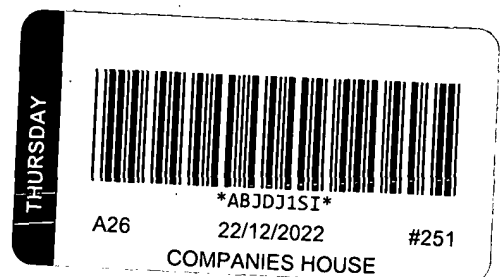


Charity registration number 1089918

Company registration number 04243198 (England and Wales)

**DEAFWAY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**



# DEAFWAY

## LEGAL AND ADMINISTRATIVE INFORMATION

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### Trustees

Rev P Fletcher Fr

Mr B S Donelly

Mr J J Ward OBE

Ms T A Dawson

Mrs C A Cuming

Mrs C Moxon

(Appointed 9 August 2021)

(Appointed 4 October 2021)

(Appointed 7 February  
2022)

Mrs P Wynne

(Appointed 7 February  
2022)

### Charity number

1089918

### Company number

04243198

### Registered office

Brockholes Brow

Preston

Lancashire

PR1 5BB

### Auditor

Champion Accountants LLP

7-9 Station Road

Hesketh Bank

Preston

Lancashire

PR4 6SN

# DEAFWAY

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# **DEAFWAY**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)**

### ***FOR THE YEAR ENDED 31 MARCH 2022***

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The trustees present their annual report and financial statements for the year ended 31 March 2022.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's [governing document], the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019).

# DEAFWAY

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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### Objectives and activities

Deafway is established for:

'...the relief of people who are D/deaf\* (incorporating Deafblind, deafened and hard of hearing) or who utilise a visual language (whether that be British Sign Language, Sign Supported English or home language). Firstly for those resident in Lancashire and secondly those resident in the rest of the United Kingdom and elsewhere, in particular by assisting and supporting their equal access to and participation in all aspects of society'.

Put another way, Deafway exists to do all that we can to ensure that D/deaf (incorporating Deafblind, deafened and hard of hearing) people get the same opportunities in all aspects of life that their hearing peers do. Our base is, and always has been, in Preston and Lancaster, Lancashire. However, our work has a national focus and reach. Deafway is therefore a local and national charity.

Deafway has a commitment to ensure that at the core of all of our work is an understanding of and respect for Deaf culture and heritage, BSL (British Sign Language) and the other forms of visual communication. This expresses our belief in the vital importance of sign language and Deaf culture to Deaf people across the world; that Deaf Heritage should be preserved, shared and celebrated and that all of these should inform our provision of Care to those Deaf people who are in need of it.

There continues to be a very real need for all of the work which we undertake, locally and nationally. It is unfortunately still the case that the needs of the majority of D/deaf people across the world and of many D/deaf people in the UK are ignored or misunderstood with disastrous consequences for those D/deaf people. The Deaf person in the UK who needs a specialist Deaf residential placement because of their Autistic Spectrum Disorder, mental health, or other disabilities - placed inappropriately in a hearing setting with no Deaf peer group and with staff who have at best a smattering of sign language; the child born profoundly deaf in Nepal, Uganda or Kenya, never being given the chance to acquire sign language or go to school.

Given the necessary financial resources - we could do so much more both by promoting and campaigning for real understanding of the relevant issues and by providing real life-changing services to so many more people UK wide.

In the UK, one of our aims is that: - 'Every Deaf person in need of Residential Care or Support will have the real choice of receiving this in a Deaf environment.'

### Philosophy:

At the centre of everything we do is a positive view of sign language, Deaf Culture and the Deaf community.

We believe passionately that every D/deaf child or adult, wherever they live in the world, should have a right of access to sign language (as well as access to the written and spoken languages of their country and to the hearing community) - and we know that an untold amount of damage has been, and continues to be, caused to the lives of D/deaf people around the world by Governments and external professionals lack of understanding and knowledge in this area. Although BSL has now been recognized as its own language by the UK Government.

This damage ranges from social isolation, lack of equal access and needing-to-be-improved service provision (which does not take into account cultural and linguistic needs) in the UK - resulting in D/deaf children being denied that most important defining characteristic of being human; possession and fluent use of a language (in this case a signed language).

## **DEAFWAY**

### **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)** **FOR THE YEAR ENDED 31 MARCH 2022**

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At Deafway we believe that these situations should be reinforced with promotion of language, campaigning, guidance and the positive sharing of knowledge.

