



Trustees' Report and Financial Statements 2021 – 2022

CONTENTS

	Page
Trustees' Report	1-12
Independent Auditor's Report	13-15
Consolidated Statement of Financial Activities	16
Charity and Consolidated Balance Sheet	17
Consolidated Statement of Cash Flows	18
Notes to the Financial Statements	19-37

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

The Trustees of Health Exchange, who are also Directors for the purposes of company law, present their report and financial statements for the year ended 31st March 2022.

Reference and Administration

Company & Charity name:	Health Exchange A Charity & Private Company Limited by Guarantee
Registered Company Number:	06445689
Charity number:	1188838
Registered and Correspondence Address:	Avoca Court, 27 Moseley Road, Digbeth, Birmingham B12 0HJ

Advisors

Auditor:	Cooper Parry Group, Chartered Accountants and Statutory Auditors, Office 401, 4th Floor Two Chamberlain Square Birmingham West Midlands B3 3AX
Banker:	Santander UK
Legal advisers:	Higgs & Sons Solicitors, 3 Waterfront Business Park Brierley Hill, West Midlands DY5 1LX

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

Trustees

The following Trustees, who are also the Directors for the purposes of company law, held office on the Health Exchange Governing Board during the year and to the date of signing these financial statements:

Prof. Christopher Langley (Chair)
Dr. Jacky Chambers,
Mr. Obaid Choudry,
Mr. David Melbourne,
Dr. Russell Muirhead,
Sir David Winkley,
Mr. Ron Owttrim (resigned 30th March 2022).

Senior Staff

The senior executive staff of the Charity, and of its commercial subsidiary, Living Well Taking Control LLP, during the year comprised:

Mr. Ron Owttrim, Chief Executive Officer (until 30th March 2022)
Ms. Jennifer Jones-Rigby, Chief Operating Officer
Ms. Olabimpe Odubanjo, Head of Finance
Ms. Rachel Georgiou, Regional Director, Living Well Taking Control
Ms. Nicola Earles, Head of Social Prescribing
Ms. Parminder Sandhu, Mental Health Services Manager

Narrative Report

This Trustees' Report covers the twelve-month period 1st April 2021 – 31st March 2022.

1. Structure, Governance and Management

Nature of Governing Document

The governing documents of Health Exchange are the Articles of Association, which were approved and registered on 29th October 2019.

Trustee Appointments

Trustees of Health Exchange serve as Governing Board members for a three-year period and may be re-elected for up to three consecutive terms. All trustees go through a comprehensive induction with Governing Board and Executive Team members and are provided with introductory documentation to assist them.

Organisational Structure

The Health Exchange Governing Board governs the charity on behalf of its members. The charity jointly owns one subsidiary, Living Well Taking Control LLP, which has its own Board of Directors. The Governing Board determines the strategic direction of the organization, including its policies, objectives and goals. Health Exchange's Chief Executive Officer (CEO), Ron Owttrim (until 30th March 2022), had overarching responsibility for the management of the organization and the executive delivery of its plans and activities to implement these strategic goals. He led the Executive Team which works to deliver the charity's mission.

Statement of Responsibilities of the Trustees

The Trustees (who are also directors of Health Exchange for the purposes of company law) are responsible for preparing the Trustees' Annual Report and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware;
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

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 on 5th April 2022 was six. The Trustees are members of the charity, but this entitles them only to voting rights. The Trustees have no beneficial interest in the charity.

Auditor

Cooper Parry Group Limited. was appointed and approved by the members as its auditor.

2. Objectives and Activities

Legal Objects

The legal objects of the Charity, as defined in its Articles of Association are:

- the advancement of health, including public health and wellbeing;
- to promote social inclusion amongst marginalised and minority groups who are excluded from society, or parts of society, due to their social and economic position by providing education, training, information and opportunities for social interaction;
- the promotion of urban regeneration in areas of social and economic deprivation (in particular, but not exclusively in, the West Midlands) by all or any of the following means:
 - (a) the relief of poverty;
 - (b) the relief of unemployment;
 - (c) the advancement of education, training or retraining, particularly among unemployed people, and providing unemployed people with work experience; and
 - (d) the provision of public health facilities.

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

- the advancement of education, including the provision of training, particularly in relation to matters of health;
- to develop the capacity and skills of members of the public in such a way that they are better able to identify, and help meet, their needs and to participate more fully in society.

Mission of the Charity

Health Exchange's Mission is: 'To shape the design and development of health and wellbeing services that will enable everyone to have the capacity and confidence to choose positive health and wellbeing.' To achieve our mission, we rely on our core values:

- **Investing** in our people by recruiting local people and helping them to develop their skills and knowledge.
- **Being The Best** at providing services that meet the needs of every individual, commissioner, or buyer of our services.
- **Social Value** by spending money in a way that benefits our local communities.
- **Innovation** by creating new ways of working which continue to make our services more efficient and engaging.
- **Empowerment** support patients to develop the knowledge, skill and confidence to become active participants in achieving their health and wellbeing goals.

Public Benefit Statement

Health Exchange's charitable objects are enshrined within its Articles of Association, and as such, the Trustees ensure that the objectives are achieved through our priority areas. Quarterly and annual reviews of our work evaluate our activities against our set aims, targets and outcomes. A structured model of evaluation enables us to identify if we are achieving our outcomes to allow us to tailor our service delivery to match local needs more closely.

