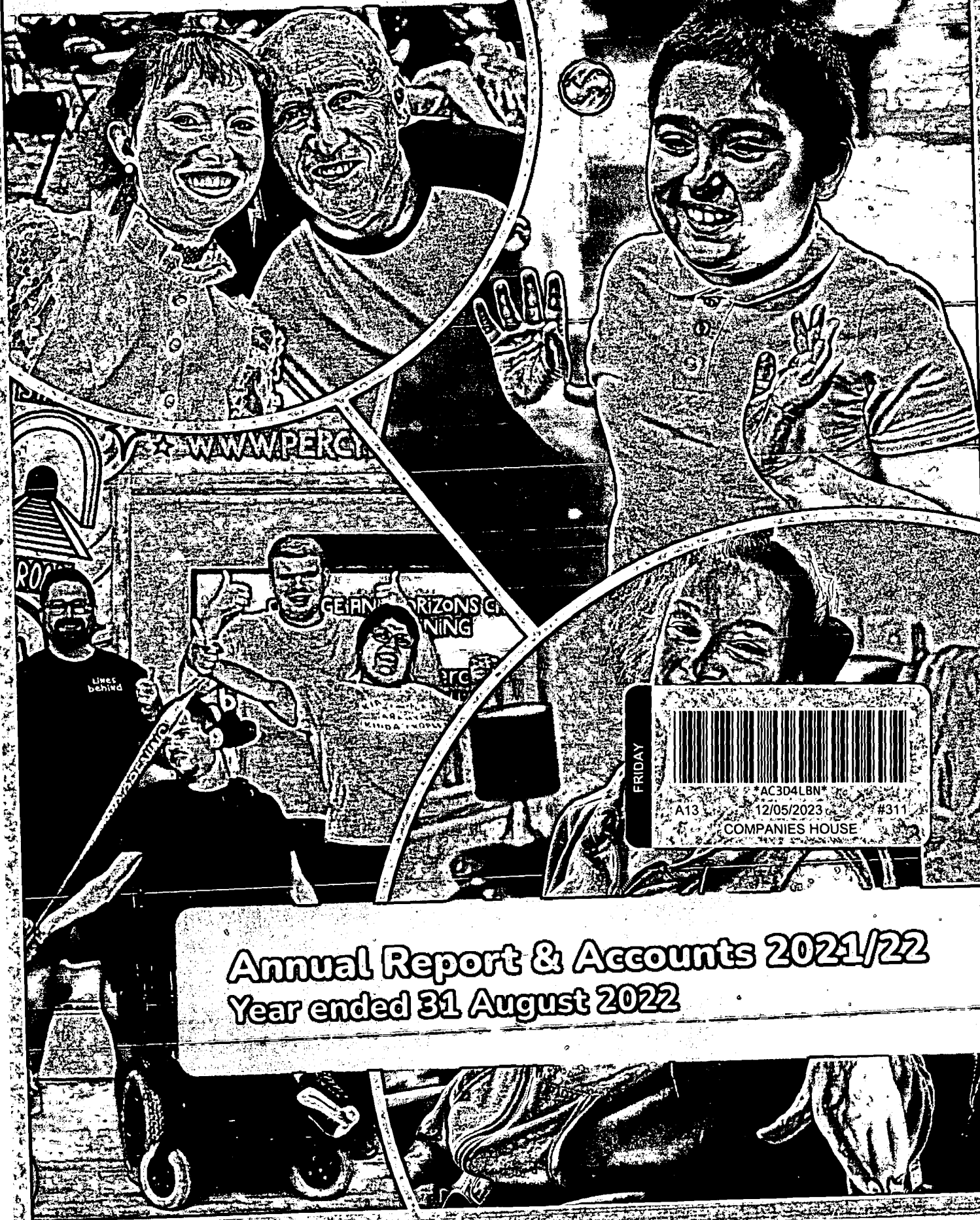




**Percy Hedley  
FOUNDATION**



**Annual Report & Accounts 2021/22**  
**Year ended 31 August 2022**

FRIDAY



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COMPANIES HOUSE



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## Who We Are

Introduction 

The Percy Hedley Foundation is a charity dedicated to improving the every day lives of people with disabilities.

We want to help people with disabilities to live their best lives.

We're driven by our vision for a world in which people with disabilities can realise their potential as equal and active citizens in control of their lives. This sits at the heart of everything we do. All of this is underpinned by both our passion to enrich people's lives and by our moral and statutory responsibilities.

We get to work with extraordinary people every day. Some of our students, residents and members have challenging needs and they and their families are an inspiration to us every day.

Our commitment as a charity is simple, but one we do not take lightly. Some of our students, residents and members have very complex needs and to enable them to live their best lives and reach their full potential, we need the best team, special facilities and equipment.

### Our Mission

Inspire, Believe, Achieve

### Our Values

People at the heart of everything we do

### Our Promise



Continually seek to improve



Inspire others



Do the right thing



Work together as one team

## What We Do

Introduction 

We help people develop their abilities, live the life they want and be happy by providing top quality care, education, lifelong learning, social enterprise and employment opportunities at our two schools, college, homes, and lifelong learning services.



### Schools

We are specialist education providers in North Tyneside and Newcastle upon Tyne. We have two schools that offer specialist education for a range of complex physical disabilities and learning difficulties and cater for children and young people aged 3 to 19.



### College

Our college is a specialist further education provider for young people aged 16-25 with a range of learning disabilities. These young people require specialist programmes to develop communication, independence and employability in order to make a successful transition into adulthood.

### Homes



We have four residential homes in Newcastle upon Tyne for people aged 18+. We offer a high standard of specialist, person-centred care within a safe, homely environment.

### Lifelong Learning



We have a lifelong learning service offering bespoke, lifelong learning programmes for people with complex disabilities and learning difficulties, where people can continue their lifelong learning goals, improve their mental well-being and take part in purposeful activities and enterprise.

## Our Impact

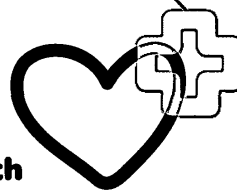
Introduction



**1.2 Million**  
hours of special  
education, lifelong  
learning, therapy  
and care



**584**  
people with  
disabilities supported

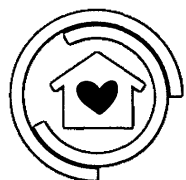


**356 People**  
Accessed education through our schools and college



**950 People**

Employed across  
the Foundation in  
2021-22



**68 People**  
within our homes



**160 People**

Accessed lifelong  
learning through  
our adult Horizons  
programme

## Introductory Statement

Introduction



Never, in the history of the Foundation, has the commitment, compassion and resilience of our staff shone so brightly as during the past year.

It is a testament to their dedication, and to the leadership of the management team, that the Foundation remained open throughout the pandemic, providing care and support to those with complex disabilities and learning difficulties, as well as their families. Building on the experience from the first lockdown, the Foundation adapted quickly to the ever-changing situation. Through strong planning and crisis management, the Foundation was able to provide services throughout the year. When we slowly saw a return to normal activities with residents finally able to get

about, we held our much-loved Christmas festivities and ended the academic year on a high with the return of face-to-face, "leavers' ceremonies".

Many young people we support have life-limiting conditions and complex medical needs. The year was tinged with great sadness with the tragic passing of Stephen Darke, aged 80. Stephen was one of the first children at the Foundation, joining school on the first day and living in Chipchase House since it opened. Stephen's parents were instrumental in the creation of the Foundation 70 years ago in 1953.



John Steward,  
Acting Chief Executive



**Janet Donnelly**  
**Chair**

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## Introductory statement

Introduction 

Now, with the support of our skilled care, nursing, therapeutic, education and residential teams at the Foundation, young people, and adults, regardless of their complex medical needs, can access experiences and learning like their peers.

There are so many examples of situations and conversations with families that so eloquently highlight the incredible need for our services and there are so many more young people and adults who do not have access to the support and care needed to maximise their potential. According to Department for Education data (January 2021), there are 1,408,701 pupils in England with Special

Educational Needs and Disability (SEND), an increase for the fourth consecutive year. Of those, there are 325,618 pupils with Education, Health, and Care Plans (EHCP), an increase of 10.5% from the previous year. We cannot meet that need without the continued generous support from volunteers, individuals, groups, charitable trusts, foundations, and companies. For that support, at a time when many have faced their own difficult challenges, we say a heartfelt thank you.

Most importantly, we thank our staff for their outstanding commitment to provide the highest quality of education, care, and support during these unprecedented times.

**John Steward**  
**Acting Chief Executive**

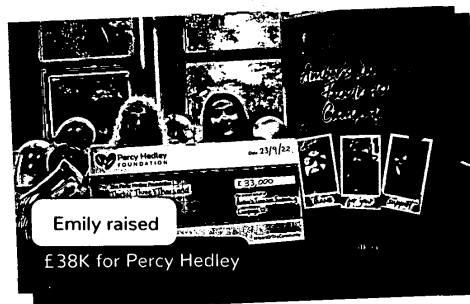
**Janet Donnelly**  
**Chair**

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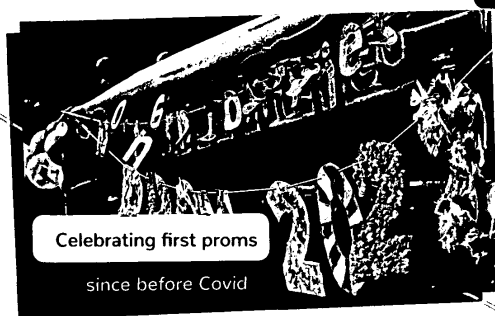
## Our Year in Photos



“ The opening of the College Cafe was such a great experience ”



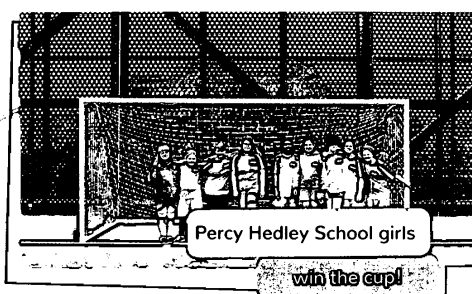
“ We have enjoyed the positive changes in 2022, looking forward to 2023! ”



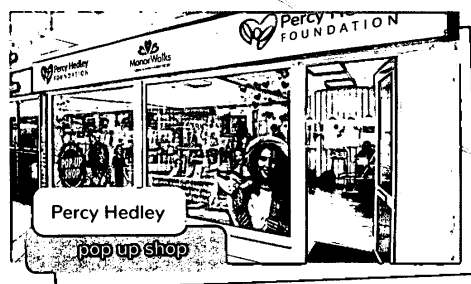
## Our Year in Photos



66 So proud of our Percy Hedley Girls Football Team for working so hard 99



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66 Percy Hedley is all I have ever known and deserves something back from me 99



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## Strategic Report: Percy Hedley School

What We Achieved

**2022 was marked by significant changes, especially within Percy Hedley School. Over the past year we achieved, pursued, or started the following:**

We established a new holistic and inclusive assessment procedure by organising the school into four clear curriculum pathways. These focus on wellbeing whilst reflecting our range of students and their needs. We placed outdoor learning at the centre of our curriculum and introduced a new phonics program. In addition, we have strengthened the Wellbeing Team, carrying out a project on emotional resilience with our educational psychologist.

Last year we focused on ensuring that our staff know that they are cared for. We also supported trainee and early career teachers whilst providing therapy placements. Two speech and language therapists were trained to deliver the ELKLAN program, and next year more colleagues will be trained in this. We improved the retention of our staff, and put in many measures to engage, recruit, and retain the right colleagues.

To improve our work and partnership with parents and carers, we have been following an accredited Parent Partnership Award. We also joined North Tyneside Council Schools' Improvement Service which will help our quality, governance, connectivity, and give us a new school improvement partner. Various parent and carer events took

place during the year, all welcome after Covid-19 and which we need to build upon. There were lots of sporting and outdoor learning activities throughout the school, including sports teams and many changes to our site to accommodate this. We also published weekly extensive blogs covering whole school news and messages, as well as one from our Parent Liaison Officer.

Notable achievements from the past year have included:

The school achieved MOVE Silver Status and won a MOVE award for our MOVE around the world event. MOVE is an activity based framework that enables young people to gain independent sitting, standing, walking and transferring. This is the updated system from versions of conductive education that were used in the past.