We also believe strongly that Deaf culture and the sign languages of the world have so much that is positive to contribute to society in general - and that they should therefore be celebrated and shared in all of the ways that the hearing cultures and the spoken languages of the world are.

**\*We have followed the convention of using an uppercase 'D' in the word in the Deaf to indicate 'Culturally Deaf' and a lower case 'd' to simply indicate hearing loss.**

#### **Public benefit**

We have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing our objectives and activities and in planning our future activities. In particular the trustees consider how planned activities, through the use of our funds, will contribute to the aims and objectives we have set, and we are satisfied that the criteria for public benefit are comprehensively achieved.

# **DEAFWAY**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)** **FOR THE YEAR ENDED 31 MARCH 2022**

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### **Achievement and performance**

#### **Achievements during the year**

The activities that we have carried out during the year to meet our objectives and to carry out our aims for public benefit.

During the year we have :-

#### **Care and Support Services**

- Continued to provide long term specialist residential care, shorter term respite care and other vital support services to Deaf (incorporating all aspects) people with a range of complex needs which mean that they cannot currently live independently in the community.
- Provided residential care for a number of Deaf people who require a significantly higher level of staffing due to their more complex and 'challenging' needs.
- Continued to maintain the accommodation we provide for our residents to the high standards they deserve and to improve and refurbish this on an ongoing basis.
- Continued to provide our residents with a range of amazing experiences through our 'Dream Activities' programme which is funded entirely by donations from individuals, organisations, and grant-making trusts and foundations.
- Continued to assert our very clear belief that to place a Deaf person who uses BSL and who needs residential care, in a 'hearing' establishment imposes unnecessary and detrimental barriers.
- Provided Domiciliary Services to members of the Deaf community within Preston and Lancaster. This service is no longer being provided in 2023.

#### **Cultural Services and Facilities**

- Continued to provide premises for Deaf people to meet in Preston. (Due to COVID this has had to be paused for a temporary measure but they have independently relocated themselves to enable that social gathering occurs regularly Facilities are now reopened for the Deaf people to meet as when they require).
- Continued to provide premises for Deaf people to meet in Lancaster.

#### **Sign Language and Deaf Awareness Training**

- Maintained our policy that all Deafway staff unless they are already fluent in BSL, will undertake an in-house BSL course at Deafway; taking a nationally recognised BSL Level 1 course and BSL Level 2 course in work time.
- Continue to provide an eLearning Deaf Awareness Training course to ensure the continuity of this necessary training, and continues to be embedded in our future training regime.
- Provided training for existing staff and trustees, and full training for new staff and trustees, in respect of Deaf Awareness.
- Continued to provide BSL and Deaf Awareness training to external individuals and organisations in Lancashire and nationally.

#### **Overseas Projects**

- Continued to provide vital support to St. Anthony's School for Deaf children in Nkozi Uganda, including provision of education in sign language. This funding was due to an end during Summer 2021 however due to donations being received this funding continue to January 2023.

#### **Arts and Heritage Projects and Activities**

- For reasons of COVID and currently the Harris museum is under refurbishment, this has therefore meant that the works we are involved with here have temporarily been suspended.

#### **General**

- Investigated opportunities for future partnership working with other local or Deaf services.
- Continue to review and re-structure the organisation as a whole to meet the needs of the business and the sustainability of the charity.

# DEAFWAY

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### Achievements and performance

#### Financial review

#### Performance

The statement of financial activities for the year is set out on page 12. The charity has net outgoing resources this year of £175,918 (2021: net incoming resources of £299,859). The realised movement between the funds is summarised below:

	General	Designated	Restricted	Total
	funds	funds	funds	funds
	£	£	£	£
Total income	2,554,992	3,149	38,849	2,596,920
Total expenditure	(2,455,584)	(335,910)	(24,068)	(2,815,562)
Gains/(losses) on investments	11,780	-	30,944	42,724
Gain/(losses) on revaluations	-	-	-	-
Transfers	(95,000)	95,000	-	-
Net income/(expenditure)	16,118	(237,761)	45,725	(175,918)

#### Fixed assets

The fixed assets are all used for direct charitable purposes. The movements in fixed assets during the year are shown in note 9 to the accounts.

A professional valuation of the property at Brockholes Brow, Preston, was undertaken in June 2017 by Garside Waddingham, Chartered Surveyors. The valuation for reinstatement purposes and insured value is £3,500,000. The property is shown in the accounts at its open market valuation of £625,000 valued by Garside Waddingham, Chartered Surveyors, also in July 2017.