In setting plans and priorities for areas of work, the Trustees of Health Exchange have had regard to the guidance from the Charity Commission on the provision of public benefit and Health Exchange meets the definition of a public benefit entity under FRS 102. In particular, the Trustees consider how planned activities contribute to meeting charitable objectives – as set out in the Articles of Association.

Fundraising

In the 2021-22 financial year Health Exchange did not engage in public fundraising and did not use professional fundraisers. The Charity, nevertheless, observes and complies with the relevant fundraising regulations and codes where appropriate. During the year there was no non-compliance of these regulations and codes, and we received no complaints relating to our fundraising practice.

Plans and Budgets

Each year Health Exchange's Executive Team develops annual targets for its programmes, and these are operationalised in annual plans and budget approved by the Governing Board. The monitoring and achievement of these targets, plan and budget is the principal means through which the Charity measures and reports on its progress in meeting its Mission.

3. Operations Report

Achievements and Performance

2021-22 was a difficult and challenging period for Health Exchange. The COVID-19 pandemic through 2020 and 2021 made it difficult or impossible for the Charity to provide the face-to-face services in the areas of diabetes prevention and management; social prescribing; and mental health and wellbeing that were its great strengths. All of these services were moved to remote or virtual provision as a result of the pandemic; but the numbers of people served fell because many of the most vulnerable that Health Exchange supported did not have or were reluctant or hesitant to use digital or online services.

HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2022

Several contracts that had financed important Health Exchange programmes also ended in 2021, reducing the Charity's provision of support services to patients with Type 2 diabetes and provide community-based interventions via the VCSE grant. Nevertheless, Health Exchange continued to maintain and grow its services with Primary Care Networks (PCNs), Clinical Commissioning Groups (CCGs), local authorities and other public bodies particularly in Birmingham and the West Midlands, but also across the whole country.

Social Prescribing Services

Health Exchange is an established provider of Social Prescribing and behaviour-change services, one of only 23 organizations across the country selected by the Department of Health to deliver Social Prescribing under the Voluntary, Community and Social Enterprise Fund. The Charity continued to work in partnership with PCNs and CCGs across the West Midlands and Warwickshire. Health Exchange provided Social Prescribing Link Workers, Health and Wellbeing Coaches, Care Coordinators and other health professionals who gave valuable guidance and support to 4,550 people to reduce their dependency on primary care services and live healthier lives.

For the past four years this support was delivered in Birmingham and Sandwell, for the last year in Coventry, Rugby and Warwickshire. The quality of these services - 90% of surveyed service users said that social prescribing support made them feel less isolated and better connected to other – have led to Health Exchange's growing reputation across the region. As a result, the growth in reach and impact of our services continued through the granting of another two Social Prescribing contracts with Rugby PCN and 'The Black Country Consortium'. Referrals continue to increase for social prescribing support, with the total number of contacts made to clients in 2021-22 reaching 22,327. However, the ongoing effects of Covid-19 – namely, the reluctance and lack of confidence of clients in venturing back out into the community – mean many require more in-depth support before being ready and able to attend community groups and activities. There is also a smaller number of community activities available to connect clients with. This has resulted in Health Exchange's Social Prescribers having to spend more time with their clients and their caseloads growing.

Health Exchange's team of dedicated staff continued to volunteer their services at events and activities across the service regions. However, we have been mainly unsuccessful in recruiting and retaining our own bank of volunteers. We need to review and improve our volunteer programme and processes including recruitment induction. training and management.

In addition, before the programme ended in late 2021, Health Exchange's Type 2 Diabetes service provided support for 1,026 individuals to manage their long-term condition, all of which completed a structured Diabetes Education programme in their local area.

Mental Health and Wellbeing Services

Health Exchange continued to provide Mental Health and Wellbeing services to people in Birmingham and the West Midlands. With the COVID-19 pandemic continuing to make individual and group face-to-face consultations impossible, these services were provided virtually via computer and telephone sessions. Health Exchange's trained and accredited practitioners moved over 60% of patients to recovery after their interventions – higher than the national average – through its two programmes:

- The Improving Access to Psychological Therapies (IAPT) programme supports the frontline NHS in implementing National Institute for Health and Clinical Excellence (NICE) guidelines for people suffering from depression and anxiety disorders.
- The Forward Thinking Birmingham (FTB) programme provides mental health counselling and support for young adults (up to 25 years of age) in the Birmingham area.

However, the overall number of patients treated in 2021-22 was extremely disappointing, falling to 703, a thousand fewer than two years before.

HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2022

This is particularly disappointing because the impact of the pandemic on the mental health of many people remains profound. One section of the community that Health Exchange continued to serve was young people and students who were struggling to cope with the social isolation the pandemic has exacerbated. Our Mental Health and Wellbeing Teams responded by adapting its group offering to suit the needs of students experiencing this, including providing on-site wellbeing support and groups for those who need this at BMet (Birmingham Metropolitan College). We hope that Health Exchange will continue to expand our services across BMET and other Universities in the Birmingham, Coventry and wider West Midlands areas.