The outdoor learning area was revamped with help from volunteers from Virgin Media to make it accessible for all students to use.

## Strategic Report: Percy Hedley School

What We Achieved 

### Ambitions for the year ahead:

- Improving attendance, as well as our sequencing and curriculum design
- Embed reading into the curriculum as well as improve our other and wider literacy
- Develop all aspects of personal development within the school

### What we achieved last year:

- Organised the school more clearly into 4 curriculum pathways
- \*Laid down new assessment procedures
- Worked hard on and improved staff engagement, wellbeing, recruitment and retention



## Strategic Report: Northern Counties School

What We Achieved 

The academic year of 2021/2022 was one of great improvements for Northern Counties School.

In May 2022, Ofsted judged the school to be inadequate and placed Northern Counties School into special measures. However, we took time to reflect on the outcome of the inspection and believe that it has given us the opportunity to grow and become better.

By the end of the school year, we welcomed all learners back to full-time education. We introduced new learning methods and created a more positive learning and working area by investing heavily in the environment of the building.

We also incrementally improved teaching and learning within the school, making learning fun and enjoyed welcoming parents, carers and the wider community back into school. It was fantastic to welcome families back for the weekly signing sessions and the graduation ceremony.

As a learning community, we are focused on another year of improvement and look forward to the end of the school year in July 2023, when we can reflect on how strong we have become.



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## Strategic Report: Northern Counties School

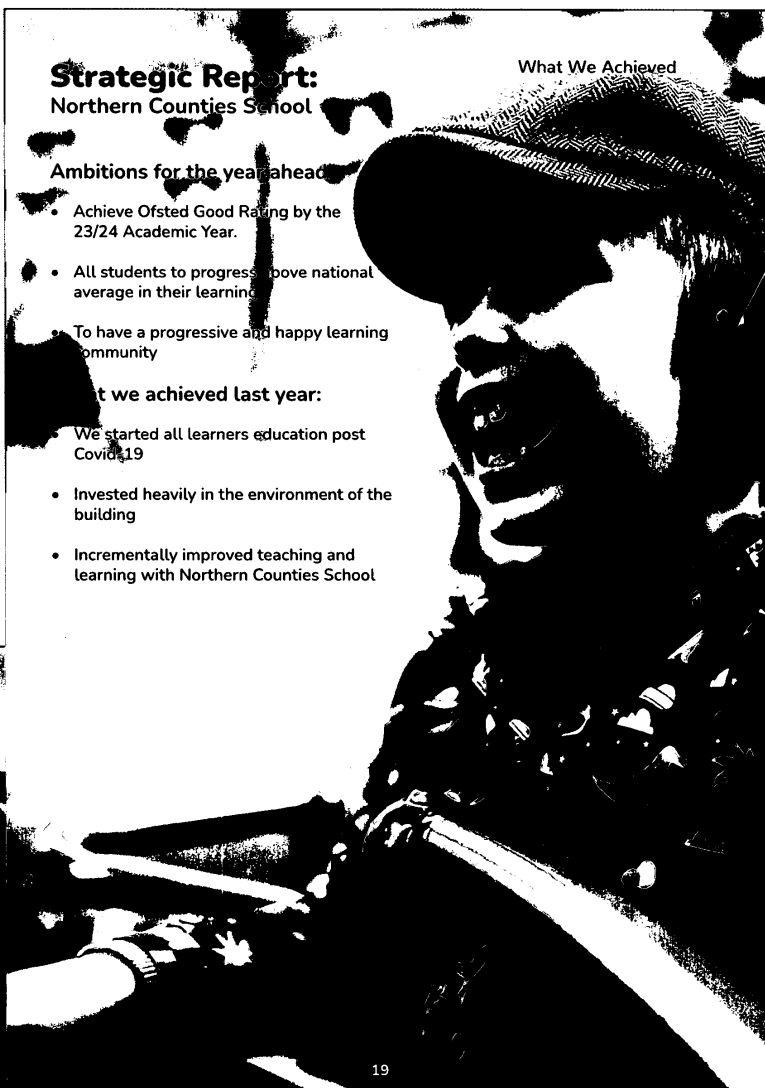
What We Achieved

### Ambitions for the year ahead:

- Achieve Ofsted Good Rating by the 23/24 Academic Year.
- All students to progress above national average in their learning
- To have a progressive and happy learning community

### What we achieved last year:

- We started all learners education post Covid-19
- Invested heavily in the environment of the building
- Incrementally improved teaching and learning with Northern Counties School



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## Strategic Report: Hedleys College

What We Achieved 

**Over the past five years our numbers of learners with complex Autism Spectrum Conditions (ASC) have increased. The academic year was one of expansion for Hedleys College.**

Services extended into The Bradbury Hub to enable us to meet the growing demand for places for students with complex ASC. The Bradbury Hub has two larger group workspaces and fifteen rooms that can be utilised as individual spaces or for two to three students to work together. There is a sensory room on site and two independent living skills spaces, as well as a large outdoor area and a spa which can aid in sensory regulation. The development plan will see an increase in students in 2022 and by 2023 we will reach our full capacity.

Supported by a Natspec and Association of Colleges research piece into partnership working in specialist further education colleges, we have partnered with Newcastle College. Our students delivered disability awareness training to their peers in Newcastle College. We are further developing this partnership Level 3 and 4 Social Care and PGCE students will be offered the opportunity of a placement at Hedleys College to support their study. This will allow students a work-based learning element where they will also learn from Hedleys College students.

In addition, two Hedleys College students are going to co-deliver a learning module from January 2023 at Newcastle College alongside the lecturer.

Over the past four years, with a delay due to Covid-19, a fundraising campaign allowed us to modernise our student dining facilities. The former school hall has been transformed into a modern café, complete with a TV, a chill out area, table football, a sensory table and a wonderful mural depicting the Percy Hedley Foundation. The work was not only to modernise the space but to also tackle the acoustics problem that our previous space had, meaning that some students struggled to use it. We were successful in a bid to the Wolfson Trust, Northumberland Provincial Grand Lodge Freemans and staff, with our students and their families, raised approximately £10,000 from a sponsored walk, bag packs and a sponsored sky dive.

## Strategic Report: Hedleys College

What We Achieved 

### Ambitions for the year ahead:

- Sustain and further improve our high-quality learning as well as open a social enterprise hub
- Appoint an Education Healthcare Plan (EHCP) and Destinations Manager to support students' destination post college
- Review and further develop the support to staff

### What we achieved last year:

- Opened the Bradbury Hub in September 2021; a specialist space to support 12 students with ASC
- Acted as an advisor to a new foundation degree at Newcastle College "Social Care, Health and Wellbeing," with the course approved to begin during the 22-23 academic year
- Opened a college café on site for use by students and staff



## Strategic Report: Hedleys Horizons

What We Achieved 

### Last year was monumental for Hedleys Horizons.

Our pop-up shop showcased the talents of our members under our Handmade by Hedleys banner. They made and sold celebration cards, ceramics, arts and crafts, bird houses, jewellery and made to order items. The shop also gave them the opportunity to develop skills such as customer service, marketing, and money handling, as well as giving them increased independence. Feedback was overwhelmingly positive, with members enjoying being at work. This successful trial has helped us formulate future social enterprise plans.

In the summer we celebrated the achievements of members with a garden party. This provided a social opportunity for them and their families. Several awards were presented, and members enjoyed supporting each other and celebrating their friends' achievements. This was the first event like this in Hedleys Horizons.

We successfully applied for funding from the Ian Karten Foundation and received £20,000 to buy new hardware for use by our multimedia department. Within this department members work on website design, video, and editing, chroma and green screen technology and run a 24-hour radio station – Hedleys Radio (available online). Members were involved in production and work towards supporting our music team with performances throughout the year.

## Strategic Report: Hedleys Horizons

What We Achieved 

### Ambitions for the year ahead:

- To develop further social enterprise opportunities and open a social enterprise hub to give members a real working environment
- To introduce and sustain long-term volunteering opportunities for members in their local communities
- Recruit and retain skilled and professional care staff, focusing on career progression and recognition as professionals

### What we achieved last year:

- A successful Hedleys pop-up shop for two months showcasing "Handmade by Hedleys" products made by members
- Introduced a celebration of achievement with a garden party in July 2022, which will be an annual event
- The Ian Karten Foundation funded £20,000 of new hardware to our multimedia department



## Strategic Report: Our Homes

What We Achieved 

When we reflect on the previous year, we are proud to see many changes and improvements within our residential services.

The highlight for our teams was supporting residents as they returned to normality after the Covid-19 pandemic where their lives were impacted by restrictions. It was fantastic to welcome families into homes and to see residents living life to the full again.

We have created several new infrastructures and systems, which have been instrumental in the continuous improvement of our services which has been recognised through external regulation ratings. Management worked closely with the operational teams to drive up quality from a 'best practice' perspective and delivered new strategies to ensure that the people we support have fulfilling lives. This has been done through a mixture of role modelling of Percy Hedleys core values, development and guidance on quality assurance frameworks, critical review auditing for trends and themes and working collaboratively with the teams to reduce risk and deliver the required improvements.

The estates team has commenced work on building and refurbishment schemes. They conducted this in a person-centred way so that it was made to feel like home for all the people we support. When services were adapted to their purpose, we received positive feedback such as...

"Staff understood people's diverse interests and personalities. They had built a strong rapport with people in a culture that was focussed around encouraging and enabling young adults to build peer friendships and experiences. To support this, they ensured that many of the staff were of a similar age range to people using the service".

One relative said, "I like the studenty feel – it's as it should be at this stage in [person's] life."

This year, we also saw the implementation of Care Compliance, a system we have used to help strengthen monitoring of governance, regulatory compliance and care audits across the Foundation. It supports service improvement planning and stores information in one place to strengthen governance and oversight and improve the quality of those using our service.

Inclusively working with others was a focus during the year and we worked towards more collaborative working, embracing the right support from professionals. This approach allowed us to be agile and forward thinking specifically around compliance and quality issues. Some of our residents have complex medical needs and are at a higher risk of poor functional status, quality of life, and health outcomes because of this nature. Inclusive working and advocating the co-production have provided the teams with solutions, visibility from members of the wider team, consistency and shared risk taking. This improved the overall performance of the services and gives meaningful outcomes to the people that we support.

## Strategic Report: Our Homes

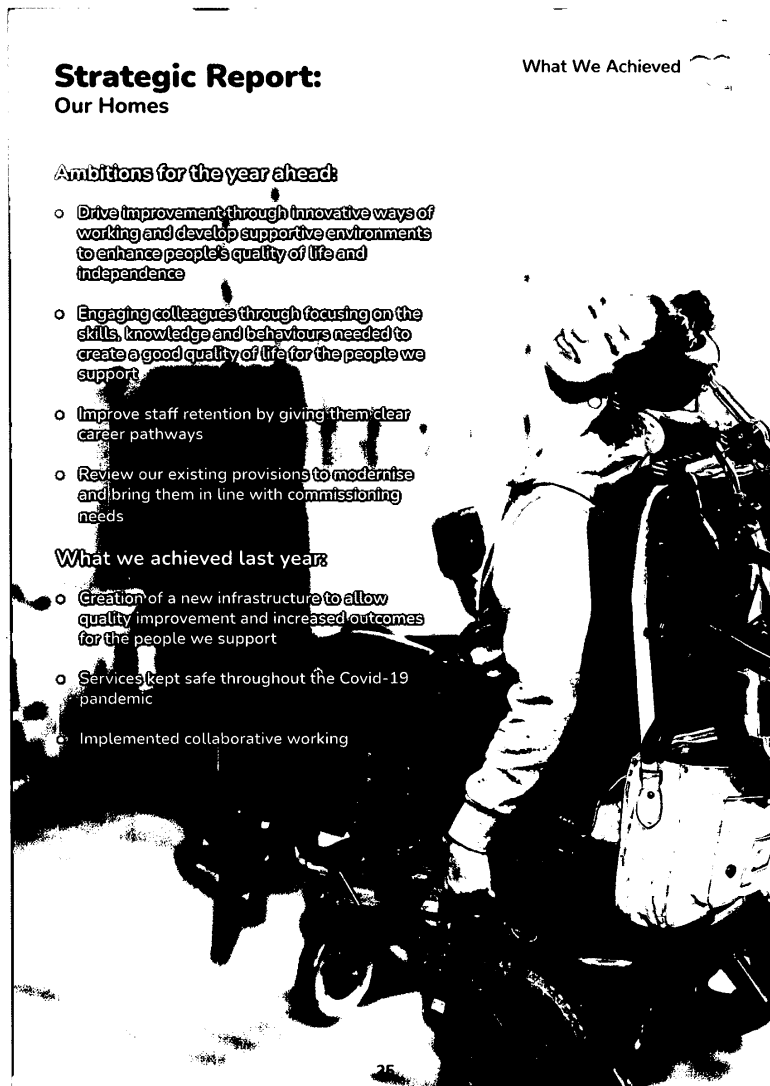
What We Achieved 

### Ambitions for the year ahead:

- Drive improvement through innovative ways of working and develop supportive environments to enhance people's quality of life and independence
- Engaging colleagues through focusing on the skills, knowledge and behaviours needed to create a good quality of life for the people we support
- Improve staff retention by giving them clear career pathways
- Review our existing provisions to modernise and bring them in line with commissioning needs

### What we achieved last year:

- Creation of a new infrastructure to allow quality improvement and increased outcomes for the people we support
- Services kept safe throughout the Covid-19 pandemic
- Implemented collaborative working



## Strategic Report: Safeguarding

### What We Achieved

The Foundation's robust approach to safeguarding is at the forefront of all aspects of our work, ensuring the continued safety of the vulnerable learners, residents and clients using our services. The charity promotes a 'no blame culture' with an open-door policy for any member of staff, learner or resident who has concerns about safeguarding. Our safeguarding teams work closely with staff and learners to ensure appropriate training and delivery on the Prevent agenda, fundamental British values and safe, healthy relationships.

