



Epilepsy Society Limited

**Group Financial Statements
and Annual Report
for the year ended
31 March 2019**

**The Chalfont Centre
Chesham Lane, Chalfont St Peter,
Buckinghamshire SL9 0RJ**

**Registered charity: 206186
Company limited by guarantee: 492761**

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The Trustees are pleased to present their Annual Report and the Society's Group Financial Statements for the year ended 31 March 2019.

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The close of the financial year is always a time for reflection.

We never allow ourselves to sit still at the Epilepsy Society. We take every opportunity to embrace new ways of working, so 2018/19 has seen us exploring ways of connecting with more people through new digital channels. Not only is this enabling us to reach and support a greater number of people affected by epilepsy, but it is also growing the pool of those who are anxious to support our work, and particularly our research, through fundraising.

We have introduced exciting new events such as the Broadgate Tower Abseil, to inspire those with a thirst for a physical challenge. But we are also benefiting from the amazing and innovative fundraising ideas of our supporters. We would have never thought of body building to raise money ourselves!

And it is perhaps here that we suddenly see the pattern that has been unfolding before our very eyes, but that maybe we have been too close to recognise along the way.

The fantastic news is that with our new digital channels and integrated working, we have seen a 20 per cent increase in our voluntary and trust income which is up from £2.0m last year to an impressive £2.4m this year. This increases still further, to £2.9m, when you include funding for a research collaboration.

Our amazing fundraising team is more often heads down in a sea of purple cyclists, runners, community fundraisers and balloons. It is only when they stop for a moment to draw breath that the fruits of all our labours - the team at Epilepsy Society, and our loyal supporters - really become apparent.

£2.4m is more than money in the bank. It is research for tomorrow that will change the lives of everyone with epilepsy. Thank you.

At the Epilepsy Society we pride ourselves on listening to the people we support. Our channels of communication extend across many digital platforms, but central to everything we are about is our Helpline, a vital resource for anyone affected by epilepsy. A listening ear and a bell jar of what is happening out there in the world of epilepsy.

So it did not take long for alarm bells to start ringing about the number of medication shortages that were being reported. Inevitably, blame has been laid at the door of Brexit. But the problems pre-date any plans to leave the European Union.

Whenever we see or hear the need for change, we believe in going straight to those with the means to make that change. So, we have been working closely with the Department of Health and Social Care's Medicines Supply Team to ensure that everything is being done to facilitate a continuous supply of epilepsy medications post-Brexit. We are also calling for the department to commission a complete review of the medicines supply chain so that continuing problems can be resolved on a long-term basis. It is a mystery why pharmaceutical companies cannot provide a better service to people with epilepsy - and it needs to be tackled.

This is just one example of how our integrated campaign and policy work is putting our beneficiaries front and centre to all our work at the Epilepsy Society. While our digital platforms provide a solid network of some 100,000 supporters across the UK, our Helpline remains a flagship communication channel that influences and underpins all that we do. At the end of the day while technology is a wonderful thing, everything we do is for people with epilepsy and by people at the charity whether they are our amazing volunteers, donors, staff, or trustees. A heartfelt thank you to each and every one of you.



Clare Pelham
Chief Executive

As anyone who is involved in medical research will tell you, results and progress can often be frustratingly slow. This year, however, we have seen some incredible highs at Epilepsy Society that spell real hope for the future.

In February we were proud to announce a unique collaboration between Epilepsy Society and the Belgian pharmaceutical company UCB. Together we are working on a pioneering €2.5m genomics research programme which could bring life-changing treatments to people with epilepsy whose seizures do not respond to current treatment options.

It is a five-year project and our researchers will be working closely with those at UCB to develop an improved understanding of the complex nature of epilepsy through genome sequencing and the analysis of genetic biomarkers.

It is quite something when terms which were once futuristic are now a reality in the very laboratories that we built at our Epilepsy Society Research Centre. I know many of you reading this today will have helped us raise the funds to finance our research centre, and you can be proud that the work they are now facilitating is literally changing lives.

Thanks to a genetic diagnosis, two young brothers who were experiencing as many as 1,000 seizures a day, are now seizure free. And a young woman who felt her epilepsy had been an odyssey of dead ends, now feels there is hope of more focused treatments that could work for her.

That is immense. It is what we are all about.

And there is further good news. We are now using Artificial Intelligence to teach computers how to read brain scans. For anyone whose seizures are drug resistant, the greatest hope of becoming seizure free is brain surgery. But this is only possible if we can identify the focal point of their seizures through an MRI scan. And in about one third of cases, brain scans appear normal.

So we are now using AI algorithms to teach computers to differentiate between areas of the brain that do, or do not, generate seizures. It is early days but the feeling of hope is inspiring.

We have also been celebrating good news for the people who we support through our care services. We are thrilled to have been rated as 'good' once again by the CQC for our Supported Living and Domiciliary Care Services. This provides support for people in their own homes.

The Care Quality Commission has told us that many other services across the country are failing to maintain their 'good' ratings, so our sustained 'good' is an accolade of which we are particularly proud.

It is always good to have external endorsement, although when we see the fulfilled and varied lives that residents at Epilepsy Society are living - skiing trips, sports days, horticultural activities - we know things are pretty good.

There is much criticism of charities in the media, and often it is justified and constructive. But when charities get it right - and I feel we do, at least most of the time - it is great to be a part of something which at every level is driving change, progress and hope for the future.



Peter Worthington
Chairman

The Trustees are pleased to present their report for the year ended 31 March 2019 which provides a commentary on these results and the operations of the Epilepsy Society during the year, which are set out in the audited financial statements following this report. The report also acts as the Society's strategic report and the Directors' Report for the year.

The Trustees' Report covers a range of areas and these are set out as follows:

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|---|---|
| a) Principal Activities | h) Fundraising Activities |
| b) Charitable Objectives, Values and Strategy | i) Employment and Volunteers |
| c) Achievements and Future Plans | j) Insurance and Health and Safety |
| d) Principal Risks | k) Governance, the Board and Executive Officers |
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a) Principal Activities

Objects

The Society's object is to support people living with or affected by epilepsy and other neurological conditions by:

- a) promoting acceptance of people with epilepsy and other neurological conditions, and challenging discrimination against them;
- b) preventing the development of epilepsy and other neurological conditions;
- c) seeking effective treatments for epilepsy and other neurological conditions; and
- d) providing services to people with epilepsy and other neurological conditions.

Activities

Under section 17 of the Charities Act 2011, the Trustees have a duty to have due regard to the public benefit guidance published by the Charity Commission. During the year, the Trustees have acted in accordance with this requirement and they are satisfied that all the activities of the Society are for the public benefit

There are approximately 600,000 people with epilepsy in the UK. The Society undertakes a variety of activities for the benefit of those people. The main areas of these activities are:

- **Medical research** – The Epilepsy Society has a strong commitment to medical research which will provide practical treatments for epilepsy. The Society's world-leading research activities are carried out through a tri-partite arrangement between the Society, the Life and Medical Sciences department at University College London ('UCL') and the National Hospital for Neurology and Neurosurgery at University College London Hospitals ('UCLH'). This co-operation allows for seamless research integrating basic, clinical and translational aspects in one cohesive group working for the ultimate benefit of all people with epilepsy.

