee and not having a share capital)  
**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

**2 INCOME**

	Residential (Ringwood)	Workshops (Ringwood)	Internal sales eliminated	Total 2021	Total 2020
	£	£	£	£	£
<b>DONATIONS AND LEGACIES</b>					
Donations, legacies and similar incoming resources	37,156	10,200	-	<b>47,356</b>	542,929
<b>CHARITABLE ACTIVITIES</b>					
Fees and contributions – local authorities / other sources	1,593,988	442,570	(19,920)	<b>2,016,638</b>	2,129,212
Rent and service charges	400,009	-	-	<b>400,009</b>	416,400
Ineligible and mobility	200,244	-	-	<b>200,244</b>	203,581
Shop / café / bakery & other workshops sales	-	155,164	(92,874)	<b>62,290</b>	253,571
Guest House income	-	-	-	-	39,320
Other income	130,049	35,448	-	<b>165,497</b>	26,924
Total incoming resources from charitable activities	2,324,289	633,182	(112,794)	<b>2,844,677</b>	3,069,008
<b>INVESTMENTS</b>					
Investment income	4,743	447	-	<b>5,190</b>	16,687
<i>Total investment income</i>	4,743	447	-	<b>5,190</b>	16,687
<b>TOTAL INCOME</b>	2,366,188	643,829	(112,794)	<b>2,897,223</b>	3,628,624
<b>TOTAL EXPENDITURE (see note 3)</b>	(1,942,098)	(1,077,804)	112,794	<b>(2,907,108)</b>	(2,931,619)
<b>NET INCOME FOR THE YEAR</b>	<b>424,090</b>	<b>(433,975)</b>	-	<b>(9,885)</b>	697,005

Income from donations and legacies was £47,356 (2020 - £542,929) of which £23,422 (2020 - £533,874) was attributable to restricted (Note 14) and £23,934 (2020 - £9,054) was attributable to unrestricted funds (note 15).



**THE LANTERN COMMUNITY** (Company limited by guarantee and not having a share capital)

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

**3 EXPENDITURE**

	Residential	Workshops		Total	Total
	(Ringwood)	(Ringwood)	Internal purchases eliminated	2021	2020
	£	£	£	£	£
<b>RAISING FUNDS</b>					
Fundraising and publicity	1,937	(250)	(1,500)	<b>187</b>	965
<b>CHARITABLE ACTIVITIES</b>					
Employed staff costs	1,272,339	562,828	(21,010)	<b>1,814,158</b>	1,947,091
Co-worker costs	75,497	7,500	(9,291)	<b>73,706</b>	82,449
Premises costs	185,593	346,338	(2)	<b>531,929</b>	281,124
Depreciation – owned assets	22,824	6,404	-	<b>29,228</b>	31,382
Office and administration	64,265	12,361	-	<b>76,626</b>	75,479
Medical costs	22,481	-	(35)	<b>22,446</b>	3,619
Garden and estate	16,696	-	(10,930)	<b>5,766</b>	26,471
Food, household and cleaning	204,529	1,066	(68,703)	<b>136,892</b>	191,364
Cost of sales	-	121,633	(1,313)	<b>120,320</b>	196,430
Hotel recreational costs	-	-	-	-	669
Motor and travel expenses	28,720	48	-	<b>28,768</b>	35,990
Legal and professional fees	12,500	4,583	-	<b>17,083</b>	16,704
Bank charges	2,869	-	-	<b>2,869</b>	2,715
Loan interest	17,376	-	-	<b>17,376</b>	21,907
(Profit) / Loss on sale of fixed assets	-	-	-	-	(11,215)
Sundry expenses	3,098	12,852	(10)	<b>15,940</b>	13,653
Audit and accountancy	7,405	2,440	-	<b>9,845</b>	10,488
Trustee Board costs	3,970	-	-	<b>3,970</b>	4,335
<b>Total resources expended on charitable activities</b>	<b>1,940,161</b>	<b>1,078,054</b>	<b>(111,294)</b>	<b>2,906,921</b>	<b>2,930,654</b>
<b>TOTAL EXPENDITURE FOR THE YEAR</b>	<b>1,942,098</b>	<b>1,077,804</b>	<b>(112,794)</b>	<b>2,907,108</b>	<b>2,931,619</b>

£33,964 (2020 - £21,103) of the above costs were attributable to restricted funds (Note 13). £2,873,144 (2020 - £2,910,516) of the above costs were attributable to unrestricted funds (Note 15).