Living Well Taking Control

Living Well Taking Control is the programme jointly owned by Health Exchange (with Westbank Community Health and Care, Devon) which is a framework provider of services in the NHS National Type 2 Diabetes Prevention Programme (NDPP). LWTC's 'The Healthier You' programme (for more details see <https://www.lwtcsupport.co.uk>) continued to provide diabetes prevention and management guidance and support to at risk patients in Derbyshire, Hereford & Worcestershire, Nottinghamshire, Northamptonshire, Shropshire and – from September 2021 – Dorset. The number of people served by the programme grew in 2021-22 to over 24,000. Health Exchange now runs the whole LWTC programme; and in February 2022 Westbank formally registered its intention to leave the LWTC partnership in August 2022.

Health Exchange's LWTC team worked hard to develop its operating model across all of the regions where it is managing the NDPP to one in which its network of trained self-employed professionals provided remote support and guidance to patients, alongside a digital support programme provided by LIVA, a specialist sub-contractor.

Financial Review

Income

Health Exchange's income comes from contracts for health services it is commissioned to provide by the National Health Service (NHS), both nationally – through NHS England's National Diabetes Prevention Programme (NDPP) – and locally, from Integrated Care Boards, Primary Care Networks and Clinical Commissioning Groups in Birmingham and the Midlands. The charity's income streams for the year can be divided into three categories:

- Fixed-income contracts;
- Payment-by-results contracts;
- Grants & Awards.

The first two categories are classified as unrestricted/designated to deliver on the service; and the last category is restricted as it is subject to specific restrictions imposed by the terms of the grant.

Total income received in 2021-22 decreased by 14% to £1,258,717 (2020-21: £1,467,003). Major impacts on income were affected by:

- Our Type 2 Diabetes grant ending in November 2021.
- We were awarded new contracts covering Social Prescribing and 'link workers' provision.
- Face-to-face and group delivery of Mental Health and Community support was significantly affected by the continuing COVID-19 pandemic lockdown.

Donations and legacies

Health Exchange received no donation income or legacies in 2021-22.

Investments

Interest earned on funds on account generated income of £23.

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

Expenditure

Charitable expenditure of £1,325,000 was made in 2021-22 (2020-21: £1.413,000).

As in earlier years, 78% of Health Exchange's expenditures are on staffing cost to deliver services withing the target communities; with 25% spent on management and support functions required for governance, oversight, compliance and to implement appropriate controls. During the lockdown periods in 2021-22 we continued to invest and support Health Exchange staff to work efficiently from home. The cost of equipment required was capitalised in line with accounting conventions.

We had savings against prior year in some areas, including lower spend on:

- Travel and subsistence;
- Office and premise expenses;
- Staff engaged in contracts we lost were redeployed to contracts with funded staff post;
- Costs that included management, administration, Information Technology, legal and accountancy services.

Remuneration and Pay Policy for Staff

Health Exchange is committed to ensuring it pays staff fairly and in a way that ensures it attracts and retains the right skills to have the greatest impact in delivering its charitable objectives. It aims to pay a fair salary that is competitive within the health services sector, proportionate to the complexity of each role, and in line with organizational objectives.

Reserves Policy

The aim of the charity's Reserves Policy is to accumulate sufficient funds to enable us to achieve our long-term strategic aims; and then to allocate these funds to projects of organization-wide impact over single- or multi-year projects as required. The Governing Board has established a Reserves Policy setting a minimum of £300,000 to be retained for the charity's strategic reserves, with reserves above this level being used for activities that support Health Exchange's needs.

It is also the policy of the Trustees to have a contingency plan for maintaining Health Exchange's basic functions for three months in the event of the loss of core income. The resources necessary to enact the contingency plan are reviewed on an annual basis.

Reserves at the end of 2021-22 were £1,046,089. Free reserves (unrestricted funds minus fixed assets) were £669,096.

Future Plans

The Charity plans to develop a new Mission statement and a new Strategic Plan in 2022 to guide its future development in the next decade. We will establish new plans for Health Exchange's programmatic growth whilst maintaining our provision in 2022-23 of safe high-quality care and support services and our strong relationships with partners, commissioners and clients.

Social Prescribing Services

The Charity aims to maintain and grow the number of NHS contracts for Social Prescribing it achieves in Birmingham and the Midlands. Financial pressures on PCNs, CCGs and new Integrated Care Boards mean some of these NHS commissioning bodies are constantly demanding more services from Health Exchange for less money. To maintain the high-quality of our services Health Exchange will take a robust position to ensure it secures adequate funding from these commissioners, even where it means turning down contracts where a minimum price cannot be paid.

Health Exchange continued in 2021-22 its development of a new digital application to support its Primary Care and Diabetes prevention and management programmes. This digital hub will provide clients real-time

HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2022

access to their information plus supporting materials. Clients, Link Workers and Coaches will be able to communicate directly within the application through push notifications and instant communication channels. The application will be fully secure and will be able to integrate into a variety of external systems via an API to allow for functionality such as SMS, email & social communication. The application will be readily available across multiple devices allowing users to access their data at home from their computers or their smartphones.

Mental Health and Wellbeing Services

After a disappointing – and financially loss-making – year of operations in 2021-22, Health Exchange is working hard to get the Mental Health and Wellbeing Service back to the levels it was reaching before the COVID-19 pandemic. The Service continues to deliver therapy through online and telephone sessions, as there is almost no return of demand for face-to-face sessions from our clients. However, the resumption of face-to-face sessions may take place if this changes, and Health Exchange continues to monitor the situation closely.