The priority areas in which we will continue to concentrate our efforts are first to ascertain risks, clarify underlying causes and identify genetic markers for people with epilepsy; second to improve therapeutic options with a clear view to provide in the not so distant future personalised treatment to people with epilepsy.

- **Information, education and support services** - through our helpline and parallel on-line services, the Society provides information, help and support to people who have epilepsy. We provide training to health care professionals through which we aim to broaden our reach and support to people with epilepsy. Our external affairs function also raises awareness of issues for people with epilepsy and advocates on behalf of them.

- **Medical services** – the Sir William Gowers Assessment and Treatment Unit, run by UCLH in collaboration with the Society, is recognised as the leading centre for medical services to people with epilepsy in the United Kingdom and has one of the largest clinical throughputs in Europe. It provides a range of specialist epilepsy services, including diagnostic services in the form of electroencephalogram recording facilities and an epilepsy-dedicated MRI scanner facility. The Centre also has a therapeutic drug monitoring unit, which is currently the major provider of anti-epileptic drug level assays to the NHS, and a pharmacy specialising in epilepsy.
- **Residential, domiciliary and nursing care services** – During the year, we ran seven residential care homes, one of which also provides nursing care, for people with epilepsy including people with complex epilepsy and associated conditions such as learning disabilities. We also provide domiciliary care to people living in supported living accommodation and in their homes within the community.

Structure

Epilepsy Society ('the Society') was established in 1892 as the National Society for the Employment of Epileptics. The name was subsequently changed to the National Society for Epilepsy and in 2017 to the Epilepsy Society. The Society is a charitable company limited by guarantee. It is governed by its Memorandum and Articles of Association and it is registered as a charity with the Charity Commission (charity number 206186).

The Society has two wholly-owned subsidiaries - Epilepsy Enterprises Limited and NSE Facilities Limited. Epilepsy Enterprises Limited is the Society's trading company and it carries on commercial activities, such as merchandising, with a view to raising money for the charity. NSE Facilities Limited was incorporated in 2000 to build the Gowers Centre and to manage the healthcare services provided by UCLH within it. However, this is now being done directly by the Epilepsy Society and therefore this subsidiary is effectively dormant.

b) Charitable Objectives, Values and Strategy

The Society's strategy is set by the Board of Trustees and they also agree the vision and objectives following discussions with stakeholders including the staff who work for the Society.

Our Charitable Objective

The Society's charitable objective is to secure a full life for everyone affected by epilepsy and other neurological conditions. Under the Society's constitution, we will try to do this by:

- promoting acceptance of people with epilepsy and other neurological conditions, and challenging discrimination against them;
- preventing the development of epilepsy and other neurological conditions;
- seeking effective treatments for epilepsy and other neurological conditions; and
- providing services to people with epilepsy and other neurological conditions.

Our Values

We aim to fulfil this objective while meeting our values, which are being:

Caring

Accountable

Improving

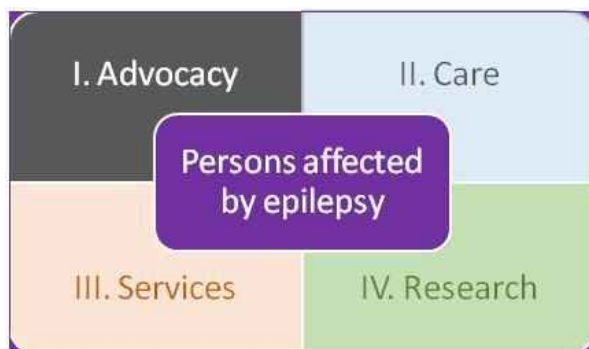
Respectful

Open

whilst putting the person with epilepsy at the centre of everything that we do.

Our Strategy

Our strategy to meet our charitable objective and aims is based on 4 areas as set out in the diagram below:



Advocacy

Advocacy means understanding the individual and collective needs of persons affected by epilepsy so that their voices are heard and then promoting, representing and protecting those needs into our national and local communities. The Society's Advocacy Strategy will set out the framework within which it seeks to ensure that those voices are heard. Advocacy will be carried out by the Society's own in-house team from its Chalfont and London bases.

Care

Care means providing holistically and compassionately, but within resource limits and according to personal need, some or all of the clinical, physical, intellectual, and emotional needs of a person affected by epilepsy to improve quality of life. The Society currently provides care services to around 100 people based at Chalfont and a floating service to around 25 people living in elsewhere Buckinghamshire. The Society's Care Strategy displays our commitment to those whose homes are provided by us and a focus on helping them live an active and satisfying life.

Services

Our strategy is to provide ancillary services that support the provision of care to people affected by epilepsy that might otherwise not be available and signposting them to services that do exist. This includes continuing to provide and, if possible, expand our national helpline and associated on-line services. The strategy also includes the provision of medical services in partnership with UCLH.

Research

Research to us means investigating the causes of epilepsy so that ultimately the condition can be eliminated, prevented or successfully treated and managed as set out in our Research Strategy. It includes basic scientific, as well as translational clinical, research undertaken collaboratively with leading research and clinical centres across the UK and internationally. Our strategy is to build on the genomics and other leading research carried out at Chalfont which is internationally recognised and renowned.

Public benefit

The Charities Act 2011 requires the Society to have due regard to public benefit guidance published by the Commission in determining the activities undertaken by the charity. The Trustees confirm through this report that they have complied with this requirement. Research carried out and funded by the Society meets the Charity Commission's test for Public Benefit. In addition, the application of the results of the research is not restricted by gender, ethnicity, religion or ability to pay and in that respect the public at large benefit. Other services that the Society carries out in care, helping people through support and advice and providing medical services all comply with the public benefit test too.

c) Achievements and Future Plans

This has been another busy and challenging year for the Society with a wide range of achievements in all areas of our work.

We successfully restructured our Board and Committees to better manage the strategy for the Society going forward and this was fully bedded in and working well by the end of the year. We have also strengthened the Board with 6 new appointments of Trustees with substantial skills, experience and standing. We believe that the restructure and the refreshed Board composition puts in place a strong base to succeed with the exciting and ambitious plans that we hope to achieve over the next few years.

Looking at each of our services in turn, we consider some of the main achievements to be:

- **Research**

The research carried out by the Society in collaboration with UCL continues to reflect the worldwide reputation that the Chalfont Centre enjoys. The main focus of the research continues to be genomics, but work on improving epilepsy diagnosis and treatment through MRI scanning and on global health issues around epilepsy are also significant. During the year, over 1,000 DNA samples for people with epilepsy were sequenced as part of the Government's 100,000 genomes project. Translational results for individual patients are now beginning to come through with very promising outcomes for some of the people with epilepsy going through the programme.