**THE LANTERN COMMUNITY** (Company limited by guarantee and not having a share capital)

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

**4 DEFERRED INCOME**

During the year payments in advance of £64,299 (2020: £44,685) were received and have been treated as deferred income as they relate to the next financial year, and are included within other creditors.

**5 EMPLOYED STAFF COSTS AND NUMBERS**

During the year, nine trustees were reimbursed expenses totalling £NIL (2020: eight trustees, £NIL). No trustee received any remuneration in the current year or prior year other than disclosed in note 18 to the accounts.

During the year indemnity insurance of £850 (2020: £773) was paid to cover the trustees in the event of any misrepresentation of the organisation.

Employed staff costs were as follows:

	2021 £	2020 £
Salaries and wages	1,679,975	1,754,566
Social security costs	127,085	121,160
Pension costs	41,805	43,337
	<u>1,848,864</u>	<u>1,919,062</u>

No employee earned more than £60,000 per annum during this year or the prior year.

The average weekly number of employees during the year was as follows:

	2021 No.	2020 No.
Lantern Residential and Workshops (Ringwood)	97	106
Lantern Seahorses (Isle of Wight) - discontinued operation	-	2
	<u>97</u>	<u>108</u>

The employee benefits of key management personnel for the year ended 31 March 2021 was £323,940 (2020: £324,226). A list of key management personnel may be found on page 3 of this document.

**6 TAXATION**

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

**THE LANTERN COMMUNITY** (Company limited by guarantee and not having a share capital)

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

**7 AUDITORS REMUNERATION**

	2021 £	2020 £
Fees payable to the charity's auditor for the audit of the charity's annual accounts	<u>9,845</u>	<u>10,295</u>
Fees payable to the charity's auditor for other services:		
VAT consultancy services provided by the charity's auditor	<u>90</u>	<u>2,255</u>

VAT consultancy costs are included in legal and professional fees in note 3.

**8 TANGIBLE FIXED ASSETS**

	Freehold land & buildings	Assets under construction	Paths	Furniture & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£	£
<b>COST OR VALUATION</b>							
At 1 April 2020	6,779,508	131,669	31,686	113,837	20,924	133,837	7,211,461
Additions in the year	9,652	57,205	-	9,412	-	19,059	95,328
Transfers	58,577	(58,577)	-	-	-	-	-
Disposals in the year	-	-	-	-	-	-	-
<b>At 31 March 2021</b>	<b>6,847,737</b>	<b>130,297</b>	<b>31,686</b>	<b>123,249</b>	<b>20,924</b>	<b>152,896</b>	<b>7,306,789</b>
<b>DEPRECIATION</b>							
At 1 April 2020	-	-	16,733	58,617	16,506	98,017	189,873
Charge for the year	455	-	3,168	11,845	1,464	12,296	29,228
Disposals in the year	-	-	-	-	-	-	-
<b>At 31 March 2021</b>	<b>455.00</b>	<b>-</b>	<b>19,901</b>	<b>70,462</b>	<b>17,970</b>	<b>110,313</b>	<b>219,101</b>
<b>NET BOOK VALUE</b>							
<b>At 31 March 2021</b>	<b>6,847,282</b>	<b>130,297</b>	<b>11,785</b>	<b>52,787</b>	<b>2,954</b>	<b>42,583</b>	<b>7,087,688</b>
<b>At 31 March 2020</b>	<b>6,779,508</b>	<b>131,669</b>	<b>14,953</b>	<b>55,220</b>	<b>4,418</b>	<b>35,820</b>	<b>7,021,588</b>

The charity's land and buildings were valued at open market value by Primmer Olds LLP, Chartered Surveyors in March 2013 prior to devolution from The Sheiling Trust. This has been adopted as the deemed cost at the transition date. Subsequent additions are at cost.

