

**THE LANTERN COMMUNITY**  
**COMPANY NUMBER: 03773749**

**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

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

## **TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023**

### **INTRODUCTION**

The Trustees present their report and the audited financial statements for the year ended 31 March 2023. 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 2022).

### **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 - appointed on 2 October 2022

Michael Bradshaw

Luigi Camelli

Heidi Harrison - resigned on 18 July 2022

Alan Hollands - appointed on 2 October 2022

Neil Hollands - appointed on 20 February 2023

Ian Humphries

Mark Loveys - resigned 12 September 2013

Lorraine Morgan - Chair until 30 September 2023

Louise Tonkin - resigned on 1 October 2022

Maria Verhoeven

David Walker - appointed on 1 March 2023

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. Two (2022: None) such appointments have been made since the last AGM.

## THE LANTERN COMMUNITY

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

### TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023

#### KEY MANAGEMENT PERSONNEL:

##### Senior managers

B.Bilge Hunt	General Manager / Nominated Individual
Carol Cheeseman	Operations Manager
Robert van Turenhout	Finance Manager
Jason Gonsalves	Estate and Maintenance Manager
Burga Liddiard	Registered Manager Four Meadows
Ann Stevens	Resigned as Registered Manager Phoenix - 6 March 2023
Claudiu Deliu	Registered Manager Phoenix - appointed 6 March 2023
Vell Cattaree	Appointed permanent Day Services Manager on 1 February 2023

#### LEGAL ADVISORS:

Pitmans  
46 The Avenue, Southampton SO17 1AX

#### BANKERS:

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

#### AUDITORS:

Knight Goodhead Ltd  
7 Bournemouth Rd, Chandler's Ford  
Eastleigh SO53 3DA

# **THE LANTERN COMMUNITY**

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

## **TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023**

### **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 fulfill 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 guaranteees at 31 March 2023 was 126 (2022: 122).

#### **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 four meetings each year has been established, although, and especially at the beginning of the financial year, the coronavirus pandemic prohibited many of these meetings from taking place. The committees have resumed meeting at least three times a year now that the pandemic is behind us. The dates for these three meetings are 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. Having held Full Trustee Board meetings remotely during the Coronavirus pandemic the Full Trustee Board have been meeting in person since their last meeting on 22 February 2023



# THE LANTERN COMMUNITY

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

## TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023

### 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-eight people in the Lantern Community in Ringwood (including Tawa). Fifty two are adults with learning disabilities who hold their own tenancies, twenty-three are short term volunteer workers and three are long term Co-workers.

#### Activities cont'd

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.

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 who continue to provide expertise in managing tenancies and related matters. Another link to external expertise is maintained with Worknest (formerly known as 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 2023

### 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

In the year we welcomed two new Companions however we also unfortunately said goodbye to one of our beneficiaries.

As was the case in the previous financial year we entered the new financial year with outbreaks of Covid and isolations. Fortunately, during the year, we were able to drop some of the infection control measures and we tentatively reintroduced a less restricted way of life. We supported the Companions to return to activities, such as on-site yoga, snap club and also shopping locally.

Face masks no longer needed to be worn in December 2022 and morning gatherings indoors were reinstated. We were also very relieved to be able to stop all Covid testing across the community.

After a long break due to outbreaks of covid and infection control measures, we at last opened our shop and café to the public in May 2022. We are pleased to report that the re-opening has been very well received by our visiting customers.

Small changes with the relaxation of Covid restrictions in the Community, in line with government guidelines, had made a big impact with more Companion activities being resumed and volunteers returning on a phased return.

It was no surprise that most of us had put on weight and lost agility during the long Covid years. As a response we started a new initiative / workshop called Healthy Living. We believe that a holistic approach to well-being is paramount, and all our Companions deserve access to the support they want and need to improve and maintain the quality of their health.

The main strategy was to support the Companions to get moving in the Community following the lockdowns with various activities introduced to support this. This initiative has been a success and is very popular.

## THE LANTERN COMMUNITY

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

### TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023 ACHIEVEMENTS AND PERFORMANCE - continued

Current Companion demographics has highlighted their changing needs due to the pandemic and also the natural ageing process; in response to this we have/or are in the process of reviewing the mission for the workshops so it also satisfies the needs of the younger Community members. To prepare the workforce in the workshops, to meet the changing needs of the Companions, we have introduced, even though there is no statutory requirement, Care Certificate training for new workshop staff members. This development has been embraced by the new staff, particularly as it can be classified as Continued Professional Development (CPD). This initiative created additional costs for the Community but we believe it is necessary so as to provide a safe and caring environment for the Community.

Offices for management and administrative staff were finally completed on the mezzanine floor of the Lantern Centre and staff have now moved into their new offices. At last, managers and administrative staff have much more suitable and well equipped offices in which to work and hold meetings.

