

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

**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE SEVEN MONTH PERIOD ENDED 31 MARCH 2016**



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

### **TRUSTEES ANNUAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016**

#### **INTRODUCTION**

The Trustees present their report and the audited financial statements for the seven month period ended 31 March 2016. This includes the Directors' Report and Strategic Report as required by Company Law.

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

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

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

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

**REGISTERED COMPANY NUMBER:** 3773749

**REGISTERED CHARITY NUMBER:** 1075845

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

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

#### **TRUSTEES / DIRECTORS**

during the year and to date:

Liz Bord  
Luigi Carnelli  
Alan Hollands – Chair  
Ian Humphries  
Anna Iveson  
Lorraine Morgan (appointed 18 January 2016, reappointed 9 April 2016)  
Andrew Moscoff (resigned 14 March 2016)  
Sue Poston (resigned 14 March 2016)  
Louise Tonkin  
Maria Verhoeven

## **THE LANTERN COMMUNITY**

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

### **TRUSTEES ANNUAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016**

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

At the AGM on 9 April 2016 the following Resolution on the reappointment of Trustees by rotation was passed: *In order to bring the retirement of trustees in line with the new financial year as agreed at the Annual General Meeting in 2015 it is proposed that the provision for the retirement of trustees as provided for in Article 14 of the Articles of Association shall on one occasion, and exceptionally, not take effect at the Annual General Meeting on 9 April 2016, but shall take place at the Annual General Meeting on 24 September 2016 and thereafter the term of all trustees shall continue to be determined in accordance with the provisions of the Articles of Association of The Lantern Community.*

#### **COMPANY SECRETARY:**

S Figg

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

##### **Senior managers**

Bilge Hunt	General Manager / Registered Manager
Carol Cheeseman	Support Services Manager
Robert Liddiard	Training and Facilities Manager
Emma Borbely-Bartis	Day Services Manager
Simon Figg	Company Secretary / Nominated Individual
Jeremy Haddon	Finance Coordinator

#### **BANKERS:**

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

#### **LEGAL ADVISORS:**

Pitmans  
46 The Avenue, Southampton SO17 1AX

Bates Wells Braithwaite  
10 Queen Street Place, London EC4R 1BE

#### **AUDITORS:**

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

## **THE LANTERN COMMUNITY**

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

### **TRUSTEES ANNUAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016**

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

##### **Governing document**

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

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

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

##### **Members**

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2016 was 88 (2015: 79).

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

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

The Trustees meet together at least quarterly to review reports from management and to discuss matters such as the strategic direction of The Lantern Community, governance issues and certain financial matters. A number of Committees and Working Groups have been established to ensure that these matters can be properly addressed. Four committees were established to consider Finance, Human Resources, Care & Support and Culture & Ethos. These committees are seen as part of the on-going structure of the community and membership consists of Trustees and members of the Lantern Management Group. The committees have met between Trustee Board meetings and reported to the Board. It has been suggested that a further two committees be considered. The Working Groups are seen as short term, to consider specific issues. Two have been established so far, to consider the Lantern Management structure and the development of Seahorses. Both are near to concluding their work and will probably be closed down in the very near future.

## THE LANTERN COMMUNITY

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

### TRUSTEES ANNUAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016

#### OBJECTIVES AND ACTIVITIES

##### Charitable Objects

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

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

We have referred to the guidance contained in the Charity Commission’s general guidance on public benefit when reviewing our aim and objectives and in planning our future objectives. In particular the trustees consider how planned activities will contribute to the aims and objectives they have set.

##### Activities

1. The provision of housing for its beneficiaries who choose to live within a social and therapeutic community. The Lantern Community consists of ten houses for beneficiaries, all with easy access to the towns of Ringwood in Hampshire and Freshwater on the Isle of Wight. We also work in partnership with the Oliver Trust; the five residents in the property Tawa are included within the social and working life of the Lantern Community. There is a residential; population of sixty five people in the Lantern Community in Ringwood (including Tawa). Thirty nine are adults with learning difficulties who hold their own tenancies, sixteen are short term volunteer workers, six are long term Co-workers and four are employees who rent accommodation. Seahorses on the Isle of Wight have seven residents, three of whom have learning difficulties.
2. The provision of personal care services to meet the care needs of residents. The Lantern Community is registered with the Care Quality Commission (CQC) as a provider of personal care. The Lantern estate is a registered location for this provision. It has not been necessary to provide personal care at Seahorses and therefore that location is not registered.
3. The provision of support services to assist in developing the residents’ independence and enabling them to maintain their tenancy.
4. The provision of Day Services which create opportunities for work experience, lifelong learning, artistic and educational development. The work and training facilities are: Estate Work, Pottery, Art Studios, Woodwork, Weaving, Seasonal Crafts, Home Making Skills, Café, Bakery, Gift Shop and Horticultural Nursery, many of these selling products to the general public. At Seahorses, the running of the guest house and the productive Art Studio are the central tasks in the community.
5. Supporting holidays and short breaks for the general public with a particular emphasis upon providing holidays and activities for people with learning difficulties at Seahorses on the Isle of Wight.
6. Seahorses has strong links with its local community and provides creative and social opportunities for local people.