#### Investment performance

At 31 March 2022 investments held had a market value of £544,473. Details are shown in note 13 to the accounts. £93,844 of the investments represents the Richard Bannister Trust, which is a fund invested to support activities for young deaf persons in relation to sports.

#### Investment policy and objectives

Under the Trustees Act 2000, the trustees have the same full and unrestricted powers of investing and transposing investments as if they were beneficially entitled thereto. Current investments held are invested through Charities Official Investment Fund and an investment portfolio for the Richard Bannister Trust.

#### Reserves policy

The trustees review the charity's requirements for reserves annually, in the light of the major risks facing the charity.

The trustees consider that in order to ensure the continuous provision of the charity's services, they require to maintain a contingency reserve equivalent to three months running costs.

At the year end this reserve stood at £248,436 which represents 1.2 months unrestricted direct charitable expenditure.



# DEAFWAY

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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### Employment policy

The Charity's policy is to promote equality of opportunity to all in employment and the selection process irrespective of their gender, race, ethnic origin, disability, age, nationality, sexuality, marital status and social class. We oppose all forms of unlawful and unfair discrimination.

All employees and volunteers will be treated fairly and equally. Selection for employment, promotion, training and any other benefits will be on the basis of aptitude and ability. All employees will be helped and encouraged to further develop their full potential through comprehensive training, support, formal supervision and appraisal.

The talents and the resources of the workforce will be fully utilised to maximise the efficiency of the Organisation.

### Plans for future periods

#### Fundraising

Less than 5% of Deafway's income is currently generated by fundraising. This is mostly relating to amounts received from other organisations by way of grants. There have been no complaints received regarding our fundraising activities. Deafway does not engage the services of fundraising consultants.

Deafway is a Certificated Member of the Institute of Fundraising and is registered with the Fundraising Regulator - as such we are bound by, and adhere to, their relevant codes of Code of Practice.

#### Measuring performance

Deafway measure key performance indicators (KPIs) to help assess the impact the Charitable Company makes and its effectiveness. The following KPIs are captured as part of our day-to-day regularity requirements and recording processes:

Further KPIs are being recorded in the current financial year.

Key Performance Indicator	2022	2021
Average number of residents supported in the year	30	30
Average number of employed people (head-count)	80	82
Outcome of CQC regulatory inspections	Re-inspected	Not re-inspected
Students attending Deaf Awareness courses/sessions	200	196
Number of complaints received	0	0

# DEAFWAY

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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### Future plans

At the time of writing this, in addition to the above, we have/are also:-

- The priority is to focus on the Business Plan, Mission Statement and Model of Care with the incorporation of the 'All about me' NHS Deaf Recovery Model.
- The CQC findings are therefore being embedded into the organisational changes needed and the need to respond to these findings and make improvements accordingly.
- The Business Continuity Plan (BCP) is ongoing in order to develop it in a more robust and cohesive way incorporating the effects from COVID19 and therefore causing minimal disruption.
- The commitment to sign up to Disability Confident and incorporate it effectively within this service.
- To make the necessary amendments to our Article of Memorandum in terms of the impact of COVID19.
- To recruit and expand our board of Trustees.
- Gain full capacity for our residential services.
- The building refurbishments continue in terms of an overall upgrade to the services and the site both internally and externally, a feasibility study is being undertaken at Brockholes Site to allow for future planning of the organisation.
- The organisation restructure is ongoing and will continue to be so to meet the needs of the business.
- Continued and commenced new discussions with other charities and services in order to initiate and expand on partnership working/service provision.
- Reviewing our Deafway 'branding' to support provision of a consistent image sent out via marketing, social media etc.
- Work is ongoing in order to re-establish the links we have historically had with both the external and Deaf community which has been hindered due to COVID restrictions.
- The issues that arose due to the Covid-19 Pandemic has had an adverse affect and delayed the future planning and progress of the Organisation, which is now being addressed.
- Reviews and necessary improvements will continue in order to make sure the internal systems of the service remain robust and current.
- More collaboration and shared working with other Deaf services in order to continue the necessary promotion of awareness and partnered working, alongside acting as representatives for our residents and staff to encourage equal access to society and uphold their rights.
- Continue to make all areas of the business digital, in effect, becoming a paperless service.
- Develop and establish volunteers team to support Deafway services.
- Appoint a patron and/or an ambassador for Deafway (to increase our public profile).
- Integration of the staff team as a whole communication between departments and allow a more cohesive approach to our services