In addition, a robust safeguarding process means we are transparent in our operations and investigations.

In 2021/22 there was an increase in the number of safeguarding concerns reported for investigation; these were largely attributable to increased staff turnover and increased reliance on online training during the pandemic which has since been rectified, and other Covid-19 related issues

such as the appropriate use of personal protective equipment and learner mental health. The rise in reported concerns also reflects the increased number of learners with greater complexities. This number shows the effectiveness of the charity's open culture of reporting and how beneficiaries and staff feel safe that they can express concerns. It also illustrates the strong interactions between staff and beneficiaries about the importance of safeguarding.

Safeguarding practice is embedded within all aspects of staff development. This includes an in-depth induction combining virtual and face-to-face learning, regular safe working practice training delivered face-to-face by a head of service or director.

We continue to develop and improve our robust safeguarding across the Foundation. It goes without saying that safeguarding is at the heart of our services used by vulnerable young people and adults.

**Ewen Weir**  
Safeguarding Trustee

**“The culture was empowering, inclusive and open. People were encouraged and practically supported to be the people they wanted to be. Staff helped people identify goals, aspirations and interests and play a part in the running of the service.”**



## Strategic Report: Our People

What We Achieved 



People are at the heart of everything we do, and that includes our staff who are our biggest asset. We understand that the Foundation and its services are only as good as the people it employs.

That is why the charity is committed to attracting, developing, and retaining talented, committed and highly skilled staff. This has been a significant challenge in the past year and despite our best efforts we are not where we would like to be. We strive to improve how we recognise the work that employees do and we call on the Government to also make sure staff in this sector get the recognition they justly deserve. Without those staff, we cannot meet our strategic aim of providing and developing high quality services. During the last year, that investment in staff has been critical to ensure they had the support they needed to work in very challenging situations. The charity would not have been able to support those most in need without the staff's commitment.

The charity has 950 staff (as of 31 August 2022), many of whom are part-time or term-time staff, representative of and drawn from the surrounding local communities, with 16% declaring a disability and 6.6% declared as non-

white British or black and minority ethnic. The gender split is 83% female and 17% male.


The Foundation is committed to staff training, development and induction. It continued to be extremely difficult to release staff for training but in 2021/2022, 603 training hours were provided. There are 33 apprentices enrolled on apprenticeship qualifications. The Foundation has an open policy in seeking and encouraging staff views. Results from a comprehensive staff survey in June 2022, which was completed by 57% of the workforce, reflected that staff take pride in their work and their role within the organisation. It also gave us great insight to areas where we must do better.

The Charity has established a People and Culture Committee into its governance arrangements. We maintain fair employment practices in the recruitment, selection, retention, and training of all staff. All staff are subject to necessary Disclosure and Barring Service (DBS) checks and safeguarding training. Inspection outcomes by local authorities, Ofsted, and the Care Quality Commission confirm that the processes and people are in place to maintain a very high standard of provision.



“Staff worked in partnership with other health and social care organisations, which helped to give people using the service a voice and improve their wellbeing.”

## Strategic Report: Fundraising

How We Achieved It 

### Ambitions for the year ahead:

- Implement the structure for the Fundraising and Engagement Team
- Deliver the Foundation's 70th anniversary campaign, engaging local people and organisations throughout the year
- Develop the supporter database
- Review our fundraising activities and invest in establishing and maintaining future income streams

### What we achieved last year:

- Adapted our fundraising plans to reflect the ongoing pandemic
- Return of the Percy Hedley Ball after a two-year break

## Strategic Report: Fundraising

How We Achieved It 

For the second year running, the Covid-19 pandemic had an impact on fundraising. Whilst most of the charity's services are largely funded through local authorities, we rely on fundraising to help fund our specialist facilities and to enhance the resources and experiences for those who depend on the services we provide.

After adapting our fundraising plans to reflect the Covid-19 pandemic, we were delighted that we were able to see the return of our flagship fundraising event, The Percy Hedley Ball in November 2021 and return to face-to-face events, including an adapted Covid secure Great North Run where 62 runners ran for the Foundation.

We know that the support from people and organisations is vital to enable us to meet the growing need for our services. In July 2022, the Board of Trustees agreed to a proposal to merge our fundraising and marketing teams to create a new fundraising and engagement team. The priority during next year will be to implement the new team structure so that the team can build and nurture relationships with supporters and help raise awareness of the Foundation and our impact.

### Thank you for your support

The Percy Hedley Foundation is grateful to all the people and organisations that have supported the charity. Together we have made a huge difference to the lives of young people with complex disabilities. We need to meet the growing demand for our specialist support, and ensure we have the right specialist facilities, opportunities and experiences that enable

our beneficiaries to live life to the full. By raising awareness of the impact of our work, by working closely with supporters and by engaging new ones, we will strive to achieve this.

### Fundraising Practices

We have high standards about how we fundraise, communicate with supporters and the public as set out in our Supporter Promise. Fundraising activities are carried out in accordance with the Code of Fundraising Practice and we comply with the law as it applies to charities and fundraising.

We have a Customer Relationship Management (CRM) database in place to support our fundraising oversight, ongoing adherence to General Data Protection Regulation (GDPR), financial record keeping, monitoring and evaluation. In 2021/22 there were no compliance issues raised about our fundraising by the Charity Commission, Fundraising Regulator, or Information Commissioner's Office.

In 2021/22 we did not engage any professional fundraisers or commercial participators, for example door-to-door and face-to-face fundraisers. Our complaints process is clear and easily accessible. Complaints received are recorded and investigated in line with the charity's complaints policy. In 2021/2022 we received no complaints about our fundraising activities carried out by the charity or someone on behalf of the charity.

We make it as easy as possible for people to contact us to opt out of receiving communications from us, or to change the method of communication.





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## Strategic Report: Our Future Plans

How We Achieved It 

**We are passionate about maximising the impact of our work and increasing the number of people with disabilities who can realise their potential. While the Foundation supports hundreds of people and their families every year, there are hundreds more who are unable to realise their potential.**

For the Foundation to realise its aspirations for others, we need to focus on being the best that we can be by developing our staff and improving our facilities, processes, and systems. It is critical to the charity's success that our services are of the highest quality and remain so. Protecting that quality is a key priority for the charity in the years ahead. The people we work with and care for deserve nothing less. Having the right people with the right skills will ensure we provide high quality education, care, and support. That is why the charity is focusing on recruiting the best multi-disciplinary teams and investing in their professional development. The charity will focus on staff development and retention in the years ahead, with a particular emphasis on the development of leadership and management skills across the organisation.

To have the capacity to grow, the charity also needs to build expertise, improve internal systems and processes, and invest in facilities. The high quality of facilities and specialist equipment underpins the quality of our provision. We aim to create more long-term living communities so that young adults with disabilities have the right support to live as they wish and continue to develop their potential. We know what young people with disabilities can achieve with the right level of high-quality care and support.

We want to be a shining example to those commissioning, those providing services and those benefiting from those services across the whole of the UK. We will do that by working more closely with the community, employers and other organisations and focus on the long-term benefits of appropriate care and personal development for the people themselves and for the wider society. We want more people to see for themselves what potential people with disabilities have.

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## Strategic Report: Principal Risks and Uncertainties

Governance 

The Foundation's Board of Trustees is responsible for ensuring that effective and adequate risk management and internal control systems are in place to identify and manage the key risks to the charity.

The Executive Management Team and Board of Trustees are responsible for overseeing the risk management process. This process involves a consistent approach to identifying, assessing, and mitigating the risks facing our charity to ensure they do not exceed the level of risk we are willing to accept. It is designed to manage, rather than eliminate, the risks to our charitable objectives and to provide reasonable assurance against material risks.

The processes in place regarding risk management include:

- Audit and Risk Committee which considers and reviews the top strategic risks
- A comprehensive Board Assurance Framework
- A risk policy and procedure whereby risks are regularly reviewed by the senior management team and documented in a risk register combined with clear risk appetite statements which set out risk tolerance levels

Our risk profile going forward:

- Several risks have increased over the period, these include risks relating to:
  - The long-term effect of the pandemic has become more evident on the social care sector with ever reducing pools of labour
  - The level of financial settlement with local government typically being below the rate of cost inflation
  - Increasing pressure on salary budgets to implement pay uplifts

## Strategic Report: Structure, Governance and Management

Governance 

The Percy Hedley Foundation was founded in 1953 and is a charity registered in England and Wales (Charity Commission registration number 515943), and a company limited by guarantee (registered in England, company number 01855026).

The charity is governed by its Articles of Association incorporated on 12 October 1984, adopted on 1 November 2005, and last amended on 8 November 2014. Northern Counties School, now an integrated part of the Foundation as a result of the merger in October 2005, was founded in 1838.

The Foundation abides by the Charity Governance Code for larger charities, which sets the principles and recommended practice for good governance. The Foundation is led and governed by a Board of Trustees.

The trustees are volunteers who give their time freely and do not receive any financial benefits or emoluments from the charity. Any expenses claimed are set out in note 10 to the accounts.

The trustees have full legal responsibility for the actions of the Foundation. Trustees are appointed for a three-year term, after which they are eligible for re-appointment.

Trustees are directors of the company for the purposes of the Companies Act 2006, and each trustee agrees to contribute £1 in the event of the charity winding up.

The trustees bring a range of skills, competence, and experience to the charity. In 2021 a board competency assessment framework was introduced to ensure board competence reflects the breadth of the Foundation's work and board responsibilities. We continue to seek new trustees who can fulfil areas of competency required, as identified by the framework.

Trustees in office during the year, and at the date of signing these financial statements, are set out on page 40.

### Public Benefit Statement

The trustees have due regard to the guidance published by the Charity Commission on public benefit.

### Organisational structure and decision making

The Board of Trustees is responsible for the governance and strategy of the Foundation, ensuring that the charity is solvent, properly run and delivers its charitable purpose.



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## Strategic Report: Structure, Governance and Management

The Board of Trustees delegates the day-to-day responsibility for running the Foundation and delivery of strategy to the Executive Management Team, led by the Chief Executive Officer. In August 2022, Chief Executive Officer John Knight left the Foundation, and the position was held by John Steward, Acting CEO and Head Teacher of Percy Hedley School throughout and beyond the remainder of 2021/22 financial year. (A new permanent CEO has been appointed, effective March 2023.) The executive has delegated authority, within the terms of delegation approved by the trustees for operational matters including finance, employment and the sound running of the Foundation's services.

### Foundations Trustees

The Board of Trustees meets at least four times per year and delegates specific responsibilities and activities to various sub committees including Residential Services, Hedleys Horizons Adult Day Services, Finance, Audit and Risk, People and Culture, Remuneration, and Nomination committees. This is in addition to the governing boards for Percy Hedley School, Northern Counties School and Hedleys College. Separately there are working groups set up for specific purposes and tasks as indicated in the structure on page 38.