## **THE LANTERN COMMUNITY**

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### **TRUSTEES ANNUAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016**

#### Objectives

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

#### ACHIEVEMENTS AND PERFORMANCE

New staff have now taken up their roles at Seahorses and new tenants will be sought to fill the two vacancies at Seahorses.

As described in the aims of the Lantern Community, we continue to house both short-term and long stay volunteer co-workers in Lantern Community properties so they can participate in living, learning and working together with the beneficiaries we support. Sixteen young volunteers from overseas, five long term volunteers and five semi-retired volunteer members of the Community contribute in all areas of life and work. As a result, the ethos remains one in which adults who have learning disabilities experience living and working alongside others rather than primarily receiving care and support.

A major achievement has been maintaining this ethos whilst employing increasing numbers of skilled staff for essential roles. Through gradual progressive growth and the good will of employees, the Lantern continues to be a Community rather than a service provider. The trustees have a Community & Ethos committee which meets regularly. Discussions around ethos formed a significant part of an open meeting with Trustees, family members, staff and companions and a recent conversation group has started to meet on a monthly basis to discuss ways of preserving the essential ethos of the community.

Net income for the seven month period was £299,218 compared to £368,541 for the year ended 31 August 2015. As at 31 March 2016 net assets were £7,799,603 (2015: £7,500,385) and net current assets were £1,480,900 (2015: £1,295,283).

The Lantern works closely with East Boro Housing Trust and they continue to provide expertise in managing tenancies and related matters such as fire risk assessment. The Lantern Community continues to include tenants of the neighbouring Oliver Trust within its full life and provides care and support to them in their own home. Another link to external expertise is maintained with Ellis Whitham providing advice on employment law, HR and health and safety in an unlimited support agreement covering these important areas.

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

### **TRUSTEES ANNUAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016**

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

Further landscaping and new footpaths will be extended into the surroundings to offer a village green area and gentle walks in the green fields and woodland. These developments will make the estate better suited to older people who have learning disabilities. An audit carried out by the Lantern in 2012 showed a shortage of facilities for this group of beneficiaries and new developments cater for their needs.

The main plan for accommodation is for a six bedroom conversion of the old weavery adjoining Barn Cottage at the Ringwood site to offer four additional places for beneficiaries together with two more live-in volunteer co-workers. Sited next to the established Barn household, the design will allow for shared meals and social activities but will also offer private facilities to allow tenants quieter meals and activities whenever they choose. The planning application was approved in 2016, a tendering process undertaken, a building contractor selected and work started. The project is due for completion in early 2017.

Vacancies exist for two more beneficiaries at Seahorses and the Isle of Wight social services have been informed of this opportunity.

#### **Medium Term Plans**

The Lantern Community's Statement of Development Intentions has been accepted by East Dorset District Council's planning office. As we are sited within the South East Dorset Green Belt, the improvements to facilities for the beneficiaries must be in keeping with local requirements. Whilst this can take time to achieve, our professional advisers are confident that the modest scale of the developments can be achieved, including our proposal to build a social centre for the adults who have learning difficulties at the heart of the community.

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

The Lantern Community HR advisors, Ellis Witham, arranged for an HR Consultant, Nicholas Dottin to carry out a review of the Organisation Structure of The Lantern Community. His report was presented in January 2015, revised in May 2015 and presented to the Board of Trustees of The Lantern Community in June 2015. In August 2015 the Board set up a working group to consider and then implement recommendations contained in the report.

At each stage of the consideration and implementation the Working Group reported to the Board and only progressed to the next stage with the full approval of the Board. Recommendations in the report were compared with similar posts in the sector and some changes were made. The Senior Managers are now all in position with an approved pay scale based on the NJC (National Joint Council) Pay Scales. All these posts cover a range of 3 - 6 spinal points on the NJC Scale. The individual managers have been appointed to a point within the range commensurate with their qualifications and experience. For the General Manager progression within the range is automatic but for the other senior managers there is a "bar" at the mid-point and progression above the "bar" is dependent on performance and qualification. Future senior staff appointments will be made in a similar way.