The closing balance of £130,297 in Assets under Construction includes costs incurred for the new hall of £98,858 and costs incurred for the gym project of £31,440. Please see associated restricted and unrestricted funds in notes 14 and 15 respectively.

**THE LANTERN COMMUNITY** (Company limited by guarantee and not having a share capital)

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

**9 STOCK**

As at 31 March 2021 stock was valued at £18,940 (2020: £4,500) and related to goods for resale in the shop on the Ringwood estate.

**10 DEBTORS**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade debtors	44,126	73,077
Other debtors	13,725	15,493
Prepayments and accrued income	129,194	121,880
	<u>187,045</u>	<u>210,450</u>

**11 CREDITORS: amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Unsecured concessionary loans for indefinite terms (see note 13)	-	100,000
Bank loans (see note 13)	87,649	85,359
Trade creditors	47,747	88,078
Other creditors	32,820	43,283
Other taxation and social security	44,064	40,375
Accruals	390,389	114,288
Deferred income	64,299	44,685
	<u>666,968</u>	<u>516,069</u>

An unsecured concessionary loan which had been advanced to The Lantern Community by the family trust of a beneficiary was fully repaid on September 18th 2020. The loan had been for an indefinite term, but was repayable in certain events such as the beneficiary leaving the charity. In some circumstances it could have been repayable on demand. As the repayment date for this loan was unspecified it was shown has been treated as falling due within one year.

**12 CONTINGENT ASSET**

Included within the above accruals figure of £390,389 in note 11: Creditors due within one year is a provision of £286,644 which is the estimated cost of repairing defects in one of our workshop buildings which was constructed approximately 8 years ago. Of the £286,644 cost we expect to recover approximately £106,187 from our insurers and we have also issued a Preliminary Notice of Claim against the construction company we believe to be responsible for the remaining balance of approximately £180,457. As we are not virtually certain of receiving these amounts, in accordance with FRS 102 they have not been recognised in these accounts as assets.

**13 CREDITORS: amounts falling due after more than one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Unsecured concessionary loan	100,000	100,000
Bank loans	524,846	612,363
	<u>624,846</u>	<u>712,363</u>

**THE LANTERN COMMUNITY** (Company limited by guarantee and not having a share capital)

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

An unsecured concessionary loan has been advanced to The Lantern Community by the family trust of a beneficiary. This loan is for an indefinite term, but can become repayable in certain events such as the beneficiary leaving the charity. In some circumstances it can become repayable on demand. A side agreement was signed in the year ending 31 August 2014, in which it stated that the family trust would not require repayment of this loan before 1 September 2020. A subsequent side agreement has been signed in May 2020, in which it stated that the family trust would not require payment of this loan before 1 September 2025.

In 2017 two bank loans of £450,000 each were negotiated, secured on Willow End Cottage, Silver Birches and Badger Cottage. One loan is fixed rate at 3.22% for a ten year term and the second is variable rate at 2% above the Bank of England base rate for a ten year term.