We have carried on with routine and planned maintenance across the community so we are able to provide a safe and good quality living environment for our beneficiaries and staff.

We had a CQC inspection in our Four Meadows location in February 2023 on two of the five outcomes – namely the 'safe' and 'well led' categories. The inspection went well and we achieved 'good' results in both categories. We also met all statutory requirements and were able to provide all of the evidence required in a prompt manner.

Challenges around staff retention and recruitment continued during the year under review. In response, our Trustee board, having carefully reviewed the current economic situation as well as the charity's resources agreed unanimously to award a significant pay increase for all staff with effect from 1 April 2023. This followed a similar significant increase in pay rates which were implemented from 1st April 2022.

In order to diversify and increase our recruitment options, we applied for, and were awarded Skilled Worker sponsorship status which means we are now able to recruit from abroad if the candidates fulfil our requirements.

We have managed to have a full complement of co-workers this year; a number of co-workers from this year have chosen to stay in the community for longer under the above Skilled Worker sponsorship scheme.

Some staff have experienced burn out and work-related stress following the difficulties of working during the Covid pandemic. To support our workforce a Staff Wellbeing programme "Marching into Wellbeing" was launched during the month of March 2023. Managers also held face-to-face information sharing sessions with different teams on this well-being offering and other solutions available in our community, locally and nationally. Sessions on mindfulness, nutrition, and healthy lifestyle also took place in our community during the period of the project.

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

### **TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023**

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

We recognise that we have lost a number of long-term community members during the pandemic and new faces have joined us. To promote the understanding and collaboration around the Camphill practices, we arranged for bespoke anthroposophical training for all staff. These training sessions were well received with enthusiasm by staff.

The consultation process for our organisational values was completed in the year under review and the agreed values are listed below and are also on our website. They are also now included in our Community recruitment packs. Stakeholder consultations also happened for our three-year business plan.

- We believe each individual is unique and special.
- We foster a sense of belonging
- We value the importance of encounter and sharing
- We foster a spiritual environment based on the Anthroposophical values upon which the community was built.
- We treat everyone with kindness, dignity and understanding.
- We will live and work in an environmentally sustainable way
- We work in a collaborative manner with local community, families, and other stakeholders.

We started celebrating our festivals again without isolation requirements and restrictions during the year; coming together as a community once again was renovating and exciting. We extended our welcome to all of our stakeholders for the Jubilee Party and also later our Winter Fayre. Both occasions were celebrated with such gusto and huge numbers of people attended.

We had a long journey of reviewing and updating our IT network on site to ensure cyber security and data protection. We are pleased to announce that at last we have achieved Cyber Essential credentials to prove our compliance. We believe we have future proofed the IT arrangements for the coming years by investing in the infrastructure.

Difficulties in establishing a timeframe for the remedial works to the pottery and art building has been demoralising for all of us in the community and it has also made long term planning for other building projects very challenging.

With generous support from our donors, we have restarted the planning process for our new hall project. We hope to submit our planning application for the new hall to the local authorities in the next few months.

Unfortunately our Pottery and Art building were still out of action during the year under review. Further investigations were carried out by our Expert Witnesses and work is still under way with a view to finalising their reports.

## **TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023**

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

- We will aspire to improve the CQC ratings and maintain the delivery of excellent support and care to the beneficiary group.
- We will continue with the current strategy of integrating the ageing companions and retired co-workers in the community. We will strive to meet the needs of our changing population.
- We will aim to meet the changing needs of people with diverse abilities who approach us. To do this we will adapt some of our workshops for those who may wish to have a slower pace of life in their old age or try something different.
- We will fill the vacancies in the residential and workshops to reach full capacity.
- We will make sure all of our beneficiaries live in accommodation that is fit for purpose and in good condition.
- We will endeavour to reach a resolution regarding the dispute about the Art and Pottery building.

### **Medium Term Plans**

- We aim to start building a new hall in the budget year 2024-2025 and complete it by the end of our 2025-26 budget year. Following the completion of the hall, we will complete the essential upgrading of the other premises as well as landscaping around the new hall.
- We will start implementing effective and creative ways of working to maximise the efficiency and productivity.
- We will persevere to work with our organisation values to maintain the ethos and the fabric of an intentional community.

### **Pay policy for senior and other staff**

Due to a national scarcity of care staff, and expectations of a significant increase in the rate of inflation, and also as a sign of appreciation for their commitment and resilience during the difficult times, all our staff were awarded a significant pay increase of 10.0%, effective from April 1st 2023.

Subject to the above variation from our usual policy, 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.