We continue to attract funding for the ground-breaking research we do and were delighted to enter into a 5 year collaboration, worth €2.5 million, with UCB, a major pharmaceutical company.

- **Medical Services**

The Chalfont Centre is unique in the services we provide in conjunction with UCLH. We act as an expert referral centre for the NHS for people with epilepsy who benefit from coming to Chalfont where we can run a wide range of diagnostic tests in one place such as MRI and EEG. It is also convenient for patients who have complex needs or need care and require tests over a few days to stay in our 24 bed in patient facility. During 2018/19 we continued to see a large throughput of patients receiving these services and were also delighted with the 'outstanding' rating in 2 categories for the Chalfont operation when UCLH had its latest CQC inspection.

- **Advocacy and Information**

Our telephone helpline and online support service continues to be in considerable demand and the services we provide to help people with epilepsy across the UK are highly regarded, valued and produce extremely high levels of satisfaction from users.

Our campaigning has also been successful and towards the end of the year we started strengthening our external affairs team to exert more influence on the Government and change public understanding of epilepsy in the next year. During 2018/19, one of more high profile and successful campaigns was around sodium valproate and the issues it has caused some women with epilepsy.

- **Care**

We have continued to provide good quality care services for people living at Chalfont and support services for people living independently locally. We have worked through a number of challenges during the year to improve the way in which we provide care and the service received by the people who we support. We were very pleased to receive a good inspection rating for all services in Queen Elizabeth House, but disappointed to receive a 'requires improvement' rating for Russell House. Considerable progress was made during the year on the action plan arising from this resulting in an improvement to 'good' in all areas on re-inspection by the CQC in September 2019.

Other achievements during the year included the roll out of assistive technology in the form of bed monitors to those residents at risk of SUDEP considerably reducing the possibility of fatal seizures at night and the completion of a safeguarding review across all our services to ensure we employ the best practices in this extremely critical area to protect people in our care.

- **Fundraising**

Fundraising has seen significant growth from 2017/18 with overall voluntary income up from £2.0 million to £2.9 million despite income from legacies falling by £0.6 million. The hard work of the team saw improvements in all areas from supporting individual fundraising through to obtaining grants from trusts and other organisations. We hope that this will provide a springboard for higher levels of voluntary income over the next few years as it is this income that allows us to invest in research and our advocacy and helpline services.

- **Sale of land**

One of our achievements that will have a positive impact on the services we provide is the sale of a small tranche of our land to Audley Developments to expand their high quality care village for older people. This resulted in a receipt of £11.6 million for the Society which will help us expand our research activities by supplementing the extremely valuable income from supporters, manage our estate which is expensive to maintain and to reduce our historic pension deficit to strengthen the financial position of the Society.

Looking to the future, our plans are ambitious as we try to fulfil our new vision. The focus is on expanding our research, particularly in the genomics field, to provide significant benefits for many of the 600,000 people with epilepsy in the UK and increasing our campaigning and influencing activities to make a real impact on how people with epilepsy are treated and how the condition is understood generally.

In particular, in the next year we intend to:

- strengthen our external affairs team to engage with Government at a higher level and more widely to achieve changes that make a real impact on the lives of people with epilepsy;
- launch our Calm, Cushion, Call campaign to increase public awareness of how to react when someone has a seizure;
- press on with sequencing many of the 6,000 DNA samples we have and provide individual treatment for patients where analysis of the samples already sequenced produces translational results. We intend to significantly strengthen and expand our research team to increase the level of research and speed of analysis and diagnosis arising from sequencing samples;
- continue to improve the way in which we provide care for the 100 people with epilepsy who live on our estate. This includes focussing on person-centred care across our care homes and services, maintaining at least 'good' ratings from the CQC in those services that are inspected and returning Russell House, rated as 'requires improvement' in 2018/19, back to 'good', improving the quality of support and consistency of that level of service across all our care and support provision and, finally, reduce our reliance on agency staff to provide a better, more consistent experience for residents;
- continue to review with UCLH the medical services provided at Chalfont to ensure that the governance is provided in the right place, they operate in the best way for patients and that they are financially viable for the Society;
- invest in our fundraising team and continue to grow the voluntary income that the Society receives from donors, supporters and those that give their time and energy to raise money for us;
- complete a pay review for all staff across the Society, which will focus on a significant improvement in the hourly rate we pay support workers, to benefit existing staff and improve the numbers of new people who want to come and work for us. It will also align some of our working and remuneration practices to those operated across the care sector.

The Trustees have also been looking at the longer term future and plans of the Society and how we support the strategy set out earlier in this report. The Epilepsy Society's estate is large and runs to 300 acres. The vast majority of the site is farmland which produces a very modest return financially. The main site consists of over 50 buildings of varying ages and states of repair. Many of the older buildings are not fit for purpose and are expensive to maintain.

On-site care facilities are essential for our residents with complex epilepsy and associated conditions. However, many of these facilities are old and costly to maintain and not at all ideal for the best possible care and support of the people who live there.

The maintenance of such a large estate is a significant burden for the Society; and we are struggling with it. As can be seen from these accounts, while turnover is healthy, the expenditure needed to run our services is at the same level, if not higher. Our reserves are modest, so not only is it a constant struggle to break even, but the safety net for the Society is relatively small. We have sold off small tranches of land over the last 7 years, which helps short term investment in services and charitable activities, but this is not a sustainable long or medium term strategy.

Our financial situation means that our beautiful estate - which was a generous gift to the Society more than a century ago – now presents a significant cost burden. The Trustees have a responsibility to make the best use of assets for the beneficiaries of today and tomorrow and so have been acting to release capital from the land to ensure we can achieve the ambitious aims we have. In 2018/19 we have worked with the local authority in their production of a draft local plan and when this was published for consultation in early 2019/20, it included an element of our site for improvement of our facilities and residential development.

During the next year and beyond, we will make a submission in response to the consultation and work with local people and politicians to secure a larger area for development that would include a new research and medical centre to reflect the standing of Chalfont worldwide in this area and free up capital to invest at a significantly higher level in the research that can make so much difference to the lives of people with epilepsy in the future.

d) Principal Risks

The principal risks and uncertainties for the Society and the Group are nearly identical and are managed together. The Society identifies and sets out the major strategic risks to which the Group could be exposed and then identifies controls and establishes action plans to mitigate them.

The Society maintains a risk register and a risk map which is reviewed quarterly by the Board of Trustees its Committees, Sub-committees and the Management Board. The Society's Audit, Risk and Governance Committee, which meets four times a year, considers the risk register and related risk issues in more detail.