### Structure, governance and management

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Ms V Wall	(Resigned 4 October 2021)
Rev P Fletcher Fr	
Ms C P Mingay	(Resigned 6 December 2021)
Mr B S Donnelly	
Ms E C Ridley	(Resigned 6 December 2021)
Mr J J Ward OBE	
Mr H Gigg MBE	(Resigned 5 October 2021)
Ms T A Dawson	(Appointed 9 August 2021)
Mr J Williams	(Appointed 6 September 2021 and resigned 10 October 2022)
Mrs C A Cuming	(Appointed 4 October 2021)
Mrs C Moxon	(Appointed 7 February 2022)
Mrs P Wynne	(Appointed 7 February 2022)

## **DEAFWAY**

### **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)**

#### **FOR THE YEAR ENDED 31 MARCH 2022**

---

Trustees nominate and have power of appointment of future Trustees, who serve for a period of three years following appointment and may be re-appointed at the end of the term of office.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

The Trustees who have served during the year are set out above and they have been appointed in accordance with our Memorandum and Articles of Association.

Trustees nominate and have power of appointment of future Trustees, who serve for a period of three years following appointment and may be re-appointed at the end of the term of office.

We believe that our Board of Trustees should be made up of a variety of people who bring a range of different visions, knowledge, experience and skills to the role. We are proud of the fact that a significant number of our Trustees are either themselves Deaf or have strong personal connections to the D/deaf community. We believe and state that all of our Trustees must understand and share Deafway's values, have the skills to contribute to Deafway in the role of Trustee and must also take an interest in our full range of work.

Management accounts and monthly reports from each department/service leader, and from the Chief Executive, are submitted to and discussed at our monthly Trustee meetings.

The day to day running of Deafway is entrusted to the Chief Executive and their leadership team. This team meets formally each month and informally each week.

The smaller strategic leadership team meets as and when necessary to discuss specific strategic issues.

The Chief Executive line manages the Residential Services Manager, the Fundraising & Development team, the Finance Manager, the HR Manager, the Maintenance Manager and the Catering manager holding regular one-to-one supervision sessions with them. There are similar supervision arrangements in place within each service for all other managers and staff.

In addition, the Chair of Trustees holds off-site review sessions with the CEO on 2 or 3 occasions per year.

#### **Risk management**

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The trustees retain Peninsula Business Services Limited to provide 24 hour advice in respect of all employment law and health and safety matters. In addition, this contract provides indemnity in respect of Employment Law claims.

Financial sustainability is a major financial risk for the charity. A key element in the management of financial risk is a regular review of available liquid funds to settle debts as they fall due, regular liaison with the bank, and active management of trade debtors and creditors balances to ensure sufficient working capital by the charity.

Attention has also been focussed on non-financial risks arising from fire, health and safety of residents, management of staff and food hygiene. These risks are managed by ensuring accreditation is up to date, having robust policies and procedures in place, and regular awareness and compliance training for staff working in these operational areas.

## DEAFWAY

### TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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#### Care Quality Commission

Further to the CQC inspection of April 2021 giving a rating of Inadequate and the issue of notice of closure, we appealed the notice and following discussion with CQC the notice of closure was removed providing necessary changes and improvements were made which were detailed in a document provided by the CQC including a time table when they were to be met by. These changes and improvements were made within the time scale provided and signed off by the CQC, following a further inspection by the CQC in May 2022, our rating was moved to "Requires improvement", we continue to work with external authorities and bodies to continually improve the care for our residents, and aim to improve our rating to Good with CQC and we continue to provide information through our quality improvement plan. Whilst awaiting confirmation of the need for a re-inspection from the Care Quality Commission.

#### Auditor

In accordance with the company's articles, a resolution proposing that Champion Accountants LLP be reappointed as auditor of the company will be put at a General Meeting.

The trustees' report was approved by the Board of Trustees.

  
.....  
Mr B S Donnelly  
Trustee

Date: ..... 12/12/22

## **DEAFWAY**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

#### **FOR THE YEAR ENDED 31 MARCH 2022**

---

The trustees, who are also the directors of Deafway for the purpose 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 which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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

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

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

# DEAFWAY

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF DEAFWAY

---

### Opinion

We have audited the financial statements of Deafway (the 'charity') for the year ended 31 March 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, 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's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter relating to going concern

We draw attention to note 22 in the financial statements, which indicates that the Charity was subject to an adverse inspection from the Care Quality Commission which resulted in a "Requires Improvement" rating. As stated in the note this inspection indicates that a material uncertainty exists that may cast doubt on the Charity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other information

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

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

# DEAFWAY

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF DEAFWAY

---

### Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- We obtained an understanding of the legal and regulatory frameworks applicable to the Charity and the sector in which they operate. We determined that the following laws and regulations were most significant; the Charities Act 2011, the Health and Social Care Act 2008, Employment regulation and Health and Safety legislation.
- We obtained an understanding of how the Charity is complying with those legal and regulatory frameworks by making inquiries to the management.
- We assessed the susceptibility of the Charity's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the audit engagement team included:
  - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - Challenging assumptions and judgements made by management in its significant accounting estimates;
  - Identifying and testing journal entries; in particular any journal entries posted with unusual account combinations;
  - Reviewing material variation from our expectation in the income, expenses and balances; and
  - Assessing the extent of compliance with the relevant laws and regulations.