**THE LANTERN COMMUNITY (Company limited by guarantee and not having a share capital)**  
**TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023**

**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 and the results 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:** As previously reported a number of building and design faults have been identified in one of the craft centre buildings (pottery and art). We are in a pre-action protocol with the architect, who also acted as the project administrator, as well as the company which carried out the construction works. We have appointed lawyers to represent us and have also appointed court approved Expert Witnesses to clarify the problems with the building (Please see notes 12 and 13 in the notes to these accounts).

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 working with other communities in creating an awareness and lobbying about the importance of having co-workers in Camphill communities. Thankfully our recent application to the UK Home Office to increase the annual number of visas we can issue from 10 to 30 has been approved. We also applied for, and were awarded Skilled Worker sponsorship status which means we are now able to recruit from abroad if the candidates fulfil our requirements.

**Covid -19**

The Trustees have considered the financial position of the charity and the potential impact of Covid-19. 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 believe the short to medium term impact on liquidity will not affect the ability of the charity to fulfill its aims and commitments. As our income stream is robust and as we have significant free reserves amounting to £1,852,400 or 6.7 months of continuing operations expenditure, we are confident the charity is able to continue fulfilling its objective for at least the short and medium term. However, we cannot exclude the possibility of long term financial impact arising from the Covid-19 pandemic.

## **THE LANTERN COMMUNITY**

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

## **TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023**

### **RISK MANAGEMENT - continued**

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

computerised finance system, Advanced Exchequer, which is kept up to date. Quarterly management accounts are produced for management and the Trustee Board.

A major tool for the control of operations in The Lantern Community is the annual 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 £2,985,672 (2022: £2,809,461). Of this amount £2,209,872 (2022: £2,071,126), or 74.0% (2022: 73.7%), related to care fees mostly paid for by local authorities. In particular, Dorset County Council contributed £1,471,867 (2022: £1,395,818), or 49.3% (2022: 49.7%), of total income from charitable activities. In addition, housing benefit of £441,662 (2022: £431,473), or 14.8% (2022: 15.4%), 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.

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

### **Performance Criteria - External Quality Measures**

We had a CQC inspection in February 2023 for 'safe' and 'well led' in Four Meadows location. The inspection went well. In both areas we achieved 'good' results. We met all statutory requirements and were able to provide the evidence required in a prompt manner.

There were Health & Safety audits by Worknest (formerly known as 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. The previous year's losses have had to be covered and 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 2023 General Reserves stood at £2,179,622 (2022: £1,755,635). Of this £86,945 (2022: £95,630) represents non land and buildings tangible fixed assets, leaving free reserves of £2,092,677 (2022: £1,660,005), equivalent to 7.6 months of continuing operational expenditure (2022: 6.7 months). Please also see note 16.

The purpose, movements and balances of all the restricted and designated funds are set out in Notes 14 and 15 respectively. The Property Capital Fund can only be realised on disposal of the property and settlement of the related loans.

In the coming year the trustees may designate funds for short and longer term property maintenance and alterations.

# **THE LANTERN COMMUNITY (Company limited by guarantee and not having a share capital)** **TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023**

## **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 ought to be 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, was approved by the charity's members in their Annual General Meeting which was held on October 2nd 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 2022).

The Strategic Report is also hereby approved.

Approved by the Trustees and signed on their behalf by Loraine Morgan (Trustee)  Date: 18.9.2023



# 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 2023, 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 2023 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.

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

## 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.

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.

As explained more fully in the Statement of responsibilities of Trustees set out on page 11, 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.

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF THE LANTERN COMMUNITY**  
**Auditor's responsibilities for the audit of the financial statements**  
**Responsibilities of Trustees**

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:

The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.

We identified the laws and regulations applicable to the charitable company through discussions with trustees and other management and we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud and considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we performed analytical procedures to identify any unusual or unexpected relationships, tested journal entries to identify unusual transactions and investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation
- Reading the minutes of meetings of those charged with governance; and
- Enquiring of management as to actual and potential litigation and claims

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.


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

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

Knight Goodhead Limited is eligible for appointment as auditor of the charitable company by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

### 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.



Christopher Goodhead FCA (Senior Statutory Auditor)

For and on behalf of Knight Goodhead Ltd,  
Chartered Accountants and Statutory Auditor

Knight Goodhead Ltd  
7 Bournemouth Rd, Chandler's Ford  
Eastleigh SO53 3DA

Date: 18 September 2023

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2023**

(including Income and Expenditure Account)