The Society considers a wide range of risks that would impact on the Society, its residents, its staff and its beneficiaries. They cannot all be listed here, but the major risks that would have the most impact are:

- **harm to people** - we need to keep people with epilepsy, our staff, visitors, contractors and customers safe and there is always a risk that despite our safeguards and training, an incident happens that means someone is seriously hurt;
- **a poor CQC or other inspection result** - we run 7 care homes all of which are CQC rated and a number of other services that are inspected. There is a risk of a negative inspection which could mean a care home or other service would have to be put into special measures or, in extremis, closed due to non-compliance;
- **the Society becomes unsustainable financially** - financial management is a key element of the Trustees' responsibilities. Finances for a charity are always at risk from a sudden downturn. If the Trustees do not take appropriate action in situation of that type, the Society could become unsustainable;
- **political uncertainty and Brexit** - Brexit and the current changing political situation produces uncertainty for most businesses. Impacts on medicines, support workers in our care operations and research professionals working for us are all risks in the current environment;

- **irrelevance** - the Society must continue to evolve and provide services and help to people with epilepsy that is in tune with the modern world. Failure to adapt and continue to provide services that are useful and relevant would mean that the Society would struggle to survive, let alone flourish;
- **failure to realise the benefits of the research programme** - our research programmes are important to helping people with their epilepsy now and well into the future. The nature of research is that outcomes are uncertain. We make a significant investment in research and will be making more in the future, so there is always a risk that the investment doesn't produce the outcomes we and our beneficiaries want and need;
- **inability to attract, train and retain staff** - this applies to staff in all areas, but particularly in care, where there is a shortage of people willing to work for the salaries that the sector can afford to offer, and in research, where we need highly trained professionals to progress work in areas such as genomics and who are much in demand across the various research sectors.

In order to manage the risks the Society is and could be exposed to, the Trustees are responsible for ensuring that there are effective and adequate internal control systems in place. The internal control environment includes:

- **Management Control**

The strategic aims of the Society are regularly reviewed and set as part of the Business Plan, for the current year in line with the long term aspirations. These aspirations are in line with the overarching objects of the Society and with the Charities Commission Guidelines. Trustees retain an overview of the management team, which is subject to robust recruitment and selection processes to ensure efficient and effective management and quality provision of services.

- **Operational Control**

There are established systems to monitor the provision of services, supported by comprehensive internal policies, which are subject to regular review. This is supported by in-house assessments, internal auditors and external audit from regulatory authorities of the CQC and Local Authorities.

- **Financial and Independent Controls**

Management of the Society is overseen by the Board of Trustees with relevant expertise, supported by the Committees with specific responsibility for: medical and research, care, finance, health and safety and other activities of the Society.

There are established systems for financial reporting, planning and monitoring of financial performance with clearly defined delegated authorities for financial commitments for each management role in line with the Financial Regulation Policy and Terms of References for Committees and Management Board.

- **External Factors**

The Society is a member of various forums, participates in and organises conferences, seminars, presentations and events in and for the industry with the objective of ensuring a voice for the Society in commercial, legal and other regulatory environments.

- **Legal and Other Compliance Risks**

The Society fully understands the importance of compliance with relevant legal and regulatory requirements as well as good practice. Its Company Secretary has started a compliance review and, when complete, will complement individual departments' existing compliance controls and produce an action plan which will be implemented promptly.








e) Operational Performance

Our Year in Numbers

- Nearly £1.5 million invested into our research programme
- 970 whole DNA genome sequences analysed
- 64 personalised patient plans delivered as a result of genetic sequences and analysis
- 41 academic papers published by the Chalfont Centre
- 6 influencing campaigns
- 2,981 helpline calls answered
- 41,765 information resources sent out
- 2.5 million visitors to our website (of which 1.7 million went to our online support pages)
- 6 out of 7 of care services rated 'good' by CQC (and the 7th rated 'good' in 2019/20)
- 175,000 engagements on social media
- 1,000 volunteer hours
- 829 people signed up to fundraise for us in Team Purple

f) Key Performance Indicators

The Society manages achievement of its objectives through a series of KPIs and regular reporting to its internal Management Board and the Trustee Board and its Committees. The measurements we use to track progress and identify problems are extensive, but a selection of the main ones is set out below.

Measurement	Actual	Target	Achievement
Research: papers published where substantive part of work in Chalfont	41	24	
Research: no of personalised management plans from genomics data	64	48	
Care: Number of services rated 'good' and above by CQC	6	7	
Fundraising: Return on investment*	4.43 : 1	2.68 : 1	
Advocacy: No of campaigns with demonstrable impact and influence	6 campaigns	1 campaign	
Information: digital engagement	2.5m website hits 91,478 social media followers	2.1m website hits 80,000 social media followers	
Corporate: central services as %age of operational turnover	23.0%	25.7%	

* this year's performance has been very good, but is enhanced by the target being relatively low as legacy income was assumed to be £nil and the UCB collaboration was excluded.

g) Financial Review

From a financial point of view, the Society has continued to manage its resources effectively in order to provide the services it had planned to its beneficiaries. There was an overall surplus for the year of £8.2m compared to a surplus of £129k in 2017/18. However, this was primarily as result of an accounting profit of £8.4m from the sale of a small part of our estate to Audley Developments to allow them to expand their high quality and successful retirement and care village. The Society has used £1.16m of the proceeds to reduce the pension deficit in our defined benefit pension scheme (closed for some time to new entrants).

Excluding the land sale and pension scheme movements, the Society has again made a modest operational surplus. This is despite the cost of maintaining a large estate including around 50 buildings of varying ages and states of repair.

Selling off parts of the estate is a short-term answer and is not sustainable solution going forward. As a result the Trustees are considering strategies that make the best use of our assets for the benefit of people with epilepsy throughout the UK.

Income

Group income overall has risen overall by £9.2m from 2017/18 to £26.4m, but excluding the land sale has risen by £725k from last year. The focus the Society has placed on voluntary income and fundraising is beginning to provide results with income rising over 40% to £2.9m when legacies and grants are taken into account. Looking at donations and fundraising alone, we have still seen an increase of £576k over 80% up on 2017/18. We are hoping to push on from this success with continued growth into 2019/20.

Income from care and other services, however, continues to be a challenge with pressure on fees from Local Authorities affecting care income, which was down £373k to £11.8m, at least partially due to reduction in fees for services to existing residents.

Expenditure

Overall the Society's costs have risen from £17.0m last year to £18.0m this year. However, we are pleased to see investment in charitable activities, mainly research, our helpline and advocacy, rise by £321k to £1.9m. These services are the main focus for spending voluntary income and we are planning increased activities in all these areas in the coming year.

Despite the substantial increase in voluntary income, fundraising costs continue to be controlled and have reduced by £153k to £649k, which is a good result given income has risen to £2.9m.

Operational service costs continue to rise while income falls. This is a result of inflated costs and the need and desire to provide a good and safe service for our residents and customers. Care costs in particular are continually pushed up – this year rising £569k to £12.0m. Clearly a model that continues to see fees decrease and costs increase cannot continue and we are working hard to persuade Local Authorities and other care funders to see the real cost of providing the services that are needed for the people who live in our care homes.