Staff members lost to the programme in 2021-22 are slowly being replaced; and the aim is to develop a wider range of services relating to Mental Health and to expand Health Exchange's capacity to accept many more referrals into the IAPT and FTB programmes in future. This will involve establishing a wider portfolio of practitioners and marketing our MH&W services ourselves, as well as receiving referrals through the Living Well Consortium. We are currently in the process of creating workshops to deliver MH&W advice and support to organisations for their staff – something which was done pre-Covid.

Living Well Taking Control

In 2022-23 and beyond we plan to expand the number of geographic regions receiving LWTC delivery of their National Diabetes Prevention Programme. We intend to continue tailoring delivery to best suit the needs of those classified at high risk of developing type 2 diabetes, as well as continue to support ongoing research and provide evidence to support outcomes of service delivery. We want to help locality coaches to grow their businesses, working for LWTC, ensuring best practice is embodied throughout. Fundamentally, we want to support NHS England in delivering the most suitable programme to meet patient needs and feeding service user comments back to NHSE national teams to help with service development.

As we grow and deliver more complex projects, we will ensure our Board and Senior Team have the skills experience to deliver the range of services.

Principal Risks and Uncertainties

The Governing Board of Trustees regularly considers the principal risks to which Health Exchange is exposed. It uses a risk management matrix to set out and evaluate the major risks, their likely impact, the steps taken to mitigate risk, and further action that could be taken. The principal risks for the charity in 2021-22 were:

Risk	Primary Mitigations
Strategic risk that Health Exchange's Mission and Strategy is insufficiently clear, focused and innovative to succeed	<ul style="list-style-type: none"> Health Exchange will undergo a strategic planning exercise in 2022 to help the Charity review and revise its Mission and Strategic Goals; and then align its programmes, plans, management and staff structures, and business processes to ensure it is well placed to deliver them. We will develop improved monitoring, evaluation and impact indicators to help us measure our success – and highlight our failures – so that we are a learning organisation that reports accurately and adapts quickly and intelligently to changing circumstances, so that we can best serve our commissioning partners and – most importantly – the people and communities whom we serve.

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

Safeguarding, Regulatory and Operating risks	<ul style="list-style-type: none"> • Strong safeguarding plans, with regular internal and external review of our compliance with safeguarding requirements. • Ensuring all Health Exchange staff/volunteers and those we work with have received mandatory training in safeguarding, with compliance reviewed regularly as part of Integrated Governance and Assurance. • Maintaining compliance of all quality standards by working with our internal audit team, and other providers of external assurance, to ensure recommendations are implemented promptly.
Finance Risk of unanticipated falls in voluntary income, reducing liquidity and capacity to effectively deliver against plans	<ul style="list-style-type: none"> • Health Exchange's Reserves Policy protects the Charity against the impact of short-term volatility of cash flow. • Key performance indicators are closely monitored against budgets, and regular reforecasting takes place where required to manage underperformance of contracts. • In the past year, specific consideration of finance risk has included our Mental Health provision contracts with the Living Well Consortium, including reviewing and diversifying income streams to boost income and mitigate losses.
People Risk of an inability to find and retain people with the right skills to deliver our plans	<ul style="list-style-type: none"> • Weekly performance and support meetings for staff – informed by an online platform providing key metrics and data – ensures that staff are supported and guided in an evidence-based way. • We are assessing our HR approaches to ensure that staff terms and conditions are consistent across the organisation. • In 2022-23 we will be investing in our HR capacity to improve guidance and support to managers; and direct HR support to staff.
Cyber Security and IT risk	<ul style="list-style-type: none"> • Regular reviews and reports are submitted by our IT Consultants on our IT infrastructure and system processes to the Senior Management Team; and our Integrated Governance Committee regularly monitors our compliance with Data, GDPR and IT technical standards and requirements. • Work continues on rationalising the technical infrastructure and leveraging software to improve efficiency.
Key Partners and Partnerships Overreliance on key partners and partnership	<ul style="list-style-type: none"> • We continue to grow our key partnerships into new geographic areas in which we expect our programmes to grow. • We continue to build new relationships with national funders that will support the diversification of the work we do, leading to increased scope of our operations and increased income.
Change in Commissioners strategy and intentions – Movement to the Integrated Care System	<ul style="list-style-type: none"> • We continue to maintain positive relationships with the NHS commissioners of the funding we receive, ensuring all reporting and evaluation criteria is met. • We try to be flexible within the varying demands made by commissioners, within the parameters we have set to provide efficient and effective services at a price we can afford to provide. • We try to build on our strategic partnerships to ensure that we can influence decision making on service provision around our evidence-based practice. • We continue to track the impact of the work we do to ensure that we can demonstrate to funders the efficacy of the services we provide

Health Exchange also continues to allow its staff and consultants to work remotely to respond effectively to the COVID-19 pandemic.

Contingency plans – including a Business Continuity Plan – have also been developed by Health Exchange's Senior Management Team (SMT) to manage and reduce these and other, less serious, risks.

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

The Trustees have prepared this report in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

Approved and signed on behalf of the Trustees by



.....

Date: 6 November 2022
.....