	Notes	Unrestricted Funds £	Restricted Funds £	2023 Total £	2022 Total £
<b>Income from:</b>					
Donations and legacies	2	19,443	650,013	669,456	38,568
Charitable activities	2	2,985,672	-	2,985,672	2,809,461
Investments	2	29,872	-	29,872	2,145
<b>Total income</b>		<b>3,034,987</b>	<b>650,013</b>	<b>3,685,000</b>	<b>2,850,175</b>
<b>Expenditure on:</b>					
Raising funds	3	2,017	-	2,017	167
Charitable activities	3	2,773,719	30,000	2,803,719	2,701,446
<b>Total expenditure</b>		<b>2,775,736</b>	<b>30,000</b>	<b>2,805,736</b>	<b>2,701,613</b>
<b>Sub-total - Net income</b>	14/15	<b>259,251</b>	<b>620,013</b>	<b>879,264</b>	<b>148,562</b>
Exceptional item	23	(484,418)		(484,418)	-
<b>Net movement in funds</b>		<b>(225,167)</b>	<b>620,013</b>	<b>394,846</b>	<b>148,562</b>
<b>Reconciliation of funds:</b>					
Revaluation of properties	1(f)	2,927,780	-	2,927,780	-
Transfer of funds	14/15	-	-	-	-
Total funds brought forward	14/15	8,738,604	1,150,280	9,888,884	9,740,322
<b>Total funds carried forward</b>	14/15	<b>11,441,217</b>	<b>1,770,293</b>	<b>13,211,510</b>	<b>9,888,884</b>

The above Exceptional Item does not reduce the Charity's free reserves. Please see note 23 of these accounts for more information.

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 2023**

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Tangible assets	8	9,555,614	7,120,533
Intangible assets	9	36,514	-
<b>Current assets</b>			
Stocks	10	19,013	18,347
Debtors	11	323,026	232,063
Cash at bank and in hand		4,296,659	3,768,577
		4,638,698	4,018,987
		(571,831)	(713,855)
<b>Creditors: amounts falling due within one year</b>	12	4,066,867	3,305,132
<b>Net current assets</b>		13,658,995	10,425,665
<b>Total assets less current liabilities</b>		(447,485)	(536,780)
<b>Creditors: amounts falling due after more than one year</b>	14	13,211,510	9,888,884
<b>Net assets</b>			
<b>Charity Funds</b>			
Restricted Funds	15	1,770,293	1,150,280
General funds	16	2,179,621	1,755,635
Designated funds	16	6,333,815	6,982,969
Revaluation reserve	8	2,927,781	-
<b>Total charity funds</b>	17	13,211,510	9,888,884

The financial statements were approved and authorised for issue by the Board on 19<sup>th</sup> Dec 2023

Signed on behalf of the Board of Trustees by Loraine Morgan (Trustee) [Signature] Date: 19.9.23

The notes on pages 19 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 2023

	Note	2023 £	2022 £
<b>Cash flow from operating activities</b>			
Net cash flow from operating activities	21	<u>672,693</u> <u>672,693</u>	<u>195,236</u> <u>195,236</u>
<b>Cash flow from investing activities</b>			
Payments to acquire tangible fixed assets	8	(33,194)	(64,212)
Payments to acquire intangible fixed assets		(36,675)	
Receipts from sales of tangible fixed assets		1,177	0
Interest received	2	<u>29,872</u>	<u>2,145</u>
Net cash flow from investing activities		<u>(38,820)</u>	<u>(62,067)</u>
<b>Cash flow from financing activities</b>			
Repayment of long term loans	14	(88,224)	(87,298)
Interest paid		<u>(17,567)</u>	<u>(15,757)</u>
Net cash flow from financing activities		<u>(105,791)</u>	<u>(103,055)</u>
Net increase / (decrease) in cash and cash equivalents		528,082	30,114
Cash and cash equivalents at 1 April 2022		<u>3,768,577</u>	<u>3,738,463</u>
Cash and cash equivalents at 31 March 2023		<u>4,296,659</u>	<u>3,768,577</u>
<b>Cash and cash equivalents consists of:</b>			
Cash at bank and in hand		<u>4,296,659</u>	<u>3,768,577</u>
Cash and cash equivalents at 31 March 2023		<u>4,296,659</u>	<u>3,768,577</u>

# THE LANTERN COMMUNITY

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

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023

### 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 2022.

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).



**THE LANTERN COMMUNITY** (Company limited by guarantee and not having a share capital)  
**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

**(c) Income recognition - continued**

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 are 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.

**(f) Tangible fixed assets**

Tangible fixed assets, except for land and buildings, 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. Land and buildings are stated at market value less accumulated impairment losses.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

**(f) Tangible fixed assets cont'd**

Depreciation is provided on all tangible fixed assets, except for land and buildings, 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

The Lantern Community has changed its accounting policy in connection with Land and buildings. In previous financial statements an historical cost less depreciation model had been adopted. In these and future financial statements land and buildings will be recorded at their fair value less impairment losses. The effective date of the revaluation in these accounts was on April 1st 2022. A firm of Chartered Surveyors, authorised by the Royal Institution of Chartered Surveyors (RICS), valued our properties located at our Ringwood campus on July 4th and July 5th 2022 and the fair values recorded on those dates have been used as the basis of their carrying values in these financial statements. Due to significant deterioration in one of our buildings a RICS authorised Chartered Surveyor re-valued this building on August 17th 2023 (please see note 23). Further valuations by RICS approved surveyors will take place every five years with the next valuation occurring in our 2027/28 financial year. Our property on the Isle of Wight was not valued by a RICS approved surveyor however its fair value has been determined by using a combination of indices from HM Land Registry as well as comparisons to actual sales of similar local properties.