The bank loans are repayable by instalments as follows

	<b>2021</b> £	<b>2020</b> £
Within 1 year	<u>87,649</u>	<u>85,359</u>
Between 1 and 2 years	90,005	87,651
Between 2 and 5 years	284,826	277,360
Between 5 and 10 years	<u>150,015</u>	<u>247,352</u>
	<u>524,846</u>	<u>612,363</u>
	<u>612,495</u>	<u>697,723</u>
Total bank loans		

**14 RESTRICTED FUNDS**

	<b>At</b> <b>1 April 2020</b>	<b>Incoming</b> <b>Resources</b>	<b>Outgoing</b> <b>resources</b>	<b>Transfers</b>	<b>At 31 March</b> <b>2021</b>
	£	£	£	£	£
Woodwork workshop	1,020	-	-	-	1,020
Lantern Hall	1,146,727	-	-	-	1,146,727
Hillcrest activities	297	-	(57)	-	240
Field Maple activities	54,439	-	-	-	54,439
Replacement tractor and mower fund	10,833	-	(10,833)	-	-
In memory of Jose Palau	1,945	-	-	-	1,945
For the Art Workshop		200	(200)	-	-
To help with COVID related costs		1,122	(1,122)	-	-
For Cydonia		100	(100)	-	-
New pergolas		10,000	(9,652)	-	348
New building behind Barn Cottage		12,000	(12,000)	-	-
Total restricted funds	<u>1,215,261</u>	<u>23,422</u>	<u>(33,964)</u>	<u>-</u>	<u>1,204,719</u>

**THE LANTERN COMMUNITY** (Company limited by guarantee and not having a share capital)

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

*Woodwork Workshop*

Donations were received and fundraising was undertaken for the purpose of contributing to the costs of a canopy for the woodwork workshop. These funds have not yet been spent.

*Lantern Hall*

A large number of donations have been received and allocated to the project for a new hall at The Lantern Community in Ringwood.

*Hillcrest activities*

A number of donations have been received with the instruction that they be used for activities in Hillcrest, one of the houses in the community.

*Field Maple activities*

Donations of £15,000 and £100,000 were received in March 2016 and July 2017 respectively for Field Maple activities. The donor received a list of proposed projects with associated costings, which formed the basis for the donations. Some tasks were undertaken in the year ended 31 March 2017 and some more in the year ended 31 March 2019. The balance brought forward at 1 April 2020 is for the gym project which commenced in our 2019/20 financial year and, for reasons relating to the pandemic, was not completed as at 31st March 2021. As at the year end an amount of £31,440 had been spent (Note 8)

*In memory of Jose Palau*

A day services client named Jose Palau passed away during the year under review and donations were subsequently received. The intention is a physical memorial will be procured to preserve the memory of Jose Palau

*Replacement tractor fund*

In August 2019 our tractor and ride on mower were stolen. We received the above donations during the year and these will be used to offset the costs of the replacement machinery which was purchased in the year under review

*New Pergolas*

New pergolas were constructed in the year under review and the T.H. Russell Charitable Trust very generously donated £10,000 towards their cost.

**THE LANTERN COMMUNITY** (Company limited by guarantee and not having a share capital)

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

**15 UNRESTRICTED FUNDS**

	At 1 April 2020	Incoming Resources	Outgoing resources	Transfers	At 31 March 2021
	£	£	£	£	£
DESIGNATED FUNDS:					
<i>Cash backed designated funds:</i>					
Co-worker retirement	23,404	-	-	-	23,404
Co-worker social fund	53,670	-	(10,000)	8,000	51,670
Bakery project	2,543	-	-	-	2,543
Lantern Hall	121,567	-	(3,600)	-	117,967
Long term maintenance	40,000	-	-	10,000	50,000
Future Projects	18,631	23,934	-	-	42,565
Lantern Centre office refurbishment	160,062	-	-	(28,018)	132,044
Lantern Centre shop refurbishment	143,215	-	-	-	143,215
	563,092	23,934	(13,600)	(10,018)	563,408
Property capital fund	5,942,328	-	-	-	5,942,328
<i>Total designated funds</i>	6,505,420	23,934	(13,600)	(10,018)	6,505,736
General funds	2,029,526	2,849,867	(2,859,544)	10,018	2,029,867
<i>Total unrestricted funds</i>	8,534,946	2,873,801	(2,873,144)	-	8,535,603

*Purposes of designated funds*

*Co-worker retirement fund*

This is a fund created to contribute towards meeting the retirement needs of the co-workers.