Christopher A. Langley, Trustee and Chair

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALTH EXCHANGE

Opinion

We have audited the financial statements of Health Exchange (the 'charitable company') for the year ended 31 March 2022 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditor's report thereon. The Trustees are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which 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.
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small company's exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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:

Our assessment focused on key laws and regulations the Charitable Company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, Charities Act 2011, Charities (Protection and Social Investment) Act 2016, taxation legislation, data protection, anti-bribery and employment legislation.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

- obtaining an understanding of the legal and regulatory framework applicable to the Charitable Company and how the Charitable Company is complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the Charitable Company's control environment and how the Charitable Company's control environment and how the Charitable Company has applied relevant control procedures, through discussions with Trustees and other management by performing walkthrough testing over key areas;
- obtaining an understanding of the Charitable Company's risk assessment process, including the risk of fraud;
- reviewing meeting minutes of those charges with governance throughout the year; and
- performing audit testing to address the risk of management override or controls, including testing journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.


Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

Glen Bott FCA (Senior statutory auditor) for and behalf of:



Cooper Parry Group Limited
Chartered Accountants and Statutory Auditor
Office 401 4th Floor
Two Chamberlain Square Birmingham
West Midlands B3 3AX

Date: 18 November 2022

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT) FOR THE
YEAR ENDED 31 MARCH 2022**

	Note	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:				
Donations and legacies	4	-	-	313,533
Charitable activities	5	1,258,694	1,258,694	1,152,935
Investments	6	23	23	535
Total income		<u>1,258,717</u>	<u>1,258,717</u>	<u>1,467,003</u>
Expenditure on:				
Charitable activities		1,325,496	1,325,496	1,413,381
Total expenditure		1,325,496	1,325,496	<u>1,413,381</u>
Net movement in funds		(66,779)	(66,779)	<u><u>53,622</u></u>
Reconciliation of funds:				
Total funds brought forward		1,112,868	1,112,868	1,059,246
Net movement in funds		(66,779)	(66,779)	53,622
Total funds carried forward		<u>1,046,089</u>	<u>1,046,089</u>	<u><u>1,112,868</u></u>

The Statement of Financial Activities includes all gains and losses recognised in the year. The notes on pages 19 to 39 form part of these financial statements.

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

REGISTERED NUMBER: 06445689

BALANCE SHEET AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	11	364,925	368,512
Investments	12	16,488	634
		<u>381,413</u>	<u>369,146</u>
Current assets			
Debtors	14	272,783	389,979
Cash at bank and in hand		534,051	496,131
		<u>806,834</u>	<u>886,110</u>
Creditors: amounts falling due within one year	15	(142,158)	(142,388)
		<u>664,676</u>	<u>743,722</u>
Net current assets		664,676	743,722
Total assets less current liabilities		<u>1,046,089</u>	<u>1,112,868</u>
Total net assets		<u><u>1,046,089</u></u>	<u><u>1,112,868</u></u>
Charity funds			
Restricted funds	17	-	-
Unrestricted funds			
Designated funds	17	376,993	369,962
General funds	17	669,096	742,906
		<u>1,046,089</u>	<u>1,112,868</u>
Total funds		<u><u>1,046,089</u></u>	<u><u>1,112,868</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and preparation of financial statements.

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

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



Professor Chris Langley
Chair


Mark Wilson
Interim Chief Executive

The notes on pages 19 to 39 form part of these financial statements.

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	£	£
Cash flows from operating activities		
Net cash used in operating activities	51,031	70,132
Cash flows from investing activities		
Dividends, interests and rents from investments	23	535
Proceeds from the sale of tangible fixed assets	-	17,500
Purchase of tangible fixed assets	(5,238)	(17,833)
Net cash (used in)/provided by investing activities	(5,215)	202
Cash flows from financing activities		
Repayments of borrowing	(7,075)	(9,648)
Net cash used in financing activities	(7,075)	(9,648)
Change in cash and cash equivalents in the year	38,741	60,686
Cash and cash equivalents at the beginning of the year	496,131	435,445
Cash and cash equivalents at the end of the year	534,872	496,131

The notes on pages 19 to 39 form part of these financial statements

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. General information

Health Exchange is a registered company limited by guarantee with registered charitable status, in the United Kingdom. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are to prevent or relieve poverty, suffering, distress or financial hardship amongst the beneficiaries by providing financial assistance and support as well as letting holiday properties to the beneficiaries.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

2.2 Going concern

The extremely difficult economic situation the UK is experiencing in 2022 will cause added pressures on the charity: particularly inflationary pressures on costs whilst revenue levels from existing National Health Service contracts remain largely fixed or stable; and supporting staff through a cost-of-living crisis that undermines the value of their salaries. Two of its three major programmes are growing, but the loss of some important service contracts in 2021 reminds the charity of the need to continue to offer professional, high quality, value for money programmes. Health Exchange is conducting a strategic review in 2022 to ensure that in the coming years of continued economic challenges, it increasingly focuses efforts on programmes and health services that meet its mission and are viable and sustainable.

Therefore, the Trustees believe that Health Exchange is well placed to continue and expand its work in future. The charity has a strong cash position and the majority of its funds are unrestricted funds.

On this basis the trustees are confident at present that the society has adequate resources to continue in operation and, accordingly, have adopted the going concern basis in preparing the financial statements.

2.3 Income

Incoming resources are recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102).

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Charity's objectives, as well as any associated support costs.

2.5 Support cost allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity.

The analysis of these costs is included in note 7.

2.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.7 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- 0.83% Over 120 years
Motor vehicles	- 25.00% straight line
Fixtures and fittings	- 33.33% straight line
Office equipment	- 33.33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

2.8 Associated joint ventures

Associates and Joint Ventures are held at cost less impairment. The investment has been accounted for as a programme related investment.