**(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) Concessional loans**

Concessional 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. Concessional loans repayable in over one year are measured at cost as no interest is chargeable.

**THE LANTERN COMMUNITY** (Company limited by guarantee and not having a share capital)  
**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

**(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 our 2020-21 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 7.6 months or £2,092,677 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) Intangible Assets**

Intangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. The estimated useful life is 10 years and amortisation is charged to the profit and loss account on a straight line basis

**THE LANTERN COMMUNITY** (Company limited by guarantee and not having a share capital)  
**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

**(q) 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:

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.

**2 INCOME**

	Residential	Workshops	Internal sales eliminated	Total 2023	Total 2022
	£	£	£	£	£
<b>DONATIONS AND LEGACIES</b>					
Donations, legacies and similar incoming resources	519,456	150,000		<b>669,456</b>	<b>38,568</b>
<b>CHARITABLE ACTIVITIES</b>					
Fees and contributions – local authorities / other sources	1,752,766	457,107		<b>2,209,873</b>	<b>2,071,126</b>
Rent and service charges	401,689	-		<b>401,689</b>	<b>409,199</b>
Ineligible and mobility	206,365	-		<b>206,365</b>	<b>201,064</b>
Shop / café / bakery & other workshops sales	-	170,276	(48,828)	<b>121,448</b>	<b>34,128</b>
Other income	29,853	16,444		<b>46,297</b>	<b>93,945</b>
Total incoming resources from charitable activities	<b>2,390,673</b>	<b>643,827</b>	<b>(48,828)</b>	<b>2,985,672</b>	<b>2,809,461</b>
<b>INVESTMENTS</b>					
Investment income	27,502	2,370		<b>29,872</b>	<b>2,145</b>
Total investment income	<b>27,502</b>	<b>2,370</b>	<b>-</b>	<b>29,872</b>	<b>2,145</b>
<b>TOTAL INCOME</b>	<b>2,937,631</b>	<b>796,197</b>	<b>(48,828)</b>	<b>3,685,000</b>	<b>2,850,175</b>
<b>TOTAL EXPENDITURE (see note 3)</b>	<b>(2,305,476)</b>	<b>(549,088)</b>	<b>48,828</b>	<b>(2,805,736)</b>	<b>(2,701,613)</b>
<b>EXCEPTIONAL ITEM (see note 23)</b>		<b>(484,418)</b>		<b>(484,418)</b>	
<b>NET INCOME FOR THE YEAR</b>	<b>632,155</b>	<b>(237,309)</b>	<b>-</b>	<b>394,846</b>	<b>148,562</b>

Income from donations and legacies was £669,456 (2022 - £38,568) of which £650,013 (2022 - £20,000) was attributable to restricted (Note 14) and £19,443 (2022 - £18,568) 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 2023**

**3 EXPENDITURE**

	Residential	Workshops	Internal sales eliminated	Total 2023	Total 2022
	£	£	£	£	£
<b>RAISING FUNDS</b>					
Fundraising and publicity	1,717	300		2,017	167
<b>CHARITABLE ACTIVITIES</b>					
Employed staff costs	1,482,802	549,756	(47)	2,032,511	1,751,834
Co-worker costs	96,499	7,500		103,999	117,182
Premises costs	228,072	34,877		262,949	298,607
Depreciation – owned assets	27,783	13,137		40,920	31,367
Write back of provision for repairs to Pottery building (see note 12)		(224,476)		(224,476)	
Office and administration	94,745	14,602		109,347	140,084
Medical costs	1,300	-		1,300	3,842
Garden and estate	18,863	-		18,863	13,817
Food, household and cleaning	228,326	2,495	(43,241)	187,580	154,856
Cost of sales	17,444	131,009	(5,396)	143,057	82,479
Hotel recreational costs	-	-		-	-
Motor and travel expenses	39,309	189		39,498	34,680
Legal and professional fees	30,719	4,098		34,817	18,609
Bank charges	3,103	29.00		3,132	2,978
Loan interest	17,949	-		17,949	15,368
(Profit) / Loss on sale of fixed assets	-	-		-	-
Sundry expenses	5,873	13,868		19,741	23,414
Audit and accountancy	7,389	1,704		9,093	8,146
Trustee Board costs	3,583	-	(144)	3,439	4,184
<b>Total resources expended on charitable activities</b>	<b>2,303,759</b>	<b>548,788</b>	<b>(48,828)</b>	<b>2,803,719</b>	<b>2,701,446</b>
<b>TOTAL EXPENDITURE FOR THE YEAR</b>	<b>2,305,476</b>	<b>549,088</b>	<b>(48,828)</b>	<b>2,805,736</b>	<b>2,701,613</b>