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

# DEAFWAY

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF DEAFWAY

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### Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*Champion Accountants*  
**Champion Accountants LLP**

**Chartered Accountants  
Statutory Auditor**

*12/12/22*  
.....

7-9 Station Road  
Hesketh Bank  
Preston  
Lancashire  
PR4 6SN

Champion Accountants LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.



# DEAFWAY

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

### Current financial year

		Unrestricted funds general 2022 £	Unrestricted funds designated 2022 £	Restricted funds 2022 £	Total 2022 £	Total 2021 £
	Notes					
<b>Income from:</b>						
Donations and legacies	3	13,998	173	38,849	53,020	42,315
Charitable activities	4	2,540,924	-	-	2,540,924	2,466,960
Investments	5	-	2,976	-	2,976	1,129
<b>Total income</b>		<b>2,554,922</b>	<b>3,149</b>	<b>38,849</b>	<b>2,596,920</b>	<b>2,510,404</b>
<b>Expenditure on:</b>						
Raising funds	6	54,981	-	-	54,981	86,163
Charitable activities	7	2,400,603	335,910	24,068	2,760,581	2,224,627
<b>Total expenditure</b>		<b>2,455,584</b>	<b>335,910</b>	<b>24,068</b>	<b>2,815,562</b>	<b>2,310,790</b>
Net gains/(losses) on investments	11	11,780	-	30,944	42,724	100,245
<b>Net incoming resources before transfers</b>		<b>111,118</b>	<b>(332,761)</b>	<b>45,725</b>	<b>(175,918)</b>	<b>299,859</b>
Gross transfers between funds		(95,000)	95,000	-	-	-
<b>Net movement in funds</b>		<b>16,118</b>	<b>(237,761)</b>	<b>45,725</b>	<b>(175,918)</b>	<b>299,859</b>
Fund balances at 1 April 2021		272,318	1,822,116	288,724	2,383,158	2,083,299
<b>Fund balances at 31 March 2022</b>		<b>288,436</b>	<b>1,584,355</b>	<b>334,449</b>	<b>2,207,240</b>	<b>2,383,158</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# DEAFWAY

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

### Prior financial year

		Unrestricted funds general 2021 £	Unrestricted funds designated 2021 £	Restricted funds 2021 £	Total 2021 £
	Notes				
<b>Income from:</b>					
Donations and legacies	3	3,535	-	38,780	42,315
Charitable activities	4	2,466,233	727	-	2,466,960
Investments	5	1,129	-	-	1,129
<b>Total income</b>		<b>2,470,897</b>	<b>727</b>	<b>38,780</b>	<b>2,510,404</b>
<b>Expenditure on:</b>					
Raising funds	6	82,729	-	3,434	86,163
Charitable activities	7	2,123,455	62,093	39,079	2,224,627
<b>Total expenditure</b>		<b>2,206,184</b>	<b>62,093</b>	<b>42,513</b>	<b>2,310,790</b>
Net gains/(losses) on investments	11	18,850	-	81,395	100,245
<b>Net incoming resources before transfers</b>		<b>283,563</b>	<b>(61,366)</b>	<b>77,662</b>	<b>299,859</b>
Gross transfers between funds		(264,019)	264,019	-	-
<b>Net movement in funds</b>		<b>19,544</b>	<b>202,653</b>	<b>77,662</b>	<b>299,859</b>
Fund balances at 1 April 2020		252,774	1,619,463	211,062	2,083,299
<b>Fund balances at 31 March 2021</b>		<b>272,318</b>	<b>1,822,116</b>	<b>288,724</b>	<b>2,383,158</b>