### Our Board and Committee Structure

Board and sub committee meetings are held in accordance with an annual schedule aligned to the business cycle.

Governance 

Annually the Nomination Committee reviews the governance structure and members, and the latest review introduced a new People and Culture Committee and working groups aligned to key strategic objectives.

### Trustee selection, induction and appraisal

The Nomination Committee meets regularly to review the composition of the Board of Trustees and its committees, to review succession plans, identify development needs and to ensure the board has the appropriate breadth and balance competency. The recruitment of new trustees is carried out through a process of open advertisement followed by interview and selection by the Nomination Committee, whose proposals are reviewed and approved by the Board of Trustees. Trustee applicants are assessed against a competency assessment framework, and existing trustees renew competency assessments on an annual basis.

New trustees receive a programme of induction which includes training as appropriate, operational site visits to meet staff and beneficiaries, individual meetings with members of the Executive Management Team and access to an electronic reading room containing all key documents relating to the charity's constitution, governance arrangements, roles and responsibilities of trustees, board terms of reference and code of conduct.

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Strategic Report:  
Structure, Governance and  
Management

Governance 

This is to ensure trustees gain a greater understanding about the work of the Foundation and the expectations of their role as trustee, and can identify opportunities to become more involved. Trustee appraisals are carried out annually to review and support individual needs.

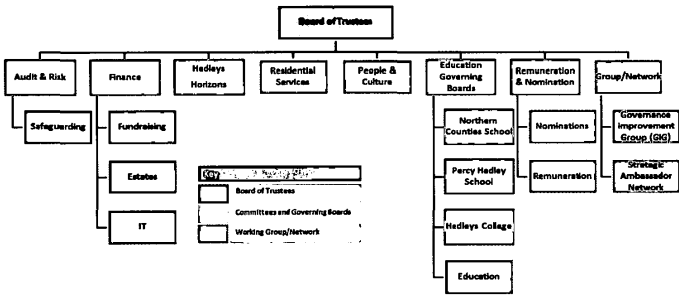
Pay policy for senior staff

The trustees consider that the board of directors who are the Foundation's Board of Trustees and the Executive Management Team comprises of the key management personnel of the charity. The pay of the executive is reviewed annually.

The trustees believe that the levels of remuneration should be sufficient to attract, retain and motivate a team of the quality required to run a large charity. The Foundation ensures that remuneration levels are linked to a regular objective setting system of performance appraisal and benchmarked against comparable roles. The executive team is paid on the basis of a fixed salary and is commensurate with experience, responsibilities and performance.

Trustees' indemnities

Included within insurance charges is an annual charge of £2,170 (2021: £2,675) for Trustee Indemnity Insurance.



“It gives us peace of mind and we can go away knowing they are safe and at home”

## Strategic Report:

### The Percy Hedley Foundation

#### Reference and Administrative Details

Governance 

#### Trustees

J Jowett (until 30 November 2021)  
A Curran (until 30 November 2021)  
D Arthur (until 7 February 2023)  
S Jopling (until 28 July 2022)  
M Gibson (until 30 November 2021)  
D L Kent  
A Russell (until 30 September 2021)  
A Woods (until 25 January 2023)  
L Charles Jones (until 30 November 2021)  
T Frazer (until 30 November 2021)  
P A Foreman  
W Snaith  
E G Weir  
C J Thompson (from 28 July 2022)  
J Donnelly (from 28 July 2022)  
L Kendal (until 28 July 2022)  
P L Emerson (from 31 October 2022)  
N C Hutchinson (from 31 October 2022)

Company Number: 01855026  
Charity Number: 515943

Registered Office:  
Hampeth Lodge, Station Road, Newcastle upon Tyne, NE12 8YY

#### Key Management Personnel:

Deputy CEO: December - August 2022, Acting CEO:	John Steward
August 2022 - March 2023, Head Teacher – Percy Hedley School	D'Arcy Myers
Interim Chief Executive Officer (until March 2022)	John Knight
Chief Executive Officer (until August 2022)	Jo Allen
Head Teacher for Northern Counties School (until September 2022)	Joanne Rees Proud
Principal for Hedleys College and Hedleys Horizons	Tara Allen
Director of Finance (until October 2022)	Alison Williams
Director of Quality and Performance	Lisa Deane
Director of Residential (until May 2022)	Rick Johnson
Head of Specialist Services (until March 2023)	Martin Lonergan
Interim Head Teacher for Northern Counties School (from June 2022)	Charlotte Jones
Director of Care (from October 2022)	Rob McDonald
Chief Executive Officer (from March 2023)	

The Charity is incorporated in England and Wales.

Company Secretary:  
L Dawson

Independent Auditors:  
Azets  
Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3LS

Bankers:  
Barclays Bank Plc, 5 St Ann's Street, Newcastle upon Tyne, NE1 3DX

Solicitors:  
Womble Bond Dickinson (UK)  
The Spark, Draymans Way, Helix, Newcastle upon Tyne, NE4 5DE

Investment Managers:  
Rathbones Investment Management  
Earl Grey House, 75-85 Grey Street Newcastle upon Tyne, NE1 6EF

RBC Brewin Dolphin, Time Central, Gallowgate, Newcastle upon Tyne, NE1 4SR

## Strategic Report:

### Streamline Energy and Carbon Reports

Governance 

Under Statutory Instrument (SI 2018/1155) and the Environmental Reporting Guidelines, the charity is now required to report on greenhouse gas emissions and energy consumption. The charity's energy and fuel usage for the period is shown in the table below.

The charity continues to look for cost effective ways of reducing its carbon footprint and is committed to reduce carbon emissions.

We employ an energy agency to manage our gas and electricity supply.

We own / lease several vehicles which are included in the analysis below.

UK greenhouse gas emissions and energy use data for the year ended 31st August 2022	2022
Energy consumptions used to calculate emissions (kWh):	
Gas	5,163,439
Electricity	1,383,720
TOTAL	6,547,159
Scope 1 emissions in metric tonnes CO2e	
gas consumption	1,204
Transport fuel	37
Total scope 1	1,241
Scope 2 emissions in metric tonnes CO2e	
purchased electricity	323
Total scope 2	323
Scope 3 emissions in metric tonnes CO2e	
business travel in employee owned vehicles	0
Total scope 3	0
Total gross emissions in metric tonnes CO2e	1,564
Intensity ratio tonnes CO2e per employee	1.63

## Strategic Report: Financial Review 2021/22

Report 

The Foundation has continued to operate on a sound financial basis, despite the pressure from reduction in statutory funding, changes in high needs funding systems, a competitive fundraising environment and the continuing impact from the pandemic.

In the year to 31 August 2022, the Foundation made a surplus of £3.372m (: £1.234m) before actuarial gains and losses. Income increased by over £2m on the previous year with expenditure remaining at a similar level. The underlying operational performance has been strong in the current climate with services continuing to recover from the challenges past Covid-19 closures and restrictions.

The surplus of £3.372m (2021: £1.234m) represents a strong performance by the charity in the current year. There are a number of key reasons why this strong surplus has been reported in the current year, including strong activity and income levels and a well-managed organisation which has continued to focus on containing its costs and focusing its resources into the key areas which have the most impact on its beneficiaries.

One key reason, for a strong surplus, is due to the hard work the management team have undertaken to resolve (with the funding partners) the historic care package fee uplifts. As a result of being able to agree an uplift to the care package - something which was previously included in debtors and income but had been fully provided against (by the provision of a doubtful debt provision

against debtors and charged to the SoFA as a doubtful debt charge, until this uplift could be agreed) - has meant that previous historic bad debt provisions have been released, historic debtors recovered and the cash receipted. This has reduced the bad debt provision levels from 2021: £2.774m to 2022:£1.699m and therefore benefited the current year surplus by £1.075m.

The timing of invoices raised and cash receipts at the current year end have given rise to a large increase in trade debtors. However, benefiting from the above work, trade debtors have largely been receipted post year end with any uplifts to care packages also being agreed. This has meant that the doubtful debt provision at the current year end is reduced compared to previous years and also has a positive impact on the current year surplus being reported.

As the impact of the cost of living crisis begins to impact on central and local government budgets, pressures will continue to impact on our services as local authorities look to manage tighter budgets and increase value for money. The surplus is important to the Foundation as it allows us to invest this in improving our services and facilities next year.

Income from charitable activities increased by over 5% year on year at £33.2m. Most of our funding is received from 22 local authorities responsible for the education and care of the children, young people and adults that use the services we provide. These fees fund the day to day running costs of the services.

## Strategic Report: Financial Review 2021-22

Report 

The Foundation has a fundraising and engagement team, responsible for supplementing this income to help improve facilities, the estate, enrich provision, and support capital developments.


The Percy Hedley Pension Scheme provides benefits on a final salary or defined benefit basis. It is closed to new members, but open to future accrual of benefits for its active members. The actuarial deficit has been revalued, in accordance with FRS 102, using up to date assumptions over discount rate, future salary increases, the rate of inflation and mortality assumptions. This revaluation has resulted in a decrease in the actuarial deficit by £4.629m from the previous year to £5.685m (2021: £9.386m) which reflects the investment choices made by the pension trustees and

market conditions. This movement has been charged to the operating surplus. The trustees of both the Foundation and the Percy Hedley Pension Scheme are acutely aware of the need to balance the interests of the members of the pension scheme with those of the current and future beneficiaries that the charity supports. A long-term deficit recovery plan has been agreed with the Percy Hedley Pension Scheme Trustees that will allow the Foundation to continue to prosper and grow and a pension sub committee established to monitor the actions arising from the plan, and the pension scheme is currently performing well against the targets.

The Tyne and Wear Pension Fund (LGPS) is a funded defined benefit scheme with the assets held in separate trustee-administered funds.



## Strategic Report: Financial Review 2021/22

Report 

The Foundation has continued to operate on a sound financial basis, despite the pressure from reduction in statutory funding, changes in high needs funding systems, a competitive fundraising environment and the continuing impact from the pandemic.

In the year to 31 August 2022 the Foundation made a surplus of £3.372m (2021: £1.234m) before actuarial gains and losses. Income increased by over £2m on the previous year with expenditure remaining at a similar level. The underlying operational performance has been strong in the current climate with services continuing to recover from the challenges past Covid-19 closures and restrictions.

As the impact of the cost of living crisis begins to impact on central and local government budgets, pressures will continue to impact on our services as local authorities look to manage tighter budgets and increase value for money. The surplus is important to the Foundation as it allows us to invest this in improving our services and facilities next year.

Income from charitable activities increased by over 5% year on year at £33.2m. The vast majority of our funding is received from 22 local authorities responsible for the education and care of the children, young people and adults that use the services we provide. These fees fund the day to day running costs of the services. The Foundation has a fundraising team, responsible for supplementing this income to help improve the estate, enrich provision, and support capital developments. (See further details on page 30-31.)

The Percy Hedley Pension Scheme provides benefits on a final salary or defined benefit basis, it is closed to new members but open to future accrual of benefits for its active members. The actuarial deficit has been revalued, in accordance with FRS 102, using up to date assumptions over discount rate, future salary increases, the rate of inflation and mortality assumptions. This revaluation has resulted in a decrease in the actuarial deficit by £4.629m from the previous year to £5.685m (2021: £9.386m) which reflects the investment choices made by the pension trustees and market conditions. This movement has been charged to operating surplus. The trustees of both the Foundation and the Percy Hedley Pension Scheme are acutely aware of the need to balance the interests of the members of the pension scheme with those of the current and future beneficiaries that the charity supports. A long-term deficit recovery plan has been agreed with the Pension Scheme Trustees that will allow the Foundation to continue to prosper and grow and a pension sub committee established to monitor the actions arising from the plan, and the pension scheme is currently performing well against the targets.

The Tyne and Wear Pension Fund (LGPS) is a funded defined benefit scheme with the assets held in separate trustee-administered funds. Previously the LGPS was accounted for under the exemption for multi-employer schemes and accounted for its contributions as if it were a defined contribution scheme. A prior year adjustment has been made to the 2020 and 2021 figures to remove this accounting treatment given that an actuary's report has been obtained.