£30,000 (2022 - £0) of the above costs were attributable to restricted funds (Note 14). £2,775,736 (2022 - £2,701,613) 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 2023**

**4 DEFERRED INCOME**

During the year payments in advance of £43,333 (2022: £58,605) 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, twelve Trustees were reimbursed expenses totalling £NIL (2022: nine 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 £1,064 (2022: £1,064) was paid to cover the Trustees in the event of any misrepresentation of the organisation.

Employed staff costs were as follows:

	2023 £	2022 £
Salaries and wages	1,800,474	1,544,345
Social security costs	148,575	130,109
Pension costs	46,246	40,076
	<u>1,995,295</u>	<u>1,714,531</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:

	2023 No.	2022 No.
Lantern Residential and Workshops (Ringwood)	<u>98</u>	<u>92</u>

The employee benefits of key management personnel for the year ended 31 March 2023 was £307,063 (2022: £313,610). 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.

**7 AUDITORS REMUNERATION**

	2023 £	2022 £
Fees payable to the charity's auditor for the audit of the charity's annual accounts	<u>9,093</u>	<u>8,146</u>

Fees payable to the charity's auditor for other services:

VAT consultancy services provided by the charity's auditor	<u>-</u>	<u>-</u>
--	----------	----------

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



**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

**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 2022	6,928,059	102,602	31,686	134,834	20,924	152,896	7,371,001
Additions in the year	3,641	6,382	0	10,463	12,709	0	33,195
Revaluation to market value	2,545,965	0	0	0	0	0	2,545,965
Disposals in the year	(15,380)	(102,602)	(31,686)	0	0	(10,337)	(160,005)
<b>At 31 March 2023</b>	<b>9,462,285</b>	<b>6,382</b>	<b>-</b>	<b>145,297</b>	<b>33,633</b>	<b>142,559</b>	<b>9,790,156</b>

**DEPRECIATION**

At 1 April 2022	5,758	-	23,069	80,888	18,942	121,810	250,467
Charge for the year	9,622	-	8,617	11,791	1,009	9,723	40,762
Disposals in the year	(15,380)	-	(31,686)	0	0	(9,621)	(56,687)
<b>At 31 March 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>92,679</b>	<b>19,951</b>	<b>121,912</b>	<b>234,542</b>

**NET BOOK VALUE**

<b>At 31 March 2023</b>	<b>9,462,285</b>	<b>6,382</b>	<b>-</b>	<b>52,618</b>	<b>13,682</b>	<b>20,647</b>	<b>9,555,614</b>
<b>At 31 March 2022</b>	<b>6,922,300</b>	<b>102,603</b>	<b>8,617</b>	<b>53,945</b>	<b>1,982</b>	<b>31,086</b>	<b>7,120,533</b>

If land and buildings were measured at their historical cost the carrying amounts in these accounts would have been £6,916,319 (2022 - £6,920,300), being cost £6,916,319 (2022 - £6,928,058) and accumulated depreciation £NIL (2022 - £5,758).

The closing balance of £6,382 in Assets under Construction relates entirely to costs incurred for the new hall. Please see associated restricted and unrestricted funds in notes 14 and 15 respectively. As the location and design of the new hall have both changed significantly a review was carried out of the £102,602 of money spent before the decision had been made to change the design and location of the building. Following the review it was determined that these incurred funds had no value and have consequently been written off to the profit and loss account using free reserves.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023

9 INTANGIBLE ASSETS

£

COST OR VALUATION

At 1 April 2022

Additions in the year

Revaluation to market value

Disposals in the year

At 31 March 2023

36,675

-

-

36,675

DEPRECIATION

At 1 April 2022

Charge for the year

Disposals in the year

At 31 March 2023

161

161

NET BOOK VALUE

At 31 March 2023

36,514

At 31 March 2022

-

The intangible asset relates to services purchased to configure and install a Cyber Essentials certified Local Area Network.

10 STOCK

As at 31 March 2023 stock was valued at £19,013 (2022: £18,347) and related to goods for resale in the shop on the Ringwood estate.