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

2.9 Debtors

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

2.10 Cash at bank and in hand

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

2.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

2.12 Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.13 Operating leases

Rentals paid under operating leases are charged to the Statement of financial activities on a straight-line basis over the lease term.

2.14 Pensions

The Charity operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Charity pays fixed contributions into a separate entity. Once the contributions have been paid, the Charity has no further obligations.

The contributions are recognised as an expense in the Statement of Financial Activities when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Charity in independently administered funds.

Certain past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

2.15 Fund accounting

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.

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

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.

3. Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical areas of judgement:

Depreciation and residual value:

The trustees have reviewed the asset lives and associated residual values of all tangible fixed assets classes, and have concluded that asset lives and residual values are appropriate.

4. Income from donations and legacies

	Restricted funds 2022	Total funds 2022	Total funds 2021
	£	£	£
Grants			
VCSE Health and Wellbeing	-	-	313,533
	<u> </u>	<u> </u>	<u> </u>

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

5. Income from charitable activities

	Unrestricted funds 2022 £	Total funds 2022 £
Bham CCG-Type2 Diabetes Education Service	157,090	157,090
Mental Health & Wellbeing	191,753	191,753
Triage for EWH	83,690	83,690
Primary Care Network	824,237	824,237
Other Income	500	500
	<u>1,257,270</u>	<u>1,257,270</u>

	Unrestricted funds 2021 £	Total funds 2021 £
Bham CCG-Type2 Diabetes Education Service	151,610	151,610
Mental Health & Wellbeing	279,763	279,763
Triage for EWH	84,755	84,755
Thrive Project	16,655	16,655
Primary Care Network	575,789	575,789
Other Income	362	362
Profit on disposal of fixed assets	17,500	17,500
Coronavirus job retention scheme income	25,212	25,212
	<u>1,151,646</u>	<u>1,151,646</u>

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

6. Investment income

	Unrestricted funds 2022	Total funds 2022
	£	£
Bank interest receivable	23	23
	<u>23</u>	<u>23</u>

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Bank interest receivable	507	28	535
	<u>507</u>	<u>28</u>	<u>535</u>

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

7. Expenditure on charitable activities

	Mental Health & Wellbeing £	Community Health & Wellbeing £	Social Prescribing £	Head Office £	Total 2022 £	Total 2021 £
Direct Costs						
Staff costs	185,236	604,857	-	-	790,093	674,064
Telephone, internet & SMS	3,937	7,578	273	-	11,788	10,832
Supporters	36,402	22,281	-	16,815	75,498	76,760
Mobile unit and van costs	-	-	-	566	566	5,544
Travel and subsistence	649	3,392	-	-	4,041	1,318
Advertising, promotions and marketing	471	581	-	2,164	3,216	20,964
Other direct costs	1,980	428	-	-	2,408	3,909
Recruitment costs	4,681	889	-	-	5,570	377
Room hire and rent	562	-	-	-	562	7,198
Impairment loss - LWTC	-	-	-	-	-	189,366
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total direct costs	233,918	640,006	273	19,545	893,742	990,932
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	Mental Health & Wellbeing	Community Health & Wellbeing	Social Prescribing	Head Office	Total 2022	2021
	£	£	£	£	£	£
Support costs						
Staff costs	930	23,830	-	210,649	235,409	226,944
Rent, rates and storage	746	-	-	9,268	10,014	21,858
Heat, Light and Power	-	-	-	3,649	3,649	4,238
Travel and subsistence	-	-	-	1,319	1,319	(131)
Telephone, Internet and SMS Text	-	-	-	10,705	10,705	13,674
Office expenses	413	1,962	-	3,617	5,992	9,975
Legal and professional	-	52,308	-	41,407	93,715	50,306
Equipment and licences	1,758	6,916	-	14,797	23,471	26,004
Premises expenses	-	-	-	3,411	3,411	7,116
Bank Charges and Interest	-	-	-	222	222	25
Depreciation	1,007	2,721	-	5,094	8,822	10,691
Subscriptions and donations	-	-	-	2,632	2,632	3,281
Training	-	-	-	3,730	3,730	-
Repairs and renewals	-	-	-	50	50	327
Insurance	-	-	-	26,080	26,080	25,664
Other costs	-	207	-	17,358	17,565	23,077
Head office recharges	127,536	197,292	-	(324,828)	-	-
Total support costs	132,390	285,236	-	29,160	436,786	423,049

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

8. Auditor's remuneration

	2022	2021
	£	£
Fees payable to the Charity's auditor for the Charity's annual accounts	12,500	9,600

9. Staff costs

	2022	2021
	£	£
Wages and salaries	912,551	810,431
Social security costs	75,867	67,314
Contribution to defined contribution pension schemes	27,109	26,515
	<u>1,015,527</u>	<u>904,260</u>

The average number of persons employed by the Charity during the year was as follows:

	2022	2021
	No.	No.
Administration	8	7
Frontline	32	29
Operational	6	2
Management	2	7
	<u>48</u>	<u>45</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2022	2021
	No.	No.
In the band £60,001 - £70,000	1	1

The trustees consider its key management personnel comprise the management team. The total employment benefits including employer's national insurance and employer pension contributions of the key management personnel were £140,755 (2021: £147,658).