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## Strategic Report: Financial Review 2021/22

Report 

The restated figures for 2021 show a deficit of £928k. A full actuarial valuation was prepared exclusively for the Foundation as at March 2022 which showed an improvement in the valuation. In line with FRS 102 this positive value was not recognised but the deficit removed.

The Foundation also contributes to a third defined benefit pension scheme, in relation to teaching staff, which is the Teachers' Pension Scheme (TPS). The latest valuation of the TPS was as at March 2019 and the employer contribution rate was reassessed, increased from 16.4% to 23.6% and payable from 1 April 2020. The next valuation is expected to take place in 2023.

The Foundation has total funds of £21.882m (2021: £13.881m). £4.6m of this improvement relates to actuarial gains on defined benefit pension schemes and there was a significant increase in current assets at the year end primarily due to an increase in debtors. The balance sheet highlights a very slight decrease in net book value of tangible fixed assets to £16.591m (2021: £16.693m) with depreciation effectively matching new additions in the year.

Restricted funds total increased to £745k (2021: £302k). The Foundation holds £1.96m (2021: £1.469m) of designated funds. Restricted funds are those from funds raised from legacies and small donations along with fundraising carried out within a particular service and are used throughout the year to provide 'added extras' to enrich service provision. Designated funds are the amounts which have been set aside by the trustees to

be spent during 2023/24 on Capital Expenditure to maintain and improve the Foundations Estate.

Impacted by the positive valuation on pensions, unrestricted reserves have increased to £7.176m (2021: £4.151m) and these are defined as those not allocated for specific purposes and excluding tangible fixed assets - primarily buildings which are held for charitable purposes.

### Reserves Policy

The trustees consider that unrestricted and undesignated reserves should be kept between 13% and 16% of operating expenditure. This allows for the Foundation to react to unforeseen circumstances, whilst providing sufficient flexibility to operate on a day-to-day basis and take any appropriate decisions to further the Foundation's strategic development.

The lower end of this range is equivalent to two months staff costs for the Foundation and the higher end reflects the Foundation's aim to build a fund that will enable the continued refurbishment of some of our old buildings into an estate which is 'fit for purpose, fit for future' for the children, young people and adults for whom they are designed.

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## Strategic Report: Financial Review 2021-22

Report 

In recent years the Foundation went through a period of significant investment in the estate and free reserves fell below the minimum target range. During the last few years, we have rebuilt reserves and these are now being reviewed as part of the corporate strategy in order to make significant improvements to the estate and services provided and options appraisals are being reviewed during 2023/24. Currently the Foundation's reserves are £7.2m at 31 August 2022 with a large capital expenditure improvement programme being underway. At the end of 2021/2022, the trustees designated a further £1.5m of funds to be set aside for a two-year programme of additional maintenance and minor improvement works to the charity's buildings and development projects to support our services and member needs. This takes into account the increasing cost of both contractors and materials.

### Investment Policy

The Foundation has a longer-term strategy for investments with increasing investments from £2.45m (book value) to £3.25m. During the Financial Year 2021/2022 the net value of the investments fell from £3.245m to £2.915m after considering additions, disposal and revaluation.

This strategy allows for mid-term reserves to be held on cash deposits until they are needed for specific projects and for an element of reserves to be held for the long term in the event of future unknown uncertainties. It is the intention that the charity will add to longer term deposits at a similar rate to which the Foundation itself grows. The trustees appoint investment managers to whom they delegate responsibility for managing the investment assets in accordance with an agreed policy statement. This statement sets out the trustees' aim, to produce the best financial return within an acceptable level of risk and includes the manner in which these assets may be ethically invested to ensure that they do not conflict with the aims of the charity.

### Going Concern

After making appropriate enquiries, including evaluating any impact with the continued and ongoing effects of Covid-19, the cost of living crisis and reviewing forecasts into 2023/24, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies on page 59.

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## Statement by the trustees in performance of their statutory duties in accordance with S172(1) of the Companies Act 2006

Financial Statements 

**The trustees, as Company Directors in accordance with the Companies Act, consider that they have individually and collectively acted in good faith and fairly to promote the success of the charity, having due regard to, amongst other matters, the requirements of Section 172 of the Companies Act:**

### The likely consequences of any decision in the long term

The long-term sustainability of the Foundation to enable continued delivery of its charitable purpose and objectives is considered when making decisions. Please refer to pages 45-46 setting out the position on funds, reserves and the going concern of the Foundation. The Finance Committee regularly reviews management information, forecasts, budgets, cashflow and performance. The Audit and Risk Committee regularly reviews the Foundation's principal risks, risk appetite, existing and emerging risks, and considers the changes in the risk profile and responses. For further information on risk management please refer to page 34.

The Executive Management Team regularly provides to the Board subject specific, operational and strategic updates and insight to provide assurance and assist the trustees in their decision making.

### The interest of the company's employees

The trustees recognise that our employees are our biggest asset. The success of the Foundation depends on attracting, developing and retaining talented, committed and highly skilled people. We aim to be a responsible employer in our approach to the pay and benefits our employees receive, and the health, safety, wellbeing and working environment for our employees is of paramount importance to us. The Board receives regular workforce updates in respect of all the above. Trustees factor the implications for employees and the wider workforce into decision making where relevant and feasible.

### The desirability of the company maintaining a reputation for high standards of business conduct

The Foundation has in place a range of policies and processes that promote corporate responsibility and ethical behaviour, covering matters such as, but not limited to, fundraising, safeguarding, equality and diversity, and whistleblowing. The Foundation operates a business assurance framework to manage regulatory and legal risk and is committed to complying with applicable laws and regulations relating to anti-corruption, anti-bribery, human rights and modern slavery.

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## Statement by the trustees in performance of their statutory duties in accordance with S172(1) of the Companies Act 2006

Financial Statements 

The Board and its committees review and take on board customer and regulatory guidance and recommendations regarding good practice. The Foundation's core activities support vulnerable young people and adults, and safeguarding is central to its operations.

### The need to act fairly between members of the company

The trustees understand and adhere to the Charity Commission requirements and understand the need to avoid and effectively manage potential conflicts of interest.

### The impact of the company's operations on the community and environment

Trustees recognise the responsibility to care for the environment and the need to minimise the environmental impact in all of the Foundation's activities. The Foundation's environmental approach in compliance with the streamlined energy and carbon reporting is detailed on page 41.

### Engaging with stakeholders

The Foundation's Executive Management Team routinely reports to the Board and its committees, including education governing boards, on key stakeholder relations and engagement, issues and feedback. Understanding stakeholders' needs and priorities helps to inform objectives, policies and strategy. References to stakeholders are made throughout the strategic report.

### Our Employees and Volunteers

The Executive Management Team provides employees and volunteers with a range of information through various channels of communication including the intranet, staff forums, regular email circulars and briefings through management cascade. An annual survey was carried out in June 2022, which resulted in actions led by the Foundation's Executive Management Team and wider leadership team.

The Board is assisted in fulfilling its governance duties in relation to employees and volunteers by various committees and governing boards, and most predominantly via the newly established People and Culture Committee. For further information about our people please refer to page 28.

## Statement by the trustees in performance of their statutory duties in accordance with S172(1) of the Companies Act 2006

Financial Statements 

### Local Authorities

The Foundation's core income comes from fees paid by local authority commissioners and the Foundation works closely with these commissioners to build effective relationships and ensure it meets the needs of the people it supports.

### Our Service Users

Our service users are the children, young people and adults, who are supported by the Foundation. Service user voice is extremely important to the Foundation and feedback is encouraged on a regular basis from our service users, families and carers as appropriate. A variety of communication methods are adopted by the Foundation including face-to-face forums, surveys, social media blogs, newsletters, internet, resident meetings, student councils and much more.

Our services continuously review service user progress and support, and in doing so ensure services users, families and carers, as appropriate, have a voice in their lives. Trustees and governors meet service users during regular site visits and the Board invites service users to meetings throughout the year in order to hear service user views, opinions and experiences with the Foundation. Our Board and committees regularly receive updates in relation to service users, and parent governors are appointed on our governing boards.

### Our Supporters

Building effective and lasting relationships with our supporters is vitally important to us. The Foundation engages with supporters on a regular basis in a variety of ways including face-to-face visits, telephone, virtual conversations and written communications.

A number of supporters participate in our celebratory events, providing our supporters with the opportunity to meet service users, employees, senior management and trustees. We thank all our supporters for their continued support and donations. For further detail on our fundraising please refer to pages 30-31.

### Suppliers, Customers, Landlords, Regulators and Others

Fundamental to the delivery of our services is the relationships we hold with a range of stakeholders not limited to suppliers, customers, landlords and regulators, and the Foundation recognises the importance of its supply chain in the delivery of its services. The Board encourages management to develop and maintain trusted and mutually beneficial business relationships with stakeholders, based on openness, transparency, and integrity. The Foundation aims to maintain positive relationships with suppliers, ensuring that non-disputed invoices are paid within the Foundation's agreed payment terms.

## Trustees Responsibilities Statement

Financial Statements 

The Board of Trustees (who are also the directors for the purposes of company law) are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom generally accepted accounting practice).

Company law requires the 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 the incoming resources and application of resources, including the income and expenditure of the charitable company for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting record 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.

Azets Audit Services Limited, trading as Azets Audit Services were appointed as auditor on 14 June 2022 replacing Haines Watts North East Audit LLP. The auditor Azets Audit Services will be deemed to be reappointed under section 487(2) of the Companies Act 2006.

Each trustee has taken steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information that they know of and of which they know the auditor is unaware.



W Snaith  
Vice Chair - Trustee

4<sup>th</sup> May 2023



# **The Percy Hedley Foundation**

## **Independent Auditor's Report to the Members of The Percy Hedley Foundation**

### **Opinion**

We have audited the financial statements of The Percy Hedley Foundation (the 'charity') for the year ended 31 August 2022, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, 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 charity's affairs as at 31 August 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 Companies Act 2006.

### **Basis for opinion**

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

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

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

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

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

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the 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.

# **The Percy Hedley Foundation**

## **Independent Auditor's Report to the Members of The Percy Hedley Foundation**

### **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' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' 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 charity 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 50), 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.

### **Auditor 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:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing board minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates;

## The Percy Hedley Foundation

### Independent Auditor's Report to the Members of The Percy Hedley Foundation

- Review financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the field in which the charity operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; employment law; and compliance with both the UK Companies Act and UK Charities Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

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

#### 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.



Simon Brown BA ACA DChA (Senior Statutory Auditor)

For and on behalf of  
Azets Audit Services  
Chartered Accountants  
Statutory Auditor  
Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

Date: 11/5/2023

Azets Audit Services is a trading name of Azets Audit Services Limited

## The Percy Hedley Foundation

### Statement of Financial Activities for the Year Ended 31 August 2022 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

				Total 2022 £ 000	(As restated) Total 2021 £ 000
	Note	Unrestricted £ 000	Restricted £ 000		
<b>Income and Endowments from:</b>					
Donations and legacies	3	584	449	1,033	390
Charitable activities	4	32,885	-	32,885	31,495
Other trading activities	5	53	-	53	66
Investment income	6	70	-	70	41
Total Income		<u>33,592</u>	<u>449</u>	<u>34,041</u>	<u>31,992</u>
<b>Expenditure on:</b>					
Raising funds		(39)	-	(39)	(155)
Charitable activities	7	<u>(30,064)</u>	<u>(277)</u>	<u>(30,341)</u>	<u>(30,988)</u>
Total Expenditure		<u>(30,103)</u>	<u>(277)</u>	<u>(30,380)</u>	<u>(31,143)</u>
Gains/(losses) on investment assets		<u>(288)</u>	<u>-</u>	<u>(288)</u>	<u>385</u>
Net income		3,200	172	3,372	1,234
Transfers between funds		(212)	212	-	-
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension schemes		<u>4,629</u>	<u>-</u>	<u>4,629</u>	<u>3,001</u>
Net movement in funds		7,617	384	8,001	4,235
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>13,520</u>	<u>361</u>	<u>13,881</u>	<u>9,646</u>
Total funds carried forward	22	<u>21,137</u>	<u>745</u>	<u>21,882</u>	<u>13,881</u>

All of the charity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2021 is shown in note 22.