In normal circumstances pay rises will be in line with those agreed as part of the NJC Pay Scale agreement. Consideration will be given on an annual basis to the appropriateness of the NJC Pay Scales and whether any changes in the structure of community require reconsideration of the pay scale approved by the Board of The Lantern Community.

## THE LANTERN COMMUNITY

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### TRUSTEES ANNUAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016

#### STRATEGIC REPORT

##### **Risk management**

The Trustees have established a process for reviewing the key risks facing the charity and for ensuring that actions are taken to manage those risks. A detailed annual risk assessment exercise is carried out and the results of this exercise are reported to the Board of Trustees. The Trustees have given consideration to the major risks to which the charity is exposed and are satisfied that systems and procedures are in place to manage those risks or that action is being taken to establish such systems and procedures.

The two principle risk areas are:

##### Operational Risk

The Lantern Community in Ringwood has a certificate with the Care Quality Commission (CQC) for the regulated activity of personal care. A comprehensive inspection was undertaken by CQC in April 2016. The initial notes of the inspector indicated “a very positive community feel” and “open door policy maintained, clear vision and passion shows good management and leadership”. The Inspection Report gives the overall rating for the service as “good”. The CQC asks five questions: (i) is the service safe? (ii) is the service effective? (iii) is the service caring? (iv) is the service responsive? (v) is the service well-led? The rating for each of these categories was also “good”. More detailed information on the inspection can be found on CQC’s website.

Inspections are also conducted by the main funder, Dorset County Council Social Services. The last inspection took place in March 2015 and a summary of the visit stated:

*The service demonstrates good quality support and accommodation. The Monitoring Officer fed back to the Managers that significant changes to meeting the requirements of the contract and service specification is the result of good management and effective leadership. Stakeholder relationships have gone from strength to strength in recent years and the Local Authority has confidence in the quality service provided. Stakeholder feedback is reflective of this.*

The Lantern Community knows that the people delivering services are what makes the organisation successful and so we are accredited by Investors in People (IIP). The latest IIP review took place in February 2016 and the accreditation remains in place for three years until the next review.

The Lantern Community engaged in an open competition for audit services in 2015. This resulted in new auditors being appointed. The Trustees made their selection on the basis of the quality of services to be provided, and while always cost conscious did not select the lowest cost bidder. The Trustees consider it important to have a thorough examination of the accounts, to provide assurance to the Board, the members of the company and the management group.

## **THE LANTERN COMMUNITY**

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### **TRUSTEES ANNUAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016**

#### Finance Risk

The Trustees ensured that the Finance Co-ordinator has the relevant qualifications and experience. The Finance Co-ordinator is a Chartered Accountant (ICAEW). The Lantern Community invested in a good computerised finance system, Advanced Exchequer, which is kept up to date. Quarterly management accounts are produced for management and the Trustee Board.

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

The Board is fully aware of continual rumours about threats to funding. The Board adopts a prudent approach to the running of the organisation, which is reflected in a strong balance sheet, the reserves policy and the relatively low level of loans. The Lantern Community continues to build incrementally to ensure it is not overstretched in case it is negatively affected by external factors.

#### **Financial Performance**

Total incoming resources on ordinary activities for the period totalled £1,480,847. Of this amount £968,067 or 65.4% related to care fees from local authorities. In particular, Dorset County Council contributed £796,587 or 54% of total income. In addition, rent and service charges totalled £194,675 – being rent related to residents, long term volunteers and employees. Of the rent for residents, £159,427 was paid in the form of housing benefit by East Dorset District Council – representing 10.8% of total income. It can be seen that a significant proportion comes from local government and that changes in policy could have a notable effect on The Lantern Community's financial situation. Relations with both Dorset County Council and East Dorset District Council remain positive.

It is noted that there has been a change in normal residency for adults with learning difficulties. Formerly an originating authority could pass on the provision of funding to Dorset County Council once a companion had resided at The Lantern Community for six months. In the future if a person is placed at The Lantern Community by an "out of county" authority they will be required to continue the funding. While not necessarily having a significant effect on the short term in Ringwood, this should reduce the reliance of funding by Dorset County Council in the longer term. However this is expected to have a positive impact for the funding of new companions at Seahorses on the Isle of Wight in the coming year.