Funds and reserves

In line with Charity Commission guidance, the Trustees aim to have an appropriate level of reserves to allow the Society to continue to operate through a temporary fall in income levels. To help meet that aim the Society has a reserves policy, approved by the Board, which sets minimum levels of reserves.

The policy states that the Society shall maintain a level of 'free reserves' that covers all the annual expenditure of the Society (based on current projected costs for the year excluding depreciation) for at least 4 months and expenditure of the Society excluding care and medical service costs (where there is an established flow of income) for at least 9 months. Free reserves are defined within the policy and conform to the requirements of the SORP.

Total reserves for the Group have increased from £45.0m last year to £64.0m at 31 March 2019. The reserves comprise restricted reserves of £3.3m, a revaluation reserve of £35.7m, a negative pension reserve of £9.6m and unrestricted funds of £34.5m. Free reserves, which exclude funds held as fixed assets, total £16.9m at 31 March 2019.

Free reserves represent 12 months of total expenditure based on this year's costs and 9.7 months based on anticipated costs in 2019/20. This is a substantial increase from 2017/18 (£8.1m equal to 6 months costs) mainly as a result of the land sale mentioned above completing just before the year end. The Trustees believe that this puts the Society in a position where there is sufficient working capital to fund operations for the foreseeable future and gives them time to take appropriate action to reduce costs in the unlikely event that income falls significantly.

Restricted reserve income and expenditure was significantly higher than in 2017/18 at £1.2m and £924k respectively – the latter including capital purchases. £391k has been transferred from restricted reserves to unrestricted funds during the year representing costs incurred in previous years on completed projects that had not been allocated to the restricted reserves at the time. The movements mean that the level of restricted reserves is similar to last year (£3.3m compared to £3.4m).

At 31 March 2018, the Society had two designated reserves totalling £436k. The Trustees have reviewed the purpose of these reserves and decided that they are no longer required as the expenditure will be included in day to day costs, in one case, and not required for the project that the reserve was created for in the other. Accordingly, the balance of these reserves has been transferred back into unrestricted funds at 31 March 2019. The Society therefore has no designated funds at 31 March 2019.

The significant movements in reserves have arisen from two areas: first, the operating surplus as a result of the land sale and second the revaluation of the Society's land and buildings (as required by the accounting policy). This valuation increased the revaluation reserve by £10.3m and is discussed further in the Balance Sheet section below.

Details of fund movements for the year are set out in note 21 and restricted reserves are detailed in note 23 to the accounts.

Balance Sheet

The significant movements in the Balance Sheet since 31 March 2018 are in fixed assets, cash and the pension liability. All other assets and liabilities have only fluctuated as a result of day to day activities.

Fixed Assets Tangible fixed assets have increased from £46.1m at 31 March 2018 to £53.4m at 31 March 2019. There were 2 significant movements. The net book value of the land that was sold as explained above totalled £3.2m and therefore the fixed assets fell by this amount at the point of sale. The second was a revaluation of land and buildings at 31 March 2019 as required by the Society's accounting policy. An independent valuation was commissioned from Carter Jonas, who are professional valuers at that date. They valued the Society's land and buildings, excluding the farmland held as investment property, at £52.9m. This has been reflected in the accounts for the year and gives a revaluation gain of £10.8m.

Cash The Society's cash at bank increased from £9.0m to £20.3m at 31 March 2019. The increase was primarily due to proceeds from the sale of the land referred to above and received close to the year end. The Society has an investment policy approved by the Trustees which limits investments to mainstream banks and financial institutions to manage the counterparty risk, which is also managed by placing limits on deposits with individual institutions. The funds are currently held in short-term accounts so that they are available to meet the needs of the Society.

Pension The Society is responsible for a defined benefit pension scheme, which is now closed to new members, but has a significant liability as a result of the number of pensioners and deferred members covered by the Scheme. The deficit is recorded on the Balance Sheet in accordance with FRS102 and a comprehensive deficit reduction plan is in place. As part of that plan, the Society made an additional deficit contribution of £1.16m from the proceeds of the land sale in March 2019. This is the primary reason for the reduction in the liability from £10.5m last year to £9.6m this year.

h) Fundraising Activities

Like most charities, the Society raises funds from voluntary sources such as donations, fundraising events, legacies and grants. We rely on the commitment, hard work and generosity of supporters, donors and fundraisers to provide the money to enable us to provide the services for people with epilepsy throughout the UK. The successful growth in voluntary income has been as a result of the efforts of these supporters and our staff who make it happen.

The Society has its own fundraising team who generally support fundraisers in the community, obtain donations from individuals and make applications to trusts. The Society only puts on small scale events of its own and does not employ professional fundraisers or commercial participators.

The Society follows the Fundraising Regulator's Code of Practice, aspires to apply the highest standards in its fundraising activities and is a member of the Institute of Fundraising.

The Society received no formal complaints about its fundraising activities during the year. The Society also fully complies with GDPR and only approaches supporters who have given permission for us to do so.

Our code of conduct for the Society or its supporters fundraising takes all reasonable steps to protect vulnerable people and members of the public from intrusion into their privacy, persistent requests and undue pressure.

i) Employment and Volunteers

The Society employs more than 400 staff and encourages volunteers to help us a range of ways. We have in place an operational Equality and Diversity Policy to ensure that no job applicant, employee or volunteer receives less favourable treatment, is discriminated against or is disadvantaged as a result of any of the 9 characteristics set out in the Equality Act.

The Society aims to be a place where staff and volunteers enjoy working, are involved in establishing the Society's approach and help to provide high quality services to people with epilepsy. We want staff to feel supported and have a range of support mechanisms in place to provide them with help when they need it.

Learning and development is a key element of looking after our staff and giving them the skills to carry out their roles to a high standard. All staff take part in regular training on key competencies and there is a range of courses for staff wanting to progress or advance their skills.

j) Insurance and Health and Safety

The Society takes health and safety extremely seriously. We are committed to the care of our residents, staff and volunteers and providing a healthy, safe environment for every person who uses or provides our services. We operate safe systems of work and provide Health and Safety training to staff at all levels of the Society. Health and Safety issues are reviewed regularly both by the management team and the Board of Trustees.

The Society maintains a range of insurance policies to protect the association against various risks. These are reviewed before renewal each year and cover is adjusted to take account of changing risks and Value for Money. The policies include cover for members of the Board and officers against liabilities in relation to the Society and its activities

k) Governance, the Board and Executive Officers

The Society is governed by its memorandum and articles which set out the composition of the Board, the classes of membership and the retirement by rotation of Trustees. The Society currently has around 100 voting members.

The Board has to be made up of between 6 and 16 Trustees of whom no more than 4 Trustees may be co-opted. Currently, there are 13 Trustees who are listed on page 47 and meet quarterly. They delegate some authority to their four Committees: Audit; Risk & Governance; Finance, Performance & Resources; Service, Quality & Assurance; and Appointments & Remuneration. Each Committee is chaired by a Trustee and the membership is composed of a number of other Trustees.