## The Percy Hedley Foundation

### Comparative Statement of Financial Activities for the Year Ended 31 August 2021 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

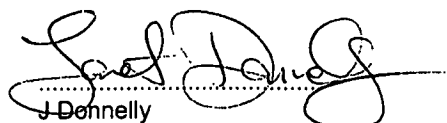
	Note	Unrestricted funds £ 000	Restricted funds £ 000	Total 2021 £ 000 (As restated)
<b>Income and Endowments from:</b>				
Donations and legacies	3	354	36	390
Charitable activities	4	31,245	250	31,495
Other trading activities	5	66	-	66
Investment income	6	41	-	41
Total income		<u>31,706</u>	<u>286</u>	<u>31,992</u>
<b>Expenditure on:</b>				
Raising funds		(155)	-	(155)
Charitable activities	7	<u>(30,792)</u>	<u>(196)</u>	<u>(30,988)</u>
Total expenditure		<u>(30,947)</u>	<u>(196)</u>	<u>(31,143)</u>
Gains/losses on investment assets		<u>385</u>	<u>-</u>	<u>385</u>
Net income		1,144	90	1,234
Transfers between funds		3	(3)	-
<b>Other recognised gains and losses</b>				
Actuarial gains on defined benefit pension schemes		<u>3,001</u>	<u>-</u>	<u>3,001</u>
Net movement in funds		4,148	87	4,235
<b>Reconciliation of funds</b>				
Total funds brought forward		<u>9,372</u>	<u>274</u>	<u>9,646</u>
Total funds carried forward	22	<u>13,520</u>	<u>361</u>	<u>13,881</u>

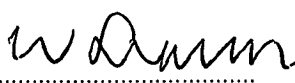
# The Percy Hedley Foundation

(Registration number: 01855026)  
Balance Sheet as at 31 August 2022

	Note	2022 £ 000	2021 £ 000 (As restated)
<b>Fixed assets</b>			
Tangible assets	14	16,591	16,693
Investments	15	<u>2,915</u>	<u>3,245</u>
		<u>19,506</u>	<u>19,938</u>
<b>Current assets</b>			
Debtors	16	6,083	2,105
Cash at bank and in hand	17	<u>8,415</u>	<u>8,319</u>
		14,498	10,424
<b>Creditors: Amounts falling due within one year</b>	18	<u>(4,618)</u>	<u>(4,184)</u>
<b>Net current assets</b>		<u>9,880</u>	<u>6,240</u>
<b>Total assets less current liabilities</b>		29,386	26,178
<b>Creditors: Amounts falling due after more than one year</b>	19	<u>(1,819)</u>	<u>(1,983)</u>
<b>Net assets excluding pension liability</b>		27,567	24,195
<b>Pension scheme liability</b>	21	<u>(5,685)</u>	<u>(10,314)</u>
<b>Net assets including pension liability</b>		<u>21,882</u>	<u>13,881</u>
<b>Funds of the charity:</b>			
<b>Restricted income funds</b>			
Restricted funds	22	745	361
<b>Unrestricted income funds</b>			
Unrestricted funds		<u>21,137</u>	<u>13,520</u>
<b>Total funds</b>	22	<u>21,882</u>	<u>13,881</u>

The financial statements on pages 53 to 83 were approved by the trustees, and authorised for issue on ~~4 May 2023~~ and signed on their behalf by:

  
J. Donnelly  
Chair - Trustee

  
W. Snaith  
Vice Chair - Trustee



# The Percy Hedley Foundation

## Statement of Cash Flows for the Year Ended 31 August 2022

	Note	2022 £ 000	(As restated) 2021 £ 000
<b>Cash flows from operating activities</b>			
Net cash income		8,001	4,235
<b>Adjustments to cash flows from non-cash items</b>			
Depreciation		1,213	1,205
Investment income	6	(70)	(41)
Revaluation of investments		288	(385)
		<u>9,432</u>	<u>5,014</u>
<b>Working capital adjustments</b>			
Increase in debtors	16	(3,979)	(721)
Increase in creditors	18	3	280
Decrease (increase) in retirement benefit obligation net of actuarial changes	21	(4,629)	(3,001)
Increase in deferred income	19	385	179
Net cash flows from operating activities		<u>1,212</u>	<u>1,751</u>
<b>Cash flows from investing activities</b>			
Interest receivable and similar income	6	70	41
Purchase of tangible fixed assets	14	(1,109)	(1,245)
Purchase of investments	15	(298)	(849)
Sale of investments		339	270
Net cash flows from investing activities		<u>(998)</u>	<u>(1,783)</u>
<b>Cash flows from financing activities</b>			
Repayment of loans and borrowings	18	<u>(118)</u>	<u>(101)</u>
Net increase/(decrease) in cash and cash equivalents		96	(133)
Cash and cash equivalents at 1 September		<u>8,319</u>	<u>8,452</u>
Cash and cash equivalents at 31 August		<u>8,415</u>	<u>8,319</u>

All of the cash flows are derived from continuing operations during the above two periods.

# **The Percy Hedley Foundation**

## **Notes to the Financial Statements for the Year Ended 31 August 2022**

### **1 Charity status**

The charity is limited by guarantee, incorporated in England and Wales, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is: Hampeth Lodge, Station Road, Newcastle upon Tyne, NE12 8YY

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

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

#### **Statement of compliance**

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 in October 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

#### **Basis of preparation**

The Percy Hedley Foundation 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 notes.

The financial statements are prepared in Sterling which is the functional currency of the charity and rounded to the nearest £000.

#### **Going concern**

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity.

The charity's forecasts and projections for the next twelve months show that the charity should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance. The charity has strong positive cash balances and is forecasting for this to continue to be the case. The trustees have stress tested their forecasts, taking into account various scenarios, and remain confident that the uncertainties do not cast significant doubt on the company's ability to continue as a going concern.

# **The Percy Hedley Foundation**

## **Notes to the Financial Statements for the Year Ended 31 August 2022**

### **Estimation uncertainty and judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported.

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.

The present value of the defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability.

### **Key sources of estimation uncertainty**

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 amount by which fixed assets are depreciated annually is material to the financial statements and consequently, the estimate of the useful lives of fixed assets and their residual value is considered to be a critical area of judgement. There has been no change in these estimates this year.

### **Income and endowments**

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of the income receivable can be measured reliably.

### **Donations and legacies**

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

Legacy gifts are recognised on a case by case basis following the grant of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

### **Grants receivable**

Grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

# **The Percy Hedley Foundation**

## **Notes to the Financial Statements for the Year Ended 31 August 2022**

### ***Deferred income***

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which, it has been received. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

### ***Gifts in kind***

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the company where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

### ***Gift aid***

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

### ***Investment income***

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the bank.

### ***Other income***

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

### ***Expenditure***

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

### ***Raising funds***

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

### ***Charitable activities***

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

### ***Support costs***

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

# The Percy Hedley Foundation

## Notes to the Financial Statements for the Year Ended 31 August 2022

### Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees's meetings and reimbursed expenses.

### Government grants

Government grants are recognised based on the performance model and are measured at the fair value of the asset received or receivable. Grants are recognised in income when performance conditions, which would otherwise prevent the recognition of income, are met. Where performance conditions are not met then the income is deferred, and recognised as deferred income.

### Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

### Tangible fixed assets

Individual fixed assets costing £00.00 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

### Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Land and buildings - freehold property	40-100 years
Land and buildings - leasehold property	100 years or length of lease if less
Land and buildings - refurbishments	10-15 years
Motor vehicles	3 years
Fixtures and fittings	3 years
Equipment - therapy, office and computer equipment	3 years

### Impairment of fixed assets

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities incorporating income and expenditure account.

### Fixed asset investments

Fixed asset investments, other than programme related investments, are included at market value at the balance sheet date. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities based on the market value at the year end.

# **The Percy Hedley Foundation**

## **Notes to the Financial Statements for the Year Ended 31 August 2022**

### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

### **Fund structure**

Unrestricted income funds are general funds that are available for use at the trustees discretion in furtherance of the objectives of the charity.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

### **Hire purchase and finance leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight line basis over the lease term.

## **The Percy Hedley Foundation**

### **Notes to the Financial Statements for the Year Ended 31 August 2022**

#### **Pensions and other post retirement obligations**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Other retirement benefits to employees of the Charity are provided by the Teacher's Pension Scheme (TPS), the Local Government Pension Scheme (LGPS) and the Percy Hedley Pension Scheme (PHPS). These are defined benefit schemes, which are funded, with the assets being held separately from the charity. The PHP Scheme is closed to new members, being replaced with a defined contribution scheme.

Contributions to the TPS are charged to the income and expenditure account as the amount paid or payable in the year.

The contributions to all three schemes are determined by qualified actuaries on the basis of triennial valuations using the projected unit method for the LGPS and PHPS and quinquennial valuations using a prospective benefit method for the TPS.

The assets of the PHPS and LGPS are measured using fair value. PHPS and LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus.

The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised within the Statement of Financial Activities.

Previously the LGPS was accounted for under the exemption for multi-employer schemes and accounted for its contributions as if it were a defined contribution scheme. A prior year adjustment has been made to the 2020 and 2021 figures to remove this accounting treatment given that an actuary's report has been obtained.

#### **Financial instruments**

##### ***Classification***

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

# The Percy Hedley Foundation

## Notes to the Financial Statements for the Year Ended 31 August 2022

### 3 Income from donations and legacies

	Unrestricted funds General £ 000	Restricted funds £ 000	Total 2022 £ 000	Total 2021 £ 000
Donations and legacies;				
Legacies	339	-	339	127
Grants, including capital grants;				
Government grants	-	-	-	72
Grants and donations	245	449	694	191
Total for 2022	584	449	1,033	390

### 4 Income from charitable activities

	Unrestricted funds General £ 000	Restricted funds £ 000	Total 2022 £ 000	Total 2021 £ 000
Education and adult day services	24,236	-	24,236	21,909
Adult residential	8,554	-	8,554	7,355
Children's residential	95	-	95	2,231
Total for 2022	32,885	-	32,885	31,495

### 5 Income from other trading activities

	Unrestricted funds General £ 000	Restricted funds £ 000	Total funds £ 000	Total 2021 £ 000
Fundraising events	53	-	53	66
Total for 2022	53	-	53	66

### 6 Investment income

	Unrestricted funds General £ 000	Restricted funds £ 000	Total 2022 £ 000	Total 2021 £ 000
Interest receivable and similar income;				
Interest receivable on bank deposits	20	-	20	-
Dividend income	50	-	50	41
Total for 2022	70	-	70	41



# The Percy Hedley Foundation

## Notes to the Financial Statements for the Year Ended 31 August 2022

### 7 Expenditure on charitable activities

	Activity undertaken directly £ 000	Activity support costs £ 000	2022 £ 000	2021 £ 000
Education and adult day services	20,218	2,053	22,271	20,713
Adult residential	6,980	712	7,692	7,049
Children's residential	378	-	378	3,200
Total for 2022	27,576	2,765	30,341	30,962

### 8 Analysis of governance and support costs

#### Support costs allocated to charitable activities

	Education adult day services £ 000	Adult Residential £ 000	Total 2022 £ 000	Total 2021 £ 000
Staff costs	1,695	585	2,280	2,407
Professional costs	51	8	59	71
Other direct costs	46	21	67	227
Facilities cost	15	5	20	25
IT costs	104	30	134	117
Maintenance costs	10	4	14	-
Depreciation	103	49	152	99
Interest	29	10	39	-
Total for 2022	2,053	712	2,765	2,946

#### Governance costs

Included within support costs above are governance costs as follows:

	Unrestricted funds General £ 000	Restricted funds £ 000	Total 2022 £ 000	Total 2021 £ 000
Audit fees				
Audit of the financial statements	18	-	18	17
Legal fees	33	-	33	37
Total for 2022	51	-	51	54

# The Percy Hedley Foundation

## Notes to the Financial Statements for the Year Ended 31 August 2022

### 9 Net incoming/outgoing resources

Net incoming resources for the year include:

	2022 £ 000	2021 £ 000
Audit fees	18	17
Other non-audit services	8	4
Depreciation of fixed assets	1,212	1,204
Interest payable	39	27

### 10 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses or any other benefits from the charity during the year.

### 11 Staff costs

The aggregate payroll costs were as follows:

	2022 £ 000	(As restated) 2021 £ 000
<b>Staff costs during the year were:</b>		
Wages and salaries	21,534	21,255
Social security costs	1,592	1,535
Pension costs	1,670	2,006
	<u>24,796</u>	<u>24,796</u>

Included within wages and salaries costs is £1,407,398 (2021: £919,262) in relation to agency staff costs.