## **THE LANTERN COMMUNITY**

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### **TRUSTEES ANNUAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016**

#### **Performance Criteria**

At this stage the Board of Trustees of The Lantern Community have not established any formal criteria for measuring progress against stated objectives, but on the financial side actual performance is reviewed against budgets at every meeting of the Board. Performance has been better than budget for both 2015/6 and 2014/5.

The Board will establish formal means of measuring performance during the 2016/7 financial year and would expect to be able to report progress in the next Annual Trustees report.

#### **RESERVES POLICY**

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

As at 31 March 2016 General Reserves stood at £1,330,251 (2015: £1,292,469). Of this reserve balance £125,307 (2015: £115,904) represents non land and buildings tangible fixed assets, this leaves free reserves of £1,204,944 (2015: £1,176,565), equivalent to 6.3 months of expenditure (2015: 6.9 months).

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

## **THE LANTERN COMMUNITY (Company limited by guarantee and not having a share capital) TRUSTEES ANNUAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016**

### **Statement of responsibilities of the trustees**

The trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (UK GAAP).

The Trustees are required to prepare the annual report and financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including income and expenditure, for the period. In preparing these financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

### **Statement of Compliance**

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

### **Auditors**

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

The provision of auditing services was subjected to open competition in 2015. A resolution to appoint the selected auditors, Princecroft Willis, was proposed and passed at the 2015 Annual General Meeting. Princecroft Willis subsequently merged with Francis Clark. PKF Francis Clark were reappointed at the AGM on 9 April 2016.

This report has been prepared in accordance with the Companies Act 2006, and complies with the charity's governing document and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015).

The Strategic Report is also hereby approved.

Approved by the trustees and signed on their behalf by

Alan Hollands (Trustee)

Date

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

We have audited the financial statements of The Lantern Community for the period ended 31 March 2016 on pages 13 to 31, which comprise of the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

### **RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

As described on page 10, the trustees (who are also the directors of the charitable company for purposes of company law) are responsible for the preparation of the Trustees' Annual Report and financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of:

- whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of the incoming resources and application of resources, including the income and expenditure of the company for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

### OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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.

Nicholas Love FCCA ACA  
Senior Statutory Auditor  
For and on behalf of PKF Francis Clark, Poole  
Statutory Auditors

Date:

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

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 31 MARCH 2016**

(including Income and Expenditure Account)

	Notes	Unrestricted Funds £	Restricted Funds £	2016 Total (7 months) £	2015 Total (12 months) £
<b>Income from:</b>					
Donations and legacies	2	99,043	47,699	146,742	32,145
Charitable activities	2	1,480,847	-	1,480,847	2,380,817
Investments	2	3,002	-	3,002	2,186
<b>Total income</b>		<b>1,582,892</b>	<b>47,699</b>	<b>1,630,591</b>	<b>2,415,148</b>
<b>Expenditure on:</b>					
Raising funds	3	1,295	-	1,295	3,419
Charitable activities	3	1,330,078	-	1,330,078	2,043,188
<b>Total expenditure</b>		<b>1,331,373</b>	<b>-</b>	<b>1,331,373</b>	<b>2,046,607</b>
<b>Net income</b>	2	<b>251,519</b>	<b>47,699</b>	<b>299,218</b>	<b>368,541</b>
<b>Transfers between funds</b>		250	(250)	-	-
<b>Net movement in funds</b>	13/14	<b>251,769</b>	<b>47,449</b>	<b>299,218</b>	<b>368,541</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward	13/14	7,474,950	25,435	7,500,385	7,131,844
<b>Total funds carried forward</b>	13/14	<b>7,726,719</b>	<b>72,884</b>	<b>7,799,603</b>	<b>7,500,385</b>

All income and expenditure derive from continuing activities.

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

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

**BALANCE SHEET AS AT 31 MARCH 2016**

	Note	2016		2015	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		6,683,911		6,590,141
<b>Current assets</b>					
Stocks	9	48,003		43,317	
Debtors	10	146,504		211,606	
Cash at bank and in hand		1,695,757		1,448,098	
		<u>1,890,264</u>		<u>1,703,021</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(409,364)</u>		<u>(407,738)</u>	
<b>Net current assets</b>			<u>1,480,900</u>		<u>1,295,283</u>
<b>Total assets less current liabilities</b>			<u>8,164,811</u>		<u>7,885,424</u>
<b>Creditors: amounts falling due after more than one year</b>	12		<u>(365,208)</u>		<u>(385,039)</u>
<b>Net assets</b>			<u><u>7,799,603</u></u>		<u><u>7,500,385</u></u>
<b>Charity Funds</b>					
Restricted Funds	13		72,884		25,435
General funds	14		1,330,251		1,292,469
Designated funds	14		6,396,468		6,182,481
<b>Total charity funds</b>			<u><u>7,799,603</u></u>		<u><u>7,500,385</u></u>

The financial statements were approved and authorised for issue by the Board on 25 July 2016

Signed on behalf of the board of trustees on 25 July 2016

The notes on pages 16 to 31 form part of these financial statements.