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

10. Trustees' remuneration and expenses

During the year, one Trustee has been paid remuneration or has received other benefits from an employment with the Charity as permitted under the Charity's governing document. The value of Trustees' remuneration and other benefits was as follows:

		2022	2021
		£	£
Ronald Owtrim	Remuneration	64,167	70,000
	Pension contributions paid	1,750	2,100

During the year ended 31 March 2022, no Trustee expenses have been incurred (2021 - £NIL).

11. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation				
At 1 April 2021	354,205	36,134	119,973	510,312
Additions	-	-	5,237	5,237
At 31 March 2022	<u>354,205</u>	<u>36,134</u>	<u>125,210</u>	<u>515,549</u>
Depreciation				
At 1 April 2021	5,019	28,212	108,569	141,800
Charge for the year	<u>2,102</u>	<u>435</u>	<u>6,287</u>	<u>8,824</u>
At 31 March 2022	<u>7,121</u>	<u>28,647</u>	<u>114,856</u>	<u>150,624</u>
Net book value				
At 31 March 2022	<u><u>347,084</u></u>	<u><u>7,487</u></u>	<u><u>10,354</u></u>	<u><u>364,925</u></u>
At 31 March 2021	<u><u>349,186</u></u>	<u><u>7,922</u></u>	<u><u>11,404</u></u>	<u><u>368,512</u></u>

The interest in the long-term leasehold property was revalued on 30 August 2019 which deemed the leasehold interest in the property to be £350,000. The valuation was provided by a qualified valuer who was a Registered valuer as defined under the RICS Valuation Registration Scheme.

The directors have considered this valuation as at the date of signing these accounts and deem this valuation to represent current market conditions as at that date, therefore feel it is appropriate to carry this at the revalued amount subject to depreciation.

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

12. Fixed asset investments

	Investment in joint ventures
	£
Cost or valuation	
At 1 April 2021	190,000
At 31 March 2022	190,000
Impairment	
At 1 April 2021	189,366
Reversal of impairment	(15,854)
At 31 March 2022	173,512
Net book value	
At 31 March 2022	16,488
At 31 March 2021	634

The company participates in a joint venture arrangement in Living Well Taking Control LLP, an LLP incorporated in England and Wales, with one other party.

In March 2013 Health Exchange joined forces with Exeter-based charity Westbank Community Health and Care to deliver the programme, called Living Well Taking Control, to people in Birmingham and Exeter identified as being at risk of developing, or recently diagnosed with, Type 2 diabetes.

Keen to ensure effective evaluation of this education and support programme, this partnership also worked with a number of Universities including Exeter, Bristol and Birmingham to evidence the value and benefits of the service to service-users.

The company owns 50% of the LLP and its share of trading results and assets and liabilities are shown in note 13.

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

13. Joint venture trading result

	2022	2021
	£	£
Turnover	679,173	526,234
Cost of sales	(407,279)	(550,134)
Gross profit	271,894	(23,900)
Administrative expenses	(256,041)	(169,619)
Operating (loss)/profit	15,854	(193,519)
Fixed assets	6,573	5,253
Current Assets	288,702	373,592
Creditors	(278,787)	(378,211)
Net assets	16,488	634
Members other Interests		
Members capital classified as equity	190,000	190,000
Other reserves	(173,513)	(189,366)
	16,488	634

14. Debtors

	2022	2021
	£	£
Due within one year		
Trade debtors	251,802	372,729
Other debtors	1,640	3,149
Prepayments and accrued income	19,341	14,101
	272,783	389,979

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

15. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Bank overdrafts	-	1,459
Bank loans	493	7,569
Trade creditors	45,760	16,275
Other taxation and social security	55,244	83,474
Other creditors	1,530	23,168
Accruals	39,131	10,443
	<u>142,158</u>	<u>142,388</u>

16. Financial Instruments

	2022	2021
	£	£
Financial assets		
Financial assets measured at fair value through income and expenditure	534,051	496,131
	<u><u>534,051</u></u>	

Financial assets measured at fair value through income and expenditure comprise cash in bank.

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

17. Statement of funds

Statement of funds - current year

	Balance at 1 April 2021 £	Income £	Expenditure £	Balance at 31 March 2022 £
Unrestricted funds				
Designated funds				
Tangible fixed asset fund	126,560	-	(8,823)	117,737
Leasehold property	96,731	-	-	96,731
Revaluation reserve	146,037	-	-	146,037
Investments	634	-	15,854	16,488
	<u>369,962</u>	<u>-</u>	<u>7,031</u>	<u>376,993</u>
General funds				
General Funds	<u>742,906</u>	<u>1,258,717</u>	<u>(1,332,527)</u>	<u>669,096</u>
Total Unrestricted funds	<u><u>1,112,868</u></u>	<u><u>1,258,717</u></u>	<u><u>(1,325,496)</u></u>	<u><u>1,046,089</u></u>