The Board is responsible for setting the strategic direction of the Society and ensuring that it is properly controlled, the risks are managed, it is financially sustainable and that it delivers charitable outcomes for people with epilepsy in the UK.

The Trustees have a broad range of skills and expertise and are recruited through open advertisement. Trustees are elected for terms of 3 years and can serve for a maximum of 6 consecutive years, except Trustees who are or have been Chairman, Vice-Chairman or Treasurer, who may serve for up to 9 years.

The Board delegates the day to day operations to the Chief Executive Officer, who is supported by 5 Directors who are listed on page 47. The pay of the executive directors is reviewed annually by the Board of Trustees. with the salaries being benchmarked against pay levels in other not for profit organisations of a similar size.

l) Statement of Trustees' Responsibilities

The Trustees, who are also directors of the Epilepsy Society for the purpose of company law, are responsible for preparing the Trustees' annual report, which includes the strategic report, and the Financial Statements for the Group and the Society 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. They must not approve the Financial Statements unless they are satisfied that these give a true and fair view of the state of affairs of the charitable company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the Group for that period.

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

- select suitable accounting policies and apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the Financial Statements on a going concern basis, unless it is inappropriate to presume that the charitable company will continue to operate.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the Financial Statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Society and the Group and therefore for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware, and
- the Trustees have each taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

m) External Auditors

Following a full tender process during the year, Crowe U.K. LLP have been appointed as the Society's auditors. They have been appointed by the Board pending the next meeting of Members. Crowe has expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting. They replace haysmacintyre and the Board wish to thank them for their many years of service as the Society's external auditors.

This Trustee's annual report was approved by the Board of Trustees on 30 October 2019 and is signed on their behalf by:



Peter Worthington
Chairman

1 November 2019

Independent Auditor's Report to the Members and Trustees of the Epilepsy Society

Opinion

We have audited the financial statements of the Epilepsy Society for the year ended 31 March 2019 which comprise the Group and Parent Statements of Financial Activities, Group and Parent Balance Sheets, and Consolidated Cash Flow Statement and the related notes 1 to 28 to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other

information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent company has not kept adequate accounting records; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Tim Redwood
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 7 NOVEMBER 2019

Crowe U.K. 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.

Statements of Financial Activities (including Income and Expenditure Accounts) for the year ended 31 March 2019

Group	Note	31 March 2019			31 March 2018
		Unrestricted funds	Restricted funds	Total funds	Total funds
		£'000	£'000	£'000	£'000
Income and endowments from					
Donations and legacies	3	1,625	1,247	2,872	2,040
Charitable activities	4	14,133	-	14,133	14,707
Other trading activities	5	388	-	388	319
Investments	6	152	-	152	95
Profit on sale of fixed assets	8	8,452	-	8,452	-
Other	8	353	-	353	13
		25,103	1,247	26,350	17,174
Expenditure on:					
Raising funds	3	(649)	-	(649)	(802)
Charitable activities:					
Care	4	(11,904)	(79)	(11,983)	(11,414)
Research	4	(743)	(742)	(1,485)	(1,254)
Medical services	4	(2,616)	-	(2,616)	(2,548)
Help, information and advocacy services	4	(369)	-	(369)	(279)
Other	4	-	(21)	(21)	-
		(15,632)	(842)	(16,474)	(15,495)
Trading activities	5	(413)	-	(413)	(474)
Other costs	8	(508)	-	(508)	(274)
Total expenditure		(17,202)	(842)	(18,044)	(17,045)
Net gains/(losses) on investments	14	(83)	-	(83)	-
Tax payable		-	-	-	-
Net income/(expenditure) for the year	11	7,818	405	8,223	129
Transfers between funds	21	473	(473)	-	-
Other recognised gains/(losses):					
Gains/(losses) on revaluation of fixed assets	13	10,835	-	10,835	-
Actuarial gains/(losses) on defined benefit pension scheme	24	(4)	-	(4)	(185)
Net movement in funds	21	19,122	(68)	19,054	(56)
Reconciliation of funds:					
Total funds brought forward	21	41,575	3,393	44,968	45,024
Total funds carried forward	21	60,697	3,325	64,022	44,968

Statements of Financial Activities (including Income and Expenditure Accounts) for the year ended 31 March 2019

Society	Note	31 March 2019			31 March 2018
		Unrestricted funds	Restricted funds	Total funds	Total funds
		£'000	£'000	£'000	£'000
Income and endowments from					
Donations and legacies	3	1,673	1,247	2,920	2,114
Charitable activities	4	14,133	-	14,133	14,707
Other trading activities	5	296	-	296	319
Investments	6	152	-	152	95
Profit on sale of fixed assets	8	8,452	-	8,452	-
Other	8	353	-	353	13
		25,059	1,247	26,306	17,165
Expenditure on:					
Raising funds	3	(649)	-	(649)	(802)
Charitable activities:					
Care	4	(11,904)	(79)	(11,983)	(11,413)
Research	4	(743)	(742)	(1,485)	(1,254)
Medical services	4	(2,566)	-	(2,566)	(2,548)
Help, information and advocacy services	4	(369)	-	(369)	(279)
Other	4	-	(21)	(21)	-
		(15,582)	(842)	(16,424)	(15,494)
Other trading activities	5	(364)	-	(364)	(392)
Other costs	8	(508)	-	(508)	(274)
Total expenditure		(17,103)	(842)	(17,945)	(16,962)
Net gains/(losses) on investments	14	(83)	-	(83)	-
Tax payable		-	-	-	-
Net income/(expenditure) for the year	11	7,873	405	8,278	203
Transfers between funds	21	473	(473)	-	-
Other recognised gains/(losses):					
Gains/(losses) on revaluation of fixed assets	13	10,267	-	10,267	-
Actuarial gains/(losses) on defined benefit pension scheme	24	(4)	-	(4)	(185)
Net movement in funds	21	18,609	(68)	18,541	18
Reconciliation of funds:					
Total funds brought forward	21	41,334	3,393	44,727	44,709
Total funds carried forward	21	59,943	3,325	63,268	44,727