A Hollands, Trustee

S Figg, Company Secretary  
Company registration number: 03773749

## THE LANTERN COMMUNITY

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

### STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2016

	Note	2016 (7 months) £	2015 (12 months) £
<b>Cash flow from operating activities</b>	21	380,745	485,664
<b>Net cash flow from operating activities</b>		<u>380,745</u>	<u>485,664</u>
<b>Cash flow from investing activities</b>			
Payments to acquire tangible fixed assets		(110,530)	(445,639)
Receipts from sales of tangible fixed assets		500	3,216
Interest received		3,002	2,186
<b>Net cash flow from investing activities</b>		<u>(107,028)</u>	<u>(440,237)</u>
<b>Cash flow from financing activities</b>			
Repayment of long term loans		(20,848)	(35,235)
Interest paid		(5,210)	(9,433)
<b>Net cash flow from financing activities</b>		<u>(26,058)</u>	<u>(44,668)</u>
<b>Net increase in cash and cash equivalents</b>		247,659	759
<b>Cash and cash equivalents at 1 September 2015</b>		1,448,098	1,447,339
<b>Cash and cash equivalents at 31 March 2016</b>		<u>1,695,757</u>	<u>1,448,098</u>
<b>Cash and cash equivalents consists of:</b>			
Cash at bank and in hand		1,695,757	1,448,098
<b>Cash and cash equivalents at 31 March 2016</b>		<u>1,695,757</u>	<u>1,448,098</u>

## **THE LANTERN COMMUNITY**

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

### **NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2016**

#### **1 Summary of significant accounting policies**

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

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

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

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

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

The charity adopted SORP (FRS 102) in the current period and this has not affected the reported financial position and performance.

##### **(b) Funds**

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

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

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

## **THE LANTERN COMMUNITY**

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

### **NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2016**

#### **(c) Income recognition**

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

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

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

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

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

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

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

**THE LANTERN COMMUNITY** (Company limited by guarantee and not having a share capital)  
**NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2016**

**(d) Expenditure recognition**

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

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

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

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

The analysis of these costs is included in note 3.

**(e) Tangible fixed assets**

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

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

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

Freehold land is not depreciated in general but the cost of paths is written off over 10 years on a straight line basis. Freehold buildings are not depreciated because the expected resale value at the end of their useful lives is expected to equal or exceed the carrying value. Tangible assets are reviewed for impairment if there is an event or a circumstance indicating their carrying value may exceed their net realisable value and value in use.

## **THE LANTERN COMMUNITY**

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

### **NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2016**

#### **(f) Stocks**

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

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

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

#### **(h) Loans and borrowings**

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

#### **(i) Concessionary loans**

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

#### **(j) Impairment**

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

#### **(k) Provisions**

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

## **THE LANTERN COMMUNITY**

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

### **NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2016**

#### **(l) Employee benefits**

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

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

#### **(m) Tax**

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

#### **(n) Going concern**

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

#### **(o) Judgements and key sources of estimation uncertainty**

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

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

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

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

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

**NOTES TO THE ACCOUNTS FOR THE SEVEN MONTH PERIOD ENDED 31 MARCH 2016**

2 INCOME

	Residential (Ringwood) £	Workshops (Ringwood) £	Seahorses (IOW) £	Internal sales eliminated £	Total 2016 £	Total 2015 £
<b>DONATIONS AND LEGACIES</b>						
Donations, legacies and similar incoming resources	142,797	984	2,961	-	146,742	32,145
<b>CHARITABLE ACTIVITIES</b>						
Fees and contributions – local authorities / other sources	668,027	265,795	45,865	(11,620)	968,067	1,556,947
Rent and service charges	181,898	-	12,777	-	194,675	279,941
Ineligible and mobility	77,930	-	6,300	-	84,230	131,782
Shop / café / bakery & other workshops sales	-	212,618	-	(22,216)	190,402	295,754
Guest House income	-	-	28,791	-	28,791	83,413
Other income	9,135	5,063	484	-	14,682	32,980
<i>Total incoming resources from charitable activities</i>	936,990	483,476	94,217	(33,836)	1,480,847	2,380,817
<b>INVESTMENTS</b>						
Investment income	2,628	214	160	-	3,002	2,186
<i>Total investment income</i>	2,628	214	160	0	3,002	2,186
<b>TOTAL INCOME</b>	1,082,415	484,674	97,338	(33,836)	1,630,591	2,415,148
<b>TOTAL EXPENDITURE</b> (see note 3)	(797,676)	(453,619)	(113,914)	33,836	(1,331,373)	(2,046,607)
<b>NET INCOME FOR THE PERIOD / YEAR</b>	284,739	31,055	(16,576)	0	299,218	368,541