# DEAFWAY

## BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	12		869,070		860,917
Investments	13		544,473		501,248
			<u>1,413,543</u>		<u>1,362,165</u>
<b>Current assets</b>					
Stocks	14	4,874		1,977	
Debtors	15	173,866		116,469	
Cash at bank and in hand		1,193,796		1,581,076	
		<u>1,372,536</u>		<u>1,699,522</u>	
<b>Creditors: amounts falling due within one year</b>	16	(578,839)		(678,529)	
Net current assets			<u>793,697</u>		<u>1,020,993</u>
<b>Total assets less current liabilities</b>			<u>2,207,240</u>		<u>2,383,158</u>
<b>Income funds</b>					
Restricted funds	17	334,449		288,724	
Unrestricted funds - designated		1,584,355		1,822,116	
Unrestricted funds - general		288,436		272,318	
		<u>2,207,240</u>		<u>2,383,158</u>	

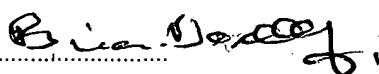
The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2022, although an audit has been carried out under section 144 of the Charities Act 2011.

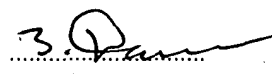
The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements under the requirements of the Companies Act 2006, for the year in question in accordance with section 476.

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

The financial statements were approved by the Trustees on 12/12/2022

  
Mr B S Donnelly  
Trustee

  
Ms T A Dawson  
Trustee

Company registration number 04243198

# DEAFWAY

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	20		(364,761)		486,260
<b>Investing activities</b>					
Purchase of tangible fixed assets		(24,995)		(12,361)	
Purchase of investments		(500)		(500)	
Investment income received		2,976		1,129	
<b>Net cash used in investing activities</b>			(22,519)		(11,732)
<b>Net cash used in financing activities</b>			-		-
<b>Net (decrease)/increase in cash and cash equivalents</b>			(387,280)		474,528
Cash and cash equivalents at beginning of year			1,581,076		1,106,548
<b>Cash and cash equivalents at end of year</b>			<u>1,193,796</u>		<u>1,581,076</u>

# DEAFWAY

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2022**

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### **1 Accounting policies**

#### **Charity information**

Deafway is a private company limited by guarantee incorporated in England and Wales. The registered office is Brockholes Brow, Preston, Lancashire, PR1 5BB.

#### **1.1 Accounting convention**

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Charitable funds**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Designated funds are unrestricted balances earmarked by the Trustees for certain projects as part of the overall fund management approach.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

#### **1.4 Income**

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

# DEAFWAY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 1 Accounting policies

(Continued)

#### 1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Brockhalls Brow - not provided
Leasehold land and buildings	Lancaster - not provided
Leasehold improvements	6.66% on cost
Computers	20% on cost
Motor vehicles	20% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

#### 1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

#### 1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### 1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# DEAFWAY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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### 1 Accounting policies

(Continued)

#### 1.11 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

#### 1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### 2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

## DEAFWAY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

#### 3 Donations and legacies

	Unrestricted funds general 2022 £	Unrestricted funds designated 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds general 2021 £	Restricted funds 2021 £	Total 2021 £
Donations and gifts	13,998	173	38,849	53,020	3,535	38,780	42,315
<b>Donations and gifts</b>							
Sundry donations and GAYE	-	-	-	-	3,200	38,780	41,980
Face to face	-	-	-	-	335	-	335
Other	13,998	173	38,849	53,020	-	-	-
	<u>13,998</u>	<u>173</u>	<u>38,849</u>	<u>53,020</u>	<u>3,535</u>	<u>38,780</u>	<u>42,315</u>



# DEAFWAY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 4 Charitable activities

	Services to D/deaf people 2022 £	Services to D/deaf people 2021 £
Fees and charges	2,460,697	2,428,362
Social club income	-	13
Outreach services	80,227	38,585
	<u>2,540,924</u>	<u>2,466,960</u>
Analysis by fund		
Unrestricted funds - general	2,540,924	2,466,233
Unrestricted funds - designated	-	727
	<u></u>	<u></u>

### 5 Investments

	Unrestricted funds designated 2022 £	Unrestricted funds general 2021 £
Interest	<u>2,976</u>	<u>1,129</u>

### 6 Raising funds

	Unrestricted funds general 2022 £	Unrestricted funds general 2021 £	Restricted funds 2021 £	Total 2021 £
<u>Fundraising and publicity</u>				
Other fundraising costs	4,741	1,685	3,434	5,119
Staff costs	48,796	74,897	-	74,897
	<u>53,537</u>	<u>76,582</u>	<u>3,434</u>	<u>80,016</u>

# DEAFWAY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 6 Raising funds

(Continued)