	Note	31 March 2019		31 March 2018	
		Group £'000	Society £'000	Group £'000	Society £'000
Fixed assets					
Intangible assets	12	1	1	12	12
Tangible assets	13	53,418	50,578	46,102	43,778
Investments	14	2,200	4,646	2,610	5,056
		55,619	55,225	48,724	48,846
Current assets					
Stock	15	63	44	53	34
Debtors	16	644	642	1,168	1,168
Cash at bank and in hand	17	20,340	20,318	9,032	8,996
		21,047	21,004	10,253	10,198
Liabilities					
Creditors: Amounts falling due within one year	18	(2,962)	(3,279)	(3,215)	(3,523)
Net Current assets		18,085	17,725	7,038	6,675
Total assets less current liabilities		73,704	72,950	55,762	55,521
Creditors: Amounts falling due after more than one year	19	(118)	(118)	(282)	(282)
Net assets excluding pension liability		73,586	72,832	55,480	55,239
Defined benefit pension scheme liability	24	(9,564)	(9,564)	(10,512)	(10,512)
Total net assets		64,022	63,268	44,968	44,727
The funds of the charity					
Restricted income funds		3,325	3,325	3,393	3,393
Unrestricted funds	21	34,522	35,267	25,523	26,213
Revaluation reserve	21	35,735	34,236	26,564	25,633
Pension reserve	21	(9,560)	(9,560)	(10,512)	(10,512)
Total unrestricted funds		60,697	59,943	41,575	41,334
Total charity funds		64,022	63,268	44,968	44,727

The financial statements on pages 19 to 46 were approved by the Trustees on 1 November 2019 and signed on their behalf by



Peter Worthington
Chairman



Peter Goodfellow
Treasurer

The notes on pages 23 to 46 for part of these accounts

Statement of cash flows

Group	31 March 2019 £'000	31 March 2018 £'000
Cash flows from operating activities:		
Net cash provided by operating activities	(41)	1,850
Cash flows from investing activities:		
Dividends, interest and rents from investments	152	95
Proceeds from the sale of property, plant and equipment	11,620	-
Purchase of property, plant and equipment	(259)	(119)
	11,513	(24)
Cash flows from financing activities:		
Repayments of borrowing	(46)	(46)
Capital element of finance lease rentals	(118)	(100)
	(164)	(146)
Change in cash and cash equivalents in the year	11,308	1,680
Cash and cash equivalents at beginning of the year	9,032	7,352
Cash and cash equivalents at end of the year (note 16)	20,340	9,032

Reconciliation of net income/(expenditure) to net cash flow from operating activities

Group	31 March 2019 £'000	31 March 2018 £'000
Net income for the year	8,223	129
Adjustments for:		
Depreciation and amortisation	952	1,042
Losses/(gains) on investments and pension scheme	83	-
Dividends, interest and rents from investments	(152)	(95)
Pension deficit service and interest costs	407	333
Pension deficit contributions	(1,359)	(205)
(Profit)/loss on sale of fixed assets	(8,456)	-
(Increase)/decrease in stocks	(10)	(6)
Decrease/(increase) in debtors	524	619
(Decrease)/increase in creditors	(253)	33
Net cash provided by operating activities	(41)	1,850

The Society has taken advantage of the exemption that allows it to prepare a Group cashflow and not a separate cash flow for the Society.

1. Legal status

The Society is a company limited by guarantee (registered number 492761). The Directors of the Company are the Trustees set out on page 47. In the event of the Society being wound up, the liability in respect of the guarantee is limited to £1 for each member of the Society.

The Society is registered as a charity with the Charity Commission (charity number 206186).

2. Accounting policies

a) Statement of Compliance

The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities 2015 (SORP 2015), the Companies Act 2006 and applicable accounting standards (FRS102). The charity is a Public Benefit Entity as defined by FRS102.

The Trustees consider that there are no material uncertainties regarding the charity's ability to continue as a going concern.

b) Significant judgements and estimates

In preparing these financial statements, management has made judgements in the application of the Society's accounting policies which affect the amounts recognised in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key areas subject to judgement and estimation are as follows:

- **Legacy income**

Judgement is applied in the consideration of the likelihood of receipt and reliability of measurement of amounts receivable in respect of legacies to which the charity has established entitlement at the balance sheet date. Subsequent events are monitored to identify those which give additional information about conditions as at the balance sheet date which would warrant adjustment to the financial statements.

- **Pension scheme accounting**

Judgement is applied in the selection of the valuation assumptions applied to the Society's defined benefit pension schemes as set out in note 22.

- **Revaluation of land & buildings**

The Group has revalued its land and buildings, including its investment property, as at 31 March 2019 in accordance with its accounting policies. As is normal for this sort of exercise, there is a significant element of judgement used and a number of assumptions made by the Society's professional valuers in arriving at their valuation.

c) Basis of Consolidation

The Group financial statements consolidate the financial statements of the Society, and its wholly owned subsidiaries, Epilepsy Enterprises Limited and NSE Facilities Limited, at 31 March 2019 with intra group loan and trading account balances and other intra group transactions being eliminated.

A summary of the key accounting policies, which have been applied consistently across all entities, is set out below.

d) Income

The Group recognises revenue as per section 23 of FRS102. Under the previous policy, revenue was recognised when its receipt was virtually certain whereas the revised policy recognises revenue when its receipt is probable. All income is included in the Statement of Financial Activities when the Group is legally entitled to the income, is reasonably certain of receipt and the amount can be measured with reasonable accuracy.

Legacies' entitlement is recognised when it is probable that it will be received i.e. there has been grant of probate; the executors have established that there are sufficient assets in the estate, after settling any liabilities, to pay the legacy; and any conditions attached to the legacy are either within the control of the charity or have been met.

Income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably. Additionally, it is receivable when the conditions for receipt of agreed donation or grant funding have been met. Where terms and conditions have not been met or uncertainty exists as to whether the charity can meet the terms or conditions otherwise within its control, the income is not recognised but deferred as a liability until it is probable that the terms or conditions imposed can be met.

Where the charity receives donations of goods and services in kind and where there is a measurable value to the charity, which can be ascertained with reliability, they are recognised as income resources.

e) Funds

Unrestricted funds are funds that are expendable at the discretion of the Trustees in furtherance of the general objects of the Society and which has not been designated for other purposes.

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

f) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. Overheads have been allocated on appropriate bases such as staff numbers, income or expenditure.

The method of allocating overheads and estate costs has been refined during the year. In order to maintain the consistency of the accounts, the prior year amounts have been restated on a comparable basis. The total expenditure is not affected by this restatement.

g) Tangible fixed assets

Land and buildings are held at valuation less accumulated depreciation. The valuation is based on fair value at the date of revaluation on an existing use basis. Full revaluations of the assets are undertaken every 3 years and interim valuations are carried out where there are indications of a significant change in value. The latest valuation was at 31 March 2019.

All other tangible fixed assets are held at cost less accumulated depreciation.

h) Intangible fixed assets

Intangible assets are identifiable non-monetary assets without physical substance. The Group's intangible assets comprise IT software and licences. These are stated at cost less accumulated amortisation. The cost includes cost of asset purchase and other directly attributable costs.

The threshold for capitalisation is £1,000 for a single asset or group of assets.

i) Depreciation and amortisation of fixed assets

Freehold land is not depreciated.