Income from donations and legacies was £146,742 (2015 - £32,145) of which £47,699 (2015 - £23,290) was attributable to restricted and £99,053 (2015 - £8,855) was attributable to unrestricted funds.

**THE LANTERN COMMUNITY** (Company limited by guarantee and not having a share capital)  
**NOTES TO THE ACCOUNTS FOR THE SEVEN MONTH PERIOD ENDED 31 MARCH 2016**

3 EXPENDITURE

	Residential (Ringwood) £	Workshops (Ringwood) £	Seahorses (IOW) £	Internal Purchases £	Total 2016 £	Total 2015 £
RAISING FUNDS						
Fundraising and publicity	1,323	331	516	(875)	1,295	3,419
CHARITABLE ACTIVITIES						
Employed staff costs	443,430	291,608	45,863	(9,695)	771,206	1,137,254
Co-worker costs	43,680	4,375	6,487	(4,722)	49,820	92,455
Premises costs	121,041	15,331	20,930	-	157,302	208,653
Depreciation – owned assets	11,798	2,506	1,582	-	15,886	26,926
Office and administration	34,803	4,008	1,504	(785)	39,530	64,354
Medical costs	2,905	6	38	(31)	2,918	1,084
Garden and estate	8,213	68	4,749	(6,410)	6,620	16,568
Food, household and cleaning	91,285	1,063	18,842	(7,332)	103,858	184,151
Cost of sales	-	121,099	-	(3,812)	117,287	199,426
Hotel recreational costs	-	-	2,442	-	2,442	13,861
Motor and travel expenses	15,961	521	2,563	(104)	18,941	30,173
Legal and professional fees	8,035	9,584	1,819	-	19,438	30,347
Bank charges	1,220	36	339	-	1,595	3,117
Loan interest	2,692	-	2,518	-	5,210	9,433
Bad debts	-	-	-	-	0	0
Loss on sale of fixed assets	374	-	-	-	374	0
Sundry expenses	4,024	832	2,879	(70)	7,665	13,484
Audit and accountancy	5,403	2,251	737	-	8,391	10,048
Trustee Board costs	1,489	-	106	-	1,595	1,854
<i>Total resources expended on charitable activities</i>	<u>796,353</u>	<u>453,288</u>	<u>113,398</u>	<u>(32,961)</u>	<u>1,330,078</u>	<u>2,043,188</u>
TOTAL EXPENDITURE	<u>797,676</u>	<u>453,619</u>	<u>113,914</u>	<u>(33,836)</u>	<u>1,331,373</u>	<u>2,046,607</u>

£nil (2015 - £536) of the above costs were attributable to restricted funds. £1,331,373 (2015 - £2,046,071) of the above costs were attributable to unrestricted funds.

## THE LANTERN COMMUNITY

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

### NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2016

#### 4 DEFERRED INCOME

During the period payments in advance of £438 (2015: £11,905) were received and have been treated as deferred income as they relate to the next financial year, and are included within other creditors.

#### 5 EMPLOYED STAFF COSTS AND NUMBERS

During the period, nine trustees were reimbursed expenses totalling £537 (2015: nine trustees, £667). No trustee received any remuneration in the current or prior period other than disclosed in note 16 to the accounts.

During the period indemnity insurance of £1,058 (2015: £1,187) was paid to cover the trustees in the event of any misrepresentation of the organisation.

Employed staff costs were as follows:	2016	2015
	£	£
Salaries and wages	711,336	1,042,734
Social security costs	52,394	73,382
Pension costs	5,340	7,688
	<u>769,070</u>	<u>1,123,804</u>

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

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

	2016	2015
	No.	No.
Lantern Residential and Workshops (Ringwood)	75	67
Lantern Seahorses (Isle of Wight)	5	3
	<u>80</u>	<u>70</u>

## THE LANTERN COMMUNITY

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

### NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2016

The key management personnel of The Lantern Community are:

- (i) The General Manager / Registered Manager;
- (ii) The Support Services Manager;
- (iii) The Training and Facilities Manager;
- (iv) The Day Services Manager;
- (v) The Company Secretary / Nominated Individual;
- (vi) The Finance Coordinator.