#### Trading costs

Other trading activities	496	-	-	-
Staff costs	948	6,147	-	6,147
Trading costs	1,444	6,147	-	6,147
	54,981	82,729	3,434	86,163

### 7 Charitable activities

	Provision of services to D/deaf people 2022 £	Provision of services to D/deaf people 2021 £
Staff costs	1,706,894	1,522,846
Property costs	615,850	515,374
Cost of sales	4,145	5,378
Administration costs	(279)	2,450
Expenditure on specific projects	-	62,093
Care costs	34,948	24,491
Project expenditure and development costs	335,910	35,346
	2,697,468	2,167,978
Share of governance costs (see note 8)	63,113	56,649
	2,760,581	2,224,627
<b>Analysis by fund</b>		
Unrestricted funds - general	2,400,603	2,123,455
Unrestricted funds - designated	335,910	62,093
Restricted funds	24,068	39,079
	2,760,581	2,224,627

# DEAFWAY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 8 Support costs

	Support costs £	Governance costs £	2022 Support costs £	Governance costs £	2021 £
Audit fees	-	8,400	8,400	-	8,400
Employment costs	-	31,156	31,156	-	32,399
Management and administration costs	-	23,557	23,557	-	15,850
	-	63,113	63,113	-	56,649
Analysed between Charitable activities	-	63,113	63,113	-	56,649

Governance costs includes payments to the auditors of £8,400 (2021 - £8,400) for audit fees.

### 9 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

#### Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2022 nor for the year ended 31 March 2021.

The cost of insurance to indemnify the trustees against the consequences of any neglect or default on their part amounted to £16,213 (2021 : £2,505).

### 10 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Management and administration	14	18
Caring staff	50	52
Others	16	12
Total	80	82
<b>Employment costs</b>	<b>2022 £</b>	<b>2021 £</b>
Wages and salaries	1,756,638	1,603,890

# DEAFWAY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

#### 10 Employees

(Continued)

The key management personnel, of the charity comprise the Chief Executive, Finance Manager, HR Manager and Residential Care Manager. The total remuneration of the key management personnel of the charity (including Employer's National Insurance and Pension Contributions) was £191,855 (2021: £200,837)

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2022 Number	2021 Number
Over £60,000	1	1

#### 11 Net gains/(losses) on investments

	Unrestricted funds general 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds general 2021 £	Restricted funds 2021 £	Total 2021 £
Revaluation of investments	11,780	30,944	42,724	18,850	81,395	100,245

## DEAFWAY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

#### 12 Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Leasehold improvements	Computers	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 April 2021	625,000	100,000	76,764	199,816	37,161	1,038,741
Additions	-	-	-	-	24,995	24,995
At 31 March 2022	625,000	100,000	76,764	199,816	62,156	1,063,736
<b>Depreciation and impairment</b>						
At 1 April 2021	-	-	-	142,935	34,890	177,825
Depreciation charged in the year	-	-	-	11,632	5,209	16,841
At 31 March 2022	-	-	-	154,567	40,099	194,666
<b>Carrying amount</b>						
At 31 March 2022	625,000	100,000	76,764	45,249	22,057	869,070
At 31 March 2021	625,000	100,000	76,766	56,873	2,278	860,917

# DEAFWAY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 12 Tangible fixed assets

(Continued)

The leasehold property known as Brockholes Brow was revalued in July 2017 by Garside Waddingham, Chartered Surveyors, at £625,000. This valuation was an open market valuation with the benefit of vacant possession. The Trustees are not aware of any change in the valuation as at the balance sheet date.

The property at Lancaster houses the Lancaster Social Club. The property is held under a long lease dated January 2005 for a term of 999 years. The Lancaster property has been valued by the Trustees, the Trustees are comfortable that the valuation is materially accurate at the balance sheet date.

The properties are all used for direct charitable purposes, or for purposes incidental to the proper working, and effective carrying on of the charity's objects and activities.

### 13 Fixed asset investments

	Unlisted investments £
<b>Cost or valuation</b>	
At 1 April 2021	501,248
Additions	500
Valuation changes	42,725
	<u>544,473</u>
At 31 March 2022	544,473
<b>Carrying amount</b>	
At 31 March 2022	<u>544,473</u>
At 31 March 2021	<u>501,248</u>

### 14 Stocks

	2022 £	2021 £
Raw materials and consumables	4,874	1,977
	<u>4,874</u>	<u>1,977</u>

### 15 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Trade debtors	133,884	82,925
Prepayments and accrued income	39,982	33,544
	<u>173,866</u>	<u>116,469</u>