The monthly average number of persons (including senior management / leadership team) employed by the charity during the year was as follows:

	2022 No	2021 No
Operational staff	822	940
Admin and support	131	117
Management	6	4
	<u>959</u>	<u>1,061</u>

During the year, the charity made redundancy and/or termination payments which totalled £120,334 (2021 - £235,959).

## The Percy Hedley Foundation

### Notes to the Financial Statements for the Year Ended 31 August 2022

The number of employees whose emoluments fell within the following bands was:

	2022 No	2021 No
£60,001 - £70,000	-	1
£70,001 - £80,000	4	3
£80,001 - £90,000	2	1
£90,001 - £100,000	1	-
Over £200,000	-	1

The total employee benefits of the key management personnel of the charity were £718,955 (2021 - £927,067).

#### 12 Auditors' remuneration

	2022 £ 000	2021 £ 000
Audit of the financial statements	18	17
<b>Other fees to auditors</b>		
Audit of the pension scheme	8	3
Other	-	1
	8	4

#### 13 Taxation

The charity is exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

# The Percy Hedley Foundation

## Notes to the Financial Statements for the Year Ended 31 August 2022

### 14 Tangible fixed assets

	Land and buildings £ 000	Fixtures and fittings £ 000	Motor vehicles £ 000	Equipment £ 000	Total £ 000
<b>Cost</b>					
At 1 September 2021	22,717	1,396	398	2,038	26,549
Additions	<u>625</u>	<u>109</u>	<u>-</u>	<u>376</u>	<u>1,110</u>
At 31 August 2022	<u>23,342</u>	<u>1,505</u>	<u>398</u>	<u>2,414</u>	<u>27,659</u>
<b>Depreciation</b>					
At 1 September 2021	6,961	1,062	301	1,532	9,856
Charge for the year	<u>699</u>	<u>184</u>	<u>44</u>	<u>285</u>	<u>1,212</u>
At 31 August 2022	<u>7,660</u>	<u>1,246</u>	<u>345</u>	<u>1,817</u>	<u>11,068</u>
<b>Net book value</b>					
At 31 August 2022	<u>15,682</u>	<u>259</u>	<u>53</u>	<u>597</u>	<u>16,591</u>
At 31 August 2021	<u>15,756</u>	<u>334</u>	<u>97</u>	<u>506</u>	<u>16,693</u>

Included within land and buildings is £1,734,575 (2021: £1,757,790) in relation to freehold property.

### 15 Fixed asset investments

	2022 £ 000	2021 £ 000
Listed investments	<u>2,915</u>	<u>3,245</u>

# The Percy Hedley Foundation

## Notes to the Financial Statements for the Year Ended 31 August 2022

	Listed investments £ 000	Total £ 000
<b>Cost or Valuation</b>		
At 1 September 2021	3,245	3,245
Additions	298	298
Disposals	(339)	(339)
Revaluation	(289)	(289)
At 31 August 2022	<u>2,915</u>	<u>2,915</u>
<b>Net book value</b>		
At 31 August 2022	<u>2,915</u>	<u>2,915</u>
At 31 August 2021	<u>3,245</u>	<u>3,245</u>

The historical cost of the listed investments at 31 August 2022 was £2,767,133 (2021 - £2,875,000).

The Charity SORP requires disclosure of any individual investments of more than 5% of the total portfolio value. The charity holds more than 5% of its investment portfolio in the below investments:

- SPDR Series Trust S&P 500 ETF (GBP) - 6.4% of the Rathbones portfolio
- Blackrock Asset MGRS (UK) Eurp Absolute Alpha D Acc - 5.3% of the Rathbones portfolio
- Link Fund Solutions Trojan S Inc - 5.1% of the Rathbones portfolio
- Vanguard funds plc S&P 500 UCITS ETF USD DIS - 7% of Brewin Dolphin portfolio
- Ishares Core S&P 500 UCITS ETF USD - 6.8% of Brewin Dolphin portfolio

### 16 Debtors

	2022 £ 000	2021 £ 000
Trade debtors	5,494	1,609
Prepayments and accrued income	571	492
Other debtors	18	4
	<u>6,083</u>	<u>2,105</u>

Trade debtors above includes a provision for bad debts of £1,698,852 (2021 - £2,774,000)

### 17 Cash and cash equivalents

	2022 £ 000	2021 £ 000
Cash and cash equivalents	<u>8,415</u>	<u>8,319</u>

Included within cash and cash equivalents is £8,234,000 (2021: £8,204,000) in relation to cash held at bank and £181,000 (2021: £115,000) in relation to cash held by investment brokers.

## The Percy Hedley Foundation

### Notes to the Financial Statements for the Year Ended 31 August 2022

#### 18 Creditors: amounts falling due within one year

	2022 £ 000	2021 £ 000
Bank loans	266	220
Trade creditors	1,178	793
Other taxation and social security	370	567
Other creditors	282	41
Accruals	1,373	1,799
Deferred income	1,149	764
	<u>4,618</u>	<u>4,184</u>

	2022 £ 000	2021 £ 000
Deferred income at 1 September 2021	764	585
Resources deferred in the period	1,149	764
Amounts released from previous periods	<u>(764)</u>	<u>(585)</u>
Deferred income at year end	<u>1,149</u>	<u>764</u>

#### 19 Creditors: amounts falling due after one year

	2022 £ 000	2021 £ 000
Bank loans	<u>1,819</u>	<u>1,983</u>

The Foundation has a single loan with Barclays Bank plc which was renegotiated in July 2022 and is secured by way of a legal charge over the property at Station Road Forest Hall Newcastle Upon Tyne, West Lane Killingworth Newcastle Upon Tyne, Great North Road Jesmond Newcastle Upon Tyne all in favour of Barclays Bank plc and a Debenture granted by The Percy Hedley Foundation in favour of Barclays Bank plc. The loan is due for repayment by July 2027 with interest charged at 5.01% per annum. The ratio of the loan to the value of assets secured is 13%.

# **The Percy Hedley Foundation**

## **Notes to the Financial Statements for the Year Ended 31 August 2022**

### **20 Obligations under leases and hire purchase contracts**

#### **Operating lease commitments**

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

	<b>2022</b> <b>£ 000</b>	<b>2021</b> <b>£ 000</b>
<b>Other</b>		
Within one year	41	41
Between one and five years	112	138
After five years	<u>375</u>	<u>390</u>
	<u>528</u>	<u>569</u>

# **The Percy Hedley Foundation**

## **Notes to the Financial Statements for the Year Ended 31 August 2022**

### **21 Pension and other schemes**

#### **Pension Commitments**

The charity's employees belong to three defined benefit pension schemes and two defined contribution scheme; AEGON and Peoples Pension.

The three defined benefit pension schemes are: The Teachers' Pension Scheme England and Wales ("TPS"); the Local Government Pension Scheme ("LGPS"); and the Percy Hedley Pension Scheme ("PHPS"). The PHPS was closed to new members in 2012.

#### **Defined contribution scheme**

With respect to the defined contributions pension scheme, the assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £417,000 (2021 - £377,000). Contributions totalling £34,000 (2021 - £99,000) were payable to the fund at the balance sheet date and are included in creditors.

#### **Teachers' Pension Scheme**

##### **Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

##### **The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.



## **The Percy Hedley Foundation**

### **Notes to the Financial Statements for the Year Ended 31 August 2022**

#### **Valuation of the Teachers' Pension Scheme**

As a result of the latest scheme valuation employer contributions were increased in September 2019 from a rate of 16.4% to 23.6%. Employers also pay a charge equivalent to 0.08% of pensionable salary costs to cover administration expenses.

The next valuation is expected to take effect in 2023.

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website.

#### **Scheme Changes**

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, rejected the Government's application for permission to appeal the Court of Appeal's ruling and subsequently referred the case to an Employment Tribunal to determine a remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

Since then, claims have also been lodged against the main public service schemes including the TPS. The Department has conceded those in line with the rest of the government. In July 2020 HM Treasury launched a 12-week public consultation which will provide evidence to support the delivery of an appropriate remedy for the affected schemes, including TPS.

A final remedy will be determined once the results of the consultation are established.

In December 2019, a further legal challenge was made against the TPS relating to an identified equalities issue whereby male survivors of opposite-sex marriages and civil partnerships are treated less favourably than survivors in same-sex marriages and civil partnerships. The Secretary of State for Education agreed not to defend the case. In June 2020, the Employment Tribunal recorded its findings in respect of the claimant. DfE is currently working to establish what changes are necessary to address this discrimination.

Any impact of these events will be taken into account when the next scheme valuation is implemented. This is scheduled to be implemented in April 2023, based on April 2020 data.

The employer's pension costs paid to TPS in the period amounted to £496,000 (2021 - £492,000).

# The Percy Hedley Foundation

## Notes to the Financial Statements for the Year Ended 31 August 2022

### Defined benefit pension schemes

#### Percy Hedley Pension Scheme

The PHPS is a funded defined benefit pension scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 August 2022 was £259,000 (2021 - £874,000), of which employer's contributions totalled £185,000 (2021 - £792,000) and employees' contributions totalled £74,000 (2021 - £82,000).

The pensions cost is assessed every three years in accordance with the advice of a qualified independent actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

- Latest actuarial valuation: 31 March 2019
- Investment returns per annum: 4.3% per annum
- Pension increases per annum: 2.1% per annum
- Salary scale increases per annum: 3.6% per annum
- Fair value of assets at date of last valuation: £5.731 million
- Present value of liabilities at date of the valuation: £6.417 million
- Deficit funding period for Percy Hedley: 17 years
- Future contribution rate 1 April 2018 to 31 March 2020 for Percy Hedley: 34.8%
- Life expectancy at age 65: men - 21.8 years, women - 24.9 years
- Life expectancy at age 65 for members currently aged 45: men - 23.4 years, women - 26.7 years

The date of the most recent comprehensive actuarial valuation was 31 March 2019. The group operates a defined benefit scheme in the UK. A full actuarial valuation of the Percy Hedley Pension Scheme was carried out as at 31 March 2019 and the results of this valuation have been updated to 31 August 2021 by a qualified independent actuary. As required by FRS 102 the defined benefit liabilities have been measured using the projected unit method. The scheme is closed to new entrants and further benefit accrual

### *Reconciliation of scheme assets and liabilities to assets and liabilities recognised*

The amounts recognised in the statement of financial position are as follows:

	2022 £ 000	2021 £ 000
Fair value of scheme assets	21,789	28,730
Present value of defined benefit obligation	(27,474)	(38,116)
Defined benefit pension scheme deficit	<u>(5,685)</u>	<u>(9,386)</u>

# The Percy Hedley Foundation

## Notes to the Financial Statements for the Year Ended 31 August 2022

### Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2022 £ 000
Present value at start of year	38,116
Current service cost	241
Past service cost	2,703
Interest cost	661
Actuarial gains and losses	(13,283)
Benefits paid	(1,038)
Contributions by scheme participants	74
Present value at end of year	<u>27,474</u>

### Fair value of scheme assets

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

	2022 £ 000
Fair value at start of year	28,730
Interest income	496
Actuarial gains and losses	(6,658)
Employer contributions	185
Contributions by scheme participants	74
Benefits paid	(1,038)
Fair value at end of year	<u>21,789</u>

### Analysis of assets

The major categories of scheme assets are as follows:

	2022 %	2021 %
Cash and cash equivalents	1	1
Equity instruments	99	99
	<u>100</u>	<u>100</u>

### Return on scheme assets

	2022 £ 000	2021 £ 000
Return on scheme assets	<u>(6,658)</u>	<u>4,989</u>

The pension scheme has not invested in any of the charity's own financial instruments or in properties or other assets used by the charity.