The employee benefits of key management personnel for the seven months ended 31 March 2016 was £124,898 (2014/15: £205,288).

#### 6 TAXATION

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

#### 7 AUDITORS REMUNERATION

	2016 £	2015 £
Fees payable to the charity's previous auditor for the audit of the charity's annual accounts (2014 fees understated)	-	500
Fees payable to the charity's auditor for the audit of the charity's annual accounts	<u>8,023</u>	<u>9,548</u>
Fees payable to the charity's auditor for other services:		
Taxation services provided by the charity's previous auditor		168
Taxation services provided by the charity's auditor	<u>368</u>	<u>-</u>
VAT consultancy services provided by the charity's auditor	<u>5,000</u>	<u>0</u>

VAT consultancy costs are included in legal and professional fees in note 3. Such costs were also incurred in 2014/15, but as the service was provided by another company these costs are not shown in this note.

## THE LANTERN COMMUNITY

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

### NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2016

#### 8 TANGIBLE FIXED ASSETS

	Freehold land & buildings £	Assets under construction £	Paths £	Furniture & equipment £	Computer equipment £	Motor vehicles £	Total £
<b>COST OR VALUATION</b>							
At 1 September 2015	6,468,419	3,673	22,086	80,112	17,921	72,576	6,664,787
Additions in the period	82,277	2,340	-	6,194	-	19,719	110,530
Transfers	-	-	-	-	-	-	0
Disposals in the period	-	-	-	-	-	(1,651)	(1,651)
At 31 March 2016	6,550,696	6,013	22,086	86,306	17,921	90,644	6,773,666
<b>DEPRECIATION</b>							
At 1 September 2015	-	-	3,253	26,078	11,017	34,298	74,646
Charge for the period	-	-	1,288	6,538	1,330	6,730	15,886
Disposals in the period	-	-	-	-	-	(777)	( 777)
At 31 March 2016	0	0	4,541	32,616	12,347	40,251	89,755
<b>NET BOOK VALUE</b>							
At 31 March 2016	6,550,696	6,013	17,545	53,690	5,574	50,393	6,683,911
At 31 August 2015	6,468,419	3,673	18,833	54,034	6,904	38,278	6,590,141

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

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

**NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2016**

9 STOCK

As at 31 March 2016 stock was valued at £48,003 (2015: £43,317) and related to goods for resale in the shop on the Ringwood estate.

10 DEBTORS

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade debtors	120,643	65,974
Other debtors	4,813	14,414
Other taxation and social security	-	19,721
Prepayments and accrued income	21,048	111,497
	<u>146,504</u>	<u>211,606</u>

11 CREDITORS: amounts falling due within one year

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Unsecured concessionary loans for indefinite terms (see note 12)	100,000	100,000
Bank loans (see note 12)	37,320	38,337
Trade creditors	13,088	41,639
Other creditors	50,357	87,299
Other taxation and social security	96,054	22,437
Accruals and deferred income	112,545	118,026
	<u>409,364</u>	<u>407,738</u>

An unsecured concessionary loan has been advanced to The Lantern Community by the family trust of a resident. This loan is for an indefinite term, but can become repayable in certain events such as the resident leaving the charity. In some circumstances it can become repayable on demand. As the repayment date for this loan is unspecified it has been treated as falling due within one year.

## THE LANTERN COMMUNITY

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

### NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2016

12 CREDITORS: amounts falling due after more than one year

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Unsecured concessionary loan	100,000	100,000
Bank loans	265,208	285,039
	<u>365,208</u>	<u>385,039</u>

An unsecured concessionary loan has been advanced to The Lantern Community by the family trust of a resident. This loan is for an indefinite term, but can become repayable in certain events such as the resident leaving the charity. In some circumstances it can become repayable on demand. A side agreement was signed in the year ending 31 August 2014, in which it stated that the family trust would not require repayment of this loan before 1 September 2019.

The bank loans relate to funding for the purchase of Willow End Cottage and Pine Lodge upon which they are secured. Interest is charged at a rate of 2.32% above the Bank of England base rate.