*Co-worker social fund*

The co-worker social fund has been created to finance anticipated future expenditure relating to financial assistance to co-workers, e.g. when they leave The Lantern Community. Payments of £5,000 each were paid to two retired co-workers

*Bakery project fund*

Up until June 2016 donations from the second hand books scheme were allocated to a fund to contribute to the costs of the planned Bakery project. This project includes major external and internal works and improved access.

*Lantern Hall*

See also note 14 above for Lantern Hall under restricted funds. Some donations have been received without restrictions and have been designated to the fund for this major project. Other general donations have been allocated to this fund up until June 2019.

**THE LANTERN COMMUNITY** (Company limited by guarantee and not having a share capital)  
**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

*Long term maintenance*

A provision of £10,000 per annum is being made. Amounts in this fund will be released when a major maintenance task is undertaken.

*Future Projects fund*

This fund was created in July 2018. The rationale is to allow donations to be gathered in a general pot and then projects to be proposed for trustee approval, to ensure donated monies are used effectively and expeditiously.

*Property capital fund*

This fund has been created to reflect the carrying value of land & buildings held by the charity, net of bank loans and property related loans outstanding at the balance sheet date.

**16 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Restricted funds	Designated funds	General funds	Total funds
	£	£		£
Tangible fixed assets	-	6,977,579	110,109	7,087,688
Net current assets	1,204,719	153,003	1,919,758	3,277,480
Long term liabilities	-	(624,846)	-	(624,846)
NET ASSETS	1,204,719	6,505,736	2,029,867	9,740,322

**17 AMOUNTS HELD FOR BENEFICIARIES**

The charity holds £11,018 (2020: £8,294) on behalf of beneficiaries. These funds are in a separate bank account and are not included in these financial statements.

**18 RELATED PARTIES**

The following transactions and relationships with related parties are of note:

Two of the children of M Verhoeven, trustee, are employed by The Lantern Community as house co-ordinator and workshop co-ordinator and are remunerated accordingly. The wife of M Bradshaw is employed by The Lantern Community as Human Resources Assistant.

During the year purchases with a value of £1,955.11 were made from a company called Concert Networks Ltd which the son of Alan Hollands, a Trustee, is the sole director and shareholder. All transactions were at arms length and there was no amount due or from the company as at 31st March 2021.

Liz Bord, trustee, is also The Lantern Community's nominated trustee of The Camphill Benevolent Fund (CBF), which makes disbursements to retired co-workers.

Donations by trustees to The Lantern Community in the year ended 31 March 2021 amounted to £2,025 (2020: £5,000).



**THE LANTERN COMMUNITY** (Company limited by guarantee and not having a share capital)

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

**19 DONATED SERVICES AND ASSETS**

In the year ended 31 March 2021 there was no income from donated services and assets (2020: £NIL).

**20 DEFINED CONTRIBUTION PENSION SCHEME**

The company operates a defined contribution pension scheme on behalf of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension commitment for the year under this scheme was £41,805 (2019/20: £43,337).

**21 RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2021</b>	<b>2020</b>
	£	£
Net income for year	(9,885)	697,005
Interest receivable	(5,190)	(16,687)
Interest payable	17,376	21,907
Depreciation and impairment of tangible fixed assets	29,228	31,382
(Profit) / loss on disposal of tangible fixed assets	-	(11,215)
(Increase) / decrease in stock	(14,440)	43,298
(Increase) / decrease in debtors	23,405	21,852
Increase / (decrease) in creditors	148,906	31,914
Net cash flow from operating activities	<u>189,400</u>	<u>819,455</u>

**22 OPERATING LEASES**

Future minimum lease payments under non-cancellable operating leases as at 31 March 2021

	<b>2021</b>	<b>2020</b>
	£	£
Not later than one year	-	5,907
Later than one year and not later than five years	-	-