**THE LANTERN COMMUNITY** (Company limited by guarantee and not having a share capital)  
**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**  
**11 DEBTORS**

	2023 £	2022 £
Trade debtors	70,810	51,930
Other debtors	50,195	25,123
Prepayments and accrued income	202,021	155,010
	<u>323,026</u>	<u>232,063</u>

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

	2023 £	2022 £
Bank loans (see note 13)	89,488	88,416
Trade creditors	123,404	100,138
Other creditors	67,396	37,901
Other taxation and social security	47,849	43,929
Accruals	200,361	384,866
Deferred income	43,333	58,605
	<u>571,831</u>	<u>713,855</u>

Included in the above accruals figure of £200,361 (2022: £384,866) is a provision of £NIL (2022: £252,991) which was an estimated cost of repairing defects in one of our workshop buildings which was constructed approximately 9 years ago. We are in a pre-action protocol with the architect and builder of the workshop and expect to recover most, if not all, of the cost of remedial works and other related costs incurred. We hope for most of the cost to be expended by the end of our 2023/24 financial year however this is reliant on settling with the parties who we believe are culpable for the defects in the building. If we are unable to settle, and the case proceeds to court, we expect the costs will be incurred in 2024/25. As the cost of repairing the defects cannot now be reliably measured it has been derecognised in accordance with FRS 102 section 21.4(c)

	2023 £	2022 £
At 1 April 2022	252,991	286,644
Costs charged to the provision in the year	(28,515)	(33,653)
Derecognition of the provision	(224,476)	
<b>At 31 March 2023</b>	<u>-</u>	<u>252,991</u>

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

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

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

	2023	2022
	£	£
Unsecured concessionary loan	100,000	100,000
Bank loans	347,485	436,780
	<u>447,485</u>	<u>536,780</u>

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

	2023	2022
	£	£
Within 1 year	89,488	88,416
Between 1 and 2 years	93,780	91,095
Between 2 and 5 years	253,705	290,186
Between 5 and 10 years	-	55,499
	<u>347,485</u>	<u>436,780</u>
	<u>436,973</u>	<u>525,196</u>

Total bank loans

**15 RESTRICTED FUNDS**

	At 1 April 2022	Incoming Resources	Outgoing resources	Transfers	At 31 March 2023
	£	£	£	£	£
Woodwork workshop	1,020	-	-	-	1,020
Lantern Hall	1,146,727	500,000	-	-	1,646,727
Support with gym running costs	-	150,000	(30,000)	-	120,000
Hillcrest activities	240	-	-	-	240
In memory of Jose Palau	1,945	-	-	-	1,945
New pergolas	348	-	-	-	348
Ukraine war	-	13	-	-	13
Total restricted funds	<u>1,150,280</u>	<u>650,013</u>	<u>(30,000)</u>	<u>-</u>	<u>1,770,293</u>

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

**15 RESTRICTED FUNDS cont'd**

*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. An additional donation of £500,000 for the Lantern Hall project was received after March 31st 2023.

*Support with gym running costs*

A donation was received to offset some of the operating costs of the new gym for a period of five years.

*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.

*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

*New Pergolas*

New pergolas were constructed in the previous financial year and this was supported by a generous £10,000 donation from the T.H. Russell Charitable Trust

*Ukraine war*

Donations were collected by a companion to help the citizens of Ukraine.

**THE LANTERN COMMUNITY** (Company limited by guarantee and not having a share capital)  
**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**  
**16 UNRESTRICTED FUNDS**

**DESIGNATED FUNDS:**

*Cash backed designated funds:*

	At 1 April 2022	Incoming Resources	Outgoing resources	Transfers	At 31 March 2023
	£	£	£	£	£
Co-worker retirement	23,404	-	-	-	23,404
Co-worker social fund	42,956	5,000	(10,000)	-	37,956
Bakery project	2,543	-	-	(2,543)	-
Lantern Hall	117,967	-	-	-	117,967
Long term maintenance	60,000	10,000	-	-	70,000
Future Projects	61,133	19,443	-	-	80,576
Lantern Centre office refurbishment	132,044	-	-	(132,044)	-
Lantern Centre shop refurbishment	143,215	-	-	(143,215)	-
<b>Property capital fund</b>	<b>583,262</b>	<b>34,443</b>	<b>(10,000)</b>	<b>(277,802)</b>	<b>329,903</b>
<b>Total designated funds</b>	<b>6,399,706</b>	<b>-</b>	<b>(484,418)</b>	<b>88,624</b>	<b>6,003,912</b>
	<b>6,982,968</b>	<b>34,443</b>	<b>(494,418)</b>	<b>(189,178)</b>	<b>6,333,815</b>

General funds \* please see note below

General funds	1,755,635	3,000,544	(2,765,736)	189,178	2,179,621
<b>Total unrestricted funds</b>	<b>8,738,603</b>	<b>3,034,987</b>	<b>(3,260,154)</b>	<b>-</b>	<b>8,513,436</b>

General funds

The figure of £3,250,154 for outgoing resources is made up of £2,805,737 of general expenditure, details of which can be found in note 3 of these accounts, and an exceptional item of expenditure of £484,418 details of which can be found in note 23 of these accounts.