# The Percy Hedley Foundation

## Notes to the Financial Statements for the Year Ended 31 August 2022

### *Principal actuarial assumptions*

The principal actuarial assumptions at the statement of financial position date are as follows:

	<b>2022</b> <b>%</b>	<b>2021</b> <b>%</b>
Discount rate	4.30	1.75
Future salary increases	-	-
Inflation assumption (RPI)	4.00	4.00
Inflation assumption (CPI)	<u>3.30</u>	<u>3.00</u>

### *Post retirement mortality assumptions*

	<b>2022</b> <b>Years</b>	<b>2021</b> <b>Years</b>
Current UK pensioners at retirement age - male	22.00	22.00
Current UK pensioners at retirement age - female	24.00	24.00
Future UK pensioners at retirement age - male	23.00	23.00
Future UK pensioners at retirement age - female	<u>26.00</u>	<u>26.00</u>

## The Percy Hedley Foundation

### Notes to the Financial Statements for the Year Ended 31 August 2022

#### Tyne & Wear Pension Fund

The Tyne & Wear Pension Fund is a funded defined benefit scheme, with the assets held in separate Trustee-administered funds.

The charity is an approved employer of the Tyne & Wear Pension Fund.

The total contribution made for the year ended 31 August 2022 was £182,000 (2021 - £188,000) of which employer's contributions totalled £161,000 (2021 - £166,000) and employees' contributions totalled £21,000 (2021 - £22,000).

The date of the most recent comprehensive actuarial valuation was 31 March 2019. A full actuarial valuation of the Tyne and Wear Pension Fund was carried out at 31 March 2019 by a qualified actuary. An actuarial valuation report as at 31 March 2022 has been prepared exclusively for the charity. The pension charges in the accounts reflect the advice given in the actuarial report as at 31 March 2022.

#### **Reconciliation of scheme assets and liabilities to assets and liabilities recognised**

The amounts recognised in the statement of financial position are as follows:

	<b>2022</b> <b>£ 000</b>	<b>2022</b> <b>£ 000</b>
Fair value of scheme assets	7,324	7,520
Present value of defined benefit obligation	<u>(5,712)</u>	<u>(8,448)</u>
	1,612	(928)
Pension asset value not recognised (as per FRS 102 para 28,22)	<u>(1,612)</u>	<u>-</u>
Defined benefit pension scheme deficit	<u><u>-</u></u>	<u><u>(928)</u></u>

#### **Defined benefit obligation**

Changes in the defined benefit obligation are as follows:

	<b>2022</b> <b>£ 000</b>
Present value at start of year	8,448
Current service cost	173
Interest cost	141
Actuarial gains and losses	(2,771)
Benefits paid	(300)
Contributions by scheme participants	<u>21</u>
Present value at end of year	<u><u>5,712</u></u>

# The Percy Hedley Foundation

## Notes to the Financial Statements for the Year Ended 31 August 2022

### *Fair value of scheme assets*

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

	<b>2022</b> <b>£ 000</b>
Fair value at start of year	7,520
Interest income	127
Actuarial gains and losses	(205)
Employer contributions	161
Contributions by scheme participants	21
Benefits paid	(300)
Fair value at end of year	<u>7,324</u>

### *Analysis of assets*

The major categories of scheme assets are as follows:

	<b>2022</b> <b>%</b>	<b>2021</b> <b>%</b>
Equities	54	56
Property	11	-
Government bonds	1	8
Corporate bonds	19	2
Multi asset credits	4	20
Cash	2	4
Other	9	10
	<u>100</u>	<u>100</u>

### *Return on scheme assets*

	<b>2022</b> <b>£ 000</b>	<b>2021</b> <b>£ 000</b>
Return on scheme assets	<u>(78)</u>	<u>1,147</u>

The pension scheme has not invested in any of the charity's own financial instruments or in properties or other assets used by the charity.

### *Principal actuarial assumptions*

The principal actuarial assumptions at the statement of financial position date are as follows:

	<b>2022</b> <b>%</b>	<b>2021</b> <b>%</b>
Inflation assumption (RPI)	2.80	2.80
Inflation assumption (CPI)	2.80	2.70
Discount rate	4.10	1.70
Future salary increases	<u>4.30</u>	<u>4.20</u>

## The Percy Hedley Foundation

### Notes to the Financial Statements for the Year Ended 31 August 2022

#### *Post retirement mortality assumptions*

	<b>2022 Years</b>	<b>2021 Years</b>
Current UK pensioners at retirement age - male	22.00	22.00
Current UK pensioners at retirement age - female	25.00	25.00
Future UK pensioners at retirement age - male	24.00	24.00
Future UK pensioners at retirement age - female	<u>27.00</u>	<u>27.00</u>

## The Percy Hedley Foundation

### Notes to the Financial Statements for the Year Ended 31 August 2022

#### 22 Funds

	Balance at 1 September 2021 £ 000	Incoming resources £ 000	Resources expended £ 000	Transfers £ 000	Other recognised gains/(losses) £ 000	Balance at 31 August 2022 £ 000
<b>Unrestricted funds</b>						
<i><b>General</b></i>						
General fund	22,106	33,591	(29,892)	(654)	(288)	24,863
Pension fund	(10,314)	-	-	-	4,629	(5,685)
	<u>11,792</u>	<u>33,591</u>	<u>(29,892)</u>	<u>(654)</u>	<u>4,341</u>	<u>19,178</u>
<i><b>Designated</b></i>						
Education	183	-	-	(183)	-	-
Adult Day Services	12	-	-	(12)	-	-
Adult Residential	17	-	-	(17)	-	-
Children's Residential	9	-	-	(9)	-	-
Central Services	38	-	-	(38)	-	-
Maintenance Fund	487	-	(9)	(125)	-	353
Strategic Development Fund	382	-	(202)	(85)	-	95
Improvement Projects	300	-	-	(300)	-	-
Estate Developments	300	-	-	1,211	-	1,511
	<u>1,728</u>	<u>-</u>	<u>(211)</u>	<u>442</u>	<u>-</u>	<u>1,959</u>
<b>Total unrestricted funds</b>	<u>13,520</u>	<u>33,591</u>	<u>(30,103)</u>	<u>(212)</u>	<u>4,341</u>	<u>21,137</u>



## The Percy Hedley Foundation

### Notes to the Financial Statements for the Year Ended 31 August 2022

	Balance at 1 September 2021 £ 000	Incoming resources £ 000	Resources expended £ 000	Transfers £ 000	Other recognised gains/(losses) £ 000	Balance at 31 August 2022 £ 000
<b>Restricted funds</b>						
Education	353	383	(277)	195	-	654
Adult Day Services	8	4	-	12	-	24
Central Services	-	35	-	-	-	35
Adult Residential	-	27	-	5	-	32
<b>Total restricted funds</b>	<b>361</b>	<b>449</b>	<b>(277)</b>	<b>212</b>	<b>-</b>	<b>745</b>
<b>Total funds</b>	<b>13,881</b>	<b>34,040</b>	<b>(30,380)</b>	<b>-</b>	<b>4,341</b>	<b>21,882</b>

## **The Percy Hedley Foundation**

### **Notes to the Financial Statements for the Year Ended 31 August 2022**

The specific purposes for which the funds are to be applied are as follows:

#### **Designated funds**

Designated Funds are those pots of money set aside by the Board of Trustees for use on specific projects during the year / subsequent years.

At the year end there is; £353k remaining in the Maintenance Funds for delivering Government-led Energy Savings Opportunities Scheme (ESOS) Phase III, PBS Strategy and Integrated Therapy approach, Enterprise architecture and General Estates development; and, £95k in the Strategic developments fund to finish the work on IT staff development, delivering the People Strategy and Residential Stabilisation and Development Programmes.

In addition, during the 2022 year end, the Trustees have set aside an additional £1.511m from General Funds for Estates improvements across all sites in the Foundation.

#### **Restricted funds**

##### **Education**

Percy Hedley School, Northern Counties School and Percy Hedley college receive income from the Education Skills Funding Agency (ESFA) towards the education of our children and young people including grants that are set aside specifically for new sports equipment and for building maintenance improvements.

We also receive donations from Fundraising and Legacies that are restricted to a specific site or specific purpose. EG: a large legacy donation was received in May 2022 for use at our Northern Counties site.

##### **Adult Day Services**

Donations from IMUSE and Heritage Funds for use at Hedley's Horizons.

##### **Adult Residential**

Various small donations for use in our Residential Services.

During the year it was identified that in previous years there had been a misclassification of funds between designated and restricted. These misclassifications amounted to £212k and are shown in the transfer column in the table above. This is below the level of materiality, so a prior year adjustment was not required. In addition, £857k was transferred during the year from Designated to the general fund as projects have purchased the asset / completed the activity the fund(s) were intended for.

# The Percy Hedley Foundation

## Notes to the Financial Statements for the Year Ended 31 August 2022

### 23 Analysis of net assets between funds

	General £ 000	Unrestricted Designated £ 000	Pension £ 000	Restricted £ 000	Total funds £ 000
Tangible fixed assets	16,591	-	-	-	16,591
Fixed asset investments	2,915	-	-	-	2,915
Net current assets/(liabilities)	7,176	1,959	-	745	9,880
Creditors over 1 year	(1,819)	-	-	-	(1,819)
Pension scheme liability	-	-	(5,685)	-	(5,685)
Total net assets	<u>24,863</u>	<u>1,959</u>	<u>(5,685)</u>	<u>745</u>	<u>21,882</u>

	General £ 000	Unrestricted Designated £ 000	Other £ 000	Restricted £ 000	Total funds at 31 August 2021 £ 000
Tangible fixed assets	16,693	-	-	-	16,693
Fixed asset investments	3,245	-	-	-	3,245
Net current assets/(liabilities)	4,151	1,728	-	361	6,240
Creditors over 1 year	(1,983)	-	-	-	(1,983)
Pension scheme liability	-	-	(10,314)	-	(10,314)
Total net assets	<u>22,106</u>	<u>1,728</u>	<u>(10,314)</u>	<u>361</u>	<u>13,881</u>

### 24 Analysis of net funds

	At 1 September 2021 £ 000	Financing cash flows £ 000	At 31 August 2022 £ 000
Cash at bank and in hand	8,319	96	8,415
Debt due within one year	(220)	(46)	(266)
Debt due after more than one year	<u>(1,984)</u>	<u>165</u>	<u>(1,819)</u>
Net debt	<u>6,115</u>	<u>215</u>	<u>6,330</u>
	At 1 September 2020 £ 000	Financing cash flows £ 000	At 31 August 2021 £ 000
Cash at bank and in hand	8,452	(133)	8,319
Debt due within one year	(203)	(17)	(220)
Debt due after more than one year	<u>(2,102)</u>	<u>118</u>	<u>(1,984)</u>
Net debt	<u>6,147</u>	<u>(32)</u>	<u>6,115</u>

## **The Percy Hedley Foundation**

### **Notes to the Financial Statements for the Year Ended 31 August 2022**

#### **25 Related party transactions**

During the year the charity made the following related party transactions:

##### **ARGOL**

(one of our Trustees is also a director)

During the year the Foundation received £Nil (2021 - £6,561) of services from ARGOL. At the balance sheet date the amount due to/from to ARGOL was £Nil (2021 - £455).

#### **26 Prior year adjustment**

The accounts have been restated to reflect the recognition of the LGPS defined benefit pension scheme as a defined benefit scheme.

The restatement has result in the following adjustments being recognised:

Within the opening balances as at 1 September 2020:

- Decrease in net assets of £896,000

The net effect of the above adjustments in 2020 resulted in an overall decrease in net assets and reserves as at the 31 August 2020 amounting to £896,000, such that the net assets at 31 August 2020 previously reported as £10,542,000 is restated to £9,646,000.

Within the closing balances as at 31 August 2021 and the reported results for 31 August 2021:

- Increase in expenditure of £26,000 within the SoFA.
- Actuarial gain recognised amounting to £794,000 within the SoFA.  
such that the combined effect of the above was to increase the previously reported results for the year ended 31 August 2021 by £768,000, such that the previously reported £3,467,000 surplus was restated to £4,235,000 surplus.
- Pension scheme liability of £928,000 within the balance sheet replaced the £799,000 liability previously included in creditors due in less than one year and creditors due in greater than one year.

The net effect of the above adjustments in 2020 and 2021 resulted in an overall decrease in net assets and reserves as at 31 August 2021 amounting to £128,000, such that the net assets at 31 August 2021 previously reported as £14,009,000 is restated to £13,881,000.



**Percy Hedley**  
FOUNDATION

The Percy Hedley Foundation is registered  
in England and Wales, company number  
01855026, charity number 515943.

[percyhedley.org.uk](http://percyhedley.org.uk)



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