The bank loans are repayable by instalments as follows	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Within 1 year	<u>37,320</u>	<u>38,337</u>
Between 1 and 2 years	37,647	37,033
Between 2 and 5 years	<u>227,561</u>	<u>248,006</u>
	<u>265,208</u>	<u>285,039</u>
Total bank loans	<u>302,528</u>	<u>323,376</u>

## THE LANTERN COMMUNITY

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

### NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2016

#### 13 RESTRICTED FUNDS

	At 1 September 2015 £	Incoming Resources £	Outgoing resources £	Transfers £	At 31 March 2016 £
Pottery equipment	2,145	-	-	(250)	1,895
Woodwork workshop	1,020	-	-	-	1,020
Barn Cottage extension	3,918	47,449	-	-	51,367
Lantern Hall	18,352	-	-	-	18,352
Hillcrest activities	-	250	-	-	250
Total restricted funds	25,435	47,699	0	( 250)	72,884

#### *Pottery Equipment*

Donations were raised by the brother of a gentleman attending day services at the community. It was specified that these donations should be used to purchase new equipment in the pottery.

#### *Woodwork Workshop*

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

#### *Barn Cottage extension*

A donation was received and it was specified that this donation should be used to contribute to the costs of the Barn Cottage extension project.

#### *Lantern Hall*

A number of donations have been received and allocated to the project for a new hall at The Lantern Community in Ringwood. In particular for some larger amounts the donors were informed what purpose they would be used for. For other donations there were no instructions, but they have been allocated to this major project.

#### *Hillcrest activities*

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

## THE LANTERN COMMUNITY

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

### NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2016

#### 14 UNRESTRICTED FUNDS

	At 1 September 2015 £	Incoming Resources £	Outgoing resources £	Transfers £	At 31 March 2016 £
DESIGNATED FUNDS:					
<i>Cash backed designated funds:</i>					
Co-worker retirement	28,404	-	-	-	28,404
CBF retirement fund	69,246	-	-	-	69,246
Co-worker social fund	34,670	-	-	12,600	47,270
Bakery project	1,445	824	-	-	2,269
Lantern Hall	-	95,098	-	-	95,098
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	133,765	95,922	0	12,600	242,287
Property capital fund	6,048,716	-	-	105,465	6,154,181
<i>Total designated funds</i>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	6,182,481	95,922	0	118,065	6,396,468
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
General funds	1,292,469	1,486,970	(1,331,373)	(117,815)	1,330,251
<i>Total unrestricted funds</i>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	7,474,950	1,582,892	(1,331,373)	250	7,726,719

#### *Purposes of designated funds*

##### **Co-worker retirement fund**

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

##### **Co-worker social fund**

The co-worker social fund has been created to finance anticipated future expenditure relating to financial assistance to co-workers, e.g. when they leave The Lantern Community.

##### **Bakery project fund**

Donations from the second hand books scheme have been allocated to a fund to contribute to the costs of the planned Bakery project. This project includes an improved tea break area and office space.

## THE LANTERN COMMUNITY

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

### NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2016

#### Property capital fund

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

#### 15 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds	Unrestricted funds	Total funds
	£	£	£
Tangible fixed assets	1,895	6,682,016	6,683,911
Net current assets	70,989	1,409,911	1,480,900
Long term liabilities	-	(365,208)	(365,208)
NET ASSETS	<u>72,884</u>	<u>7,726,719</u>	<u>7,799,603</u>

#### 16 AMOUNTS HELD FOR COMPANIONS

The charity holds £7,908 (2015: £6,740) on behalf of companions. These funds are in a separate bank account and are not included in these financial statements.

#### 17 RELATED PARTIES

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

Three of the children of M Verhoeven, trustee, are employed by The Lantern Community as team leader, house co-ordinator and workshop co-ordinator and are remunerated accordingly.

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

## THE LANTERN COMMUNITY

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

### NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2016

#### 18 DONATED SERVICES AND ASSETS

There were no donated services or assets received during the period.

#### 19 DEFINED CONTRIBUTION PENSION SCHEME

The company operates a defined contribution pension scheme on behalf of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension commitment for the period under this scheme was £5,340 (2015: £7,688).

#### 20 CONTINGENT LIABILITIES

There is a legal dispute concerning a former resident at The Lantern Community. It is expected that this dispute will be resolved in the current financial year and that the outcome will not be financially significant.

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

	2016	2015
	£	£
Net income for period / year	299,218	368,541
Interest receivable	(3,002)	(2,186)
Interest payable	5,210	9,433
Depreciation and impairment of tangible fixed assets	15,886	26,925
(Profit) / loss on disposal of tangible fixed assets	374	-
(Increase) / decrease in stock	(4,686)	178
(Increase) / decrease in debtors	65,102	(44,266)
Increase / (decrease) in creditors	2,643	127,039
Net cash flow from operating activities	<u>380,745</u>	<u>485,664</u>