## DEAFWAY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2022

---

16 Creditors: amounts falling due within one year

	2022 £	2021 £
Other taxation and social security	22,693	25,843
Trade creditors	278,329	195,516
Other creditors	103,259	241,694
Accruals and deferred income	174,558	215,476
	<u>578,839</u>	<u>678,529</u>

## DEAFWAY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

#### 17 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds				Movement in funds			
	Balance at 1 April 2020	Incoming resources	Resources expended	Revaluations, gains and losses	Balance at 1 April 2021	Incoming resources	Resources expended	Balance at 31 March 2022
	£	£	£	£	£	£	£	£
<b>DIFFERENCE TO ANALYSE</b>	211,062	42,079	(42,513)	78,096	288,724	38,849	(24,068)	303,505
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
								30,944



## DEAFWAY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

#### 18 Analysis of net assets between funds

	Unrestricted funds 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Designated funds 2021 £	Restricted funds 2021 £	Total 2021 £
Fund balances at 31 March 2022 are represented by:								
Tangible assets	144,070	725,000	-	869,070	135,917	725,000	-	860,917
Investments	329,813	-	214,660	544,473	286,588	-	214,660	501,248
Current assets/(liabilities)	(59,503)	764,355	88,845	793,697	(150,187)	1,097,116	74,064	1,020,993
	<u>414,380</u>	<u>1,489,355</u>	<u>303,505</u>	<u>2,207,240</u>	<u>272,318</u>	<u>1,822,116</u>	<u>288,724</u>	<u>2,383,158</u>

## DEAFWAY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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#### 18 Analysis of net assets between funds

(Continued)

##### Designated Funds

These funds have been set up to assist in identifying those funds that are not free funds and comprise the following:

##### Property Fund

This fund represents the charity's interest in the Property known as Brockholes Brow as included in Tangible Fixed Assets and also a lease on a property in Lancaster. The balance on this fund at the year end was £725,000 (2021: £725,000).

##### Contingency Reserve

This fund represents the charity's commitment to build up an operating reserve fund equivalent to three months running costs in order to effectively manage/ take advantage of any unforeseen circumstances that may arise in the future, without adversely affecting its service provision. The balance on this fund at the year end was £484,817 (2021: £484,817).

##### Specific Development Projects Fund

This fund represents the charity's commitment to both specific and general future development of the organisation and the services provided. This fund is made up of numerous projects. The balance on this fund at the year end was £279,537 (2021: £612,298).

##### General Funds

General funds comprise those funds which the trustees are free to use in accordance with the charitable objects, which are not designated for particular purposes. The balance on this fund at the year end was £383,437 (2021: £272,318).

##### Restricted Funds

General funds comprise funds which have been given for particular purposes and projects. The balances on these funds at the year end were as follows:

Specific development projects fund £43,122 (2021: £43,122).

Appeals fund £124,765 (2021: £110,984)

Assets in use £(14,896) (2021: £(14,896) ).

Richard Bannister project £115,542 (2021: £96,352)

Emergency property repair fund £42,558 (2021: £42,558)

Investment V82 AOYL £22,359 (2021: £10,603)

# DEAFWAY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 19 Related party transactions

There were no disclosable related party transactions during the year (2021 - none).

20 Cash generated from operations	2022 £	2021 £
(Deficit)/surplus for the year	(175,918)	299,859
Adjustments for:		
Investment income recognised in statement of financial activities	(2,976)	(1,129)
Fair value gains and losses on investments	(42,724)	(100,245)
Depreciation and impairment of tangible fixed assets	16,841	15,022
Movements in working capital:		
(Increase)/decrease in stocks	(2,897)	197
(Increase) in debtors	(57,397)	(67,861)
(Decrease)/increase in creditors	(99,690)	340,417
<b>Cash (absorbed by)/generated from operations</b>	<b>(364,761)</b>	<b>486,260</b>

### 21 Analysis of changes in net funds

The charity had no debt during the year.

### 22 Going Concern

In April 2021 we had a CQC inspection, resulting in a rating of Inadequate and subsequently enforcement notices served. Appeals have been lodged against these notices. The CQC inspection identified necessary changes and improvements. We are fully committed to our residents and staff, subsequently many new projects incurring varying costs have been and continue to be implemented. This is to facilitate the improvement of the CQC rating and the sustainability of the organisation going forward. At the time of approving these Accounts, we have received a follow up review from the CQC rating us as "Requires Improvement" however as one section is still rated as "Inadequate" we remain in special measures and the CQC have the ability to revoke our licence. Should this happen it would call in to question our ability to continue to operate.