*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.

*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.

**THE LANTERN COMMUNITY** (Company limited by guarantee and not having a share capital)  
**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

**16 UNRESTRICTED FUNDS cont'd**

*Lantern Hall*

See also note 14 above for the 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 were allocated to this fund up until June 2019.

*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.

**17 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

<b>AS AT 31 MARCH 2023</b>				
	<b>Restricted funds</b>	<b>Designated funds</b>	<b>General funds</b>	<b>Total funds</b>
	<b>£</b>	<b>£</b>		<b>£</b>
Tangible fixed assets	-	9,468,667	86,947	9,555,614
Intangible fixed assets			36,514	36,514
Net current assets	1,770,293	240,414	2,056,160	4,066,867
Long term liabilities	-	(447,485)	-	(447,485)
<b>NET ASSETS AS AT 31 MARCH 2023</b>	<b>1,770,293</b>	<b>9,261,596</b>	<b>2,179,621</b>	<b>13,211,510</b>

<b>AS AT 31 MARCH 2022</b>				
	<b>Restricted funds</b>	<b>Designated funds</b>	<b>General funds</b>	<b>Total funds</b>
	<b>£</b>	<b>£</b>		<b>£</b>
Tangible fixed assets	-	7,024,903	95,630	7,120,533
Net current assets	1,150,280	494,846	1,660,006	3,305,132
Long term liabilities	-	(536,780)	-	(536,780)
<b>NET ASSETS AS AT 31 MARCH 2022</b>	<b>1,150,280</b>	<b>6,982,968</b>	<b>1,755,636</b>	<b>9,888,884</b>

## THE LANTERN COMMUNITY (Company limited by guarantee and not having a share capital) NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023

### 18 RELATED PARTIES

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

Four family members of M Verhoeven, who is a Trustee, are employed by The Lantern Community and are remunerated at the same rate as all other employees who are employed in similar roles. The wife of M Bradshaw was employed by The Lantern Community as Human Resources Assistant and she was also remunerated at the same rate as all other employees who are employed in similar roles.

During the year no purchases were made from a company called Concert Networks Ltd (2022: £791) whose sole director and shareholder was Neil Hollands, who is now a Trustee of the Lantern Community. All transactions were at arms length and there was no amount due to or from the company as at 31st March 2023 and 31st March 2022. Neil Hollands sold his stake in Concert Networks Ltd on August 18th 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 2023 amounted to £100 (2022: £NIL).

### 19 DONATED SERVICES AND ASSETS

In the year ended 31 March 2023 there was no income from donated services and assets (2022: £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 £46,246 (2021/22: £40,076).

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

	2023	2022
	£	£
Net income for year	394,846	148,562
Interest receivable	(29,872)	(2,145)
Interest payable	17,949	15,368
Depreciation and impairment of tangible fixed assets	40,920	31,367
Impairment of buildings in progress	484,418	-
(Profit) / loss on disposal of tangible fixed assets	(461)	-
(Increase) / decrease in stock	(666)	593
(Increase) / decrease in debtors	(90,963)	(45,018)
Increase / (decrease) in creditors	(143,479)	46,510
Net cash flow from operating activities	<u>672,692</u>	<u>195,236</u>

## THE LANTERN COMMUNITY

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

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023

#### 22 OPERATING LEASES

Future minimum lease payments per annum under non-cancellable operating leases as at 31 March 2023

	2023	2022
	£	£
Not later than one year	19,069	9,759
Later than one year and not later than five years	18,191	7,035

#### 23 EXCEPTIONAL ITEM

As mentioned in note 1(f) The Lantern Community has changed its accounting policy in connection with Land and buildings. In previous financial statements an historical cost less depreciation model had been adopted. In these and future financial statements land and buildings will be recorded at their fair value less impairment losses. As a result of the valuation referred to in note 1(f) three buildings had a fair value less than their historical cost. As a consequence the impairment, amounting to £381,816, has been charged to the Charity's Statement of Financial Activities. Additionally, the Charity had invested £102,602 towards the construction of a new community hall. As a decision was made to change the location and design of the hall the Trustees concluded that the already incurred expenditure had no value and as a consequence has been charged to the Charity's Statement of Financial Activities. As the items making up the exceptional item both relate to the Charity's land and buildings, in accordance with its policy (please see Note 16) an amount of £484,418 has been charged against the Property Capital Fund. The effect of this transfer means that the exceptional item of £484,418 charged to the Charity's Statement of Financial Activity has no effect on the Charity's free reserves.