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

17. Statement of funds (continued): Statement of funds - prior year

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2021 £
Unrestricted funds					
Fixed Asset funds					
Tangible fixed asset fund	116,497	-	(7,771)	17,834	126,560
Leasehold property	98,833	-	(2,102)	-	96,731
Revaluation reserve	146,037	-	-	-	146,037
Investments	190,000	-	(189,366)	-	634
	<u>551,367</u>	<u>-</u>	<u>(199,239)</u>	<u>17,834</u>	<u>369,962</u>
General funds					
General	<u>490,833</u>	<u>1,153,442</u>	<u>(841,884)</u>	<u>(59,485)</u>	<u>742,906</u>
Total Unrestricted funds	<u>1,042,200</u>	<u>1,153,442</u>	<u>(1,041,123)</u>	<u>(41,651)</u>	<u>1,112,868</u>
Restricted funds					
Big Lottery Fund	17,046	28	(57,999)	40,925	-
VCSE Health and Wellbeing	-	313,533	(314,259)	726	-
	<u>17,046</u>	<u>313,561</u>	<u>(372,258)</u>	<u>41,651</u>	<u>-</u>
Total of funds	<u>1,059,246</u>	<u>1,467,003</u>	<u>(1,413,381)</u>	<u>-</u>	<u>1,112,868</u>

Tangible fixed asset fund and leasehold property fund

The purpose of these funds is to recognise the value of operational assets which are not freely convertible into cash.

Revaluation Fund

This represents the revaluation of the leasehold property. The trustees believe it is inappropriate to consider that this unrealised valuation surplus is available for the ongoing work of the Charity.

VCSE Health and wellbeing

This fund represents grant income to be used on the social prescribing project.

Big Lottery Fund

This fund represents grant income was used in prior year on the wellbeing asset building project.

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

18. Summary of funds

Summary of funds - current year

	Balance at 1 April 2021 £	Income £	Expenditure £	Balance at 31 March 2022 £
Designated funds	369,962	-	7,031	376,993
General funds	742,906	1,258,717	(1,332,527)	669,096
	<u>1,112,868</u>	<u>1,258,717</u>	<u>(1,325,496)</u>	<u>1,046,089</u>

Summary of funds - prior year

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2021 £
Designated funds	551,367	-	(199,239)	17,834	369,962
General funds	490,833	1,153,442	(841,884)	(59,485)	742,906
Restricted funds	17,046	313,561	(372,258)	41,651	-
	<u>1,059,246</u>	<u>1,467,003</u>	<u>(1,413,381)</u>	<u>-</u>	<u>1,112,868</u>

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	364,925	364,925
Fixed asset investments	16,488	16,488
Current assets	806,834	806,834
Creditors due within one year	(142,158)	(142,158)
Total	<u>1,046,089</u>	<u>1,046,089</u>

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

19. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2021	Total funds 2021
	£	£
Tangible fixed assets	368,512	368,512
Fixed asset investments	634	634
Current assets	886,110	886,110
Creditors due within one year	(142,388)	(142,388)
Total	1,112,868	1,112,868

20. Reconciliation of net movement in funds to net cash flow from operating activities

	2022 £	2021 £
Net income/expenditure for the year (as per Statement of Financial Activities)	(66,779)	53,622
Adjustments for:		
Depreciation charges	8,824	10,689
Impairment of joint venture	-	189,366
Dividends, interests and rents from investments	(23)	(535)
Loss/(profit) on the sale of fixed assets	-	(17,500)
Decrease/(increase) in debtors	117,196	(166,652)
Increase/(decrease) in creditors	(5,654)	1,142
Net cash provided by operating activities	53,564	70,132

21. Analysis of cash and cash equivalents

	2022 £	2021 £
Cash in hand	534,872	496,131

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

22. Analysis of changes in net debt

	At 1 April 2021 £	Cash flows £	At 31 March 2022 £
Cash at bank and in hand	496,131	38,741	534,872
Bank overdrafts repayable on demand	(1,459)	1,459	-
Debt due within 1 year	(7,569)	7,076	(493)
	<u>487,103</u>	<u>47,276</u>	<u>534,379</u>

23. Pension commitments

The company operates a defined contribution stakeholder pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. A proportion of the pension cost charge represents contributions payable by the company to this fund and amounted to £27,109 (2021: £26,515) in the year. Contributions totalling £1,521 (2021: £1,702) were payable to the fund at the balance sheet date and are included in other creditors.

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”.

An outline of these follows:

Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2022, is based on valuation data as at 31 March 2019, updated to 31 March 2022 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the

**HEALTH EXCHANGE TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2022**

discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2019. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6%, and the Scheme Regulations were amended accordingly.

24. Operating lease commitments

At 31 March 2022 the Charity had commitments to make future minimum lease payments under non- cancellable operating leases as follows:

	2022	2021
	£	£
Not later than 1 year	1,596	1,596
Later than 1 year and not later than 5 years	1,995	3,591
	<u>3,591</u>	<u>5,187</u>

25. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

26. Related party transactions

As stated in note 12 Health Exchange participates in a joint venture arrangement with Living Well Taking Control LLP an LLP incorporated in England and Wales (Company number: OC407449). During the period Health Exchange made payments on behalf of the Living Well Taking Control LLP amounting to £196,723 (2021: £305,217) of which £nil (2021: £nil) reflects the capital contribution being their share of the joint venture arrangement. Included within trade debtors due within one year is £94,595 (2021: £75,134) due from Living Well Taking Control LLP.

During the year Scotdoc Consultancy Ltd, a company where CEO and Trustee Russell Muirhead is a director, provided clinical supervision services to staff. The cost of these services totalled £8,340 (2021: £13,612). At the year-end an amount of £700 was owed to (2021: £1,252) Scotdoc Consultancy Ltd.