Other assets are depreciated, on a straight line basis over the useful economic life of the assets from the date of acquisition, as follows:

- | | |
|--|-------------------|
| • Freehold buildings used for the Society's operational activities | 50 years |
| • Leasehold buildings | life of the lease |
| • Furniture, machinery and equipment | 4-10 years |
| • Computer equipment and telephones | 3 or 5 years |
| • Vehicles | 4 years |

Intangible assets are amortised on a straight line basis over the useful economic life of the asset as follows:

- | | |
|--|------------------------------|
| • Software licences | 3 years |
| • Other licences, trademarks, rights etc | over their identifiable life |

j) Investments

The Group's investment in farmland is stated at market value. A valuation is carried out annually at the balance sheet date. Investments in the subsidiaries are stated at cost. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year.

k) Impairment

The Group carries out an impairment review of individual tangible assets and cash generating units at each reporting date. The review takes into account internal and external indicators of impairment.

Where an indicator of impairment exists an impairment assessment is performed where the carrying amount is compared to the recoverable amount. If the carrying amount of an asset or cash generating unit exceeds the recoverable amount then the loss is charged to the SOFA as expenditure and as a separate line within operating expenditure where it is considered to be material.

l) Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability of another entity. The Group accounts for its financial instruments using sections 11 and 12 of FRS102. Basic financial instruments are initially recognised at transaction price and in subsequent years at amortised cost. Financial instruments that do not meet the criteria of basic financial instruments are initially recognised at fair value and in subsequent years are measured at fair value at the end of each reporting period with any changes in fair value being recognised in the SOFA. The Group's financial instruments are all currently classified as basic.

Financial assets are derecognised when the rights to the cash flows from the asset expire or are settled. Financial liabilities are derecognised when the obligation is discharged, cancelled or expired. Any difference between the consideration paid or received and the amounts derecognised are recognised in the SOFA.

m) Bad and doubtful debts

The Group provides against rent arrears of current and former tenants and other miscellaneous debts to the extent that they are considered to be irrecoverable.

n) Stock

Stock comprises goods for resale and is valued at the lower of cost or net realisable value after making due allowance for obsolete or slow moving items.

o) Taxation

The Society is a registered charity and is exempt from Corporation Tax on its income and gains to the extent that they are applied to its charitable purposes. The subsidiaries aim to distribute any taxable profits in full to the Society through Gift Aid so will only provide for a tax liability where this is not possible.

p) VAT

The majority of expenditure is subject to VAT, which the Society is unable to reclaim. This expenditure is therefore shown inclusive of VAT. VAT can be reclaimed by the Society under the partial exemption method for certain other activities and this recovery is recognised in the SOFA during the year. Where the activities of the Society's subsidiaries relate to taxable supplies, VAT can be reclaimed and this expenditure is shown net of VAT. The balance of VAT payable to or recoverable at the year end is included in the Financial Statements as a current liability or asset.

q) Pension costs

The Society operates a defined benefit pension scheme for permanent employees, which was closed to new entrants in 2006 and it is recognised according to section 28 of FRS102.

The assets, liabilities and movements in the surplus or deficit of the scheme are calculated by qualified independent actuaries as an update to the latest full actuarial valuation.

r) Provisions

The Group provide for liabilities when:

- there is a present legal or constructive obligation, resulting from a past event, at the balance sheet date;
- it is probable that a transfer of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

3. Voluntary income and costs of raising funds

Group	31 March 2019			31 March 2018
	Income and direct costs	Support costs	Total income and costs	Total income and costs
	£'000	£'000	£'000	£'000
Income:				
Donations and fundraising	1,257	-	1,257	682
Legacies	709	-	709	1,300
Grants	905	-	905	58
Total income	2,871	-	2,871	2,040
Expenditure:				
Costs of raising funds	(480)	(169)	(649)	(802)
Net funds raised	2,391	(169)	2,222	1,238

The above income was all in the Society, which also received £48,000 in Gift Aid, giving income of £2,920k.

4. Charitable activities

The Group carries on a range of charitable activities, some of which are funded from Local Authorities, Care Commissioning Groups and NHS Trusts. Others are funded from grants and voluntary income. These are grouped below in the following categories:

- **Care services** - the Society ran 7 care homes and a support service for people in supported housing or their own homes
- **Research** - the Society carries out research in conjunction with UCL and UCLH to help people with epilepsy. The major investment is in genomic research but other related research is also undertaken
- **Medical services**- the Group provides services and facilities for people with epilepsy to UCLH and other NHS trusts including provision of a 24 bed in patient facility, a pharmacy, therapeutic drug monitoring, an MRI service, other diagnostic assessments, an on-call doctor service and direct therapeutic services
- **Help, information and advocacy services** - the Society provides help and support to people with epilepsy through a helpline, online assistance, provision of information, signposting, training for professionals and advocacy and awareness raising activities.

The income and costs from these activities are set out below:

	31 March 2019		31 March 2018	
	Group	Society	Group	Society
	£'000	£'000	£'000	£'000
Care services				
Income	11,803	11,803	12,176	12,176
Direct costs	(9,309)	(9,309)	(9,083)	(9,083)
Support costs	(2,674)	(2,674)	(2,330)	(2,330)
Total costs	(11,983)	(11,983)	(11,413)	(11,413)
Net (expenditure)/income	(180)	(180)	763	763

	31 March 2019		31 March 2018	
	Group £'000	Society £'000	Group £'000	Society £'000
Research				
Income	-	-	-	-
Direct costs	(1,026)	(1,026)	(854)	(854)
Support costs	(459)	(459)	(400)	(400)
Total costs	(1,485)	(1,485)	(1,254)	(1,254)
Net expenditure	(1,485)	(1,485)	(1,254)	(1,254)
Medical				
Income	2,228	2,228	2,443	2,443
Direct costs	(2,106)	(2,056)	(2,104)	(2,103)
Support costs	(510)	(510)	(445)	(445)
Total costs	(2,616)	(2,566)	(2,549)	(2,548)
Net expenditure	(388)	(338)	(106)	(105)
Help, information and advocacy				
Income	102	102	88	88
Direct costs	(219)	(219)	(148)	(148)
Support costs	(150)	(150)	(131)	(131)
Total costs	(369)	(369)	(279)	(279)
Net expenditure	(267)	(267)	(191)	(191)
Other charitable activities				
Income	-	-	-	-
Direct costs	(21)	(21)	-	-
Support costs	-	-	-	-
Total costs	(21)	(21)	-	-
Net expenditure	(21)	(21)	-	-
Total charitable activities				
Income	14,133	14,133	14,707	14,707
Direct costs	(12,681)	(12,631)	(12,189)	(12,188)
Support costs	(3,793)	(3,793)	(3,306)	(3,306)
Total costs	(16,474)	(16,424)	(15,495)	(15,494)
Net expenditure	(2,341)	(2,291)	(788)	(787)

5. Other trading activities

The Group carry out a limited amount of other trading activities to raise funds for the Society. Some of these activities are carried out through the Society's subsidiary, Epilepsy Enterprises Limited. A breakdown of these activities is set out below:

Group	31 March 2019		31 March 2018	
	Income and direct costs £'000	Support costs £'000	Total income and costs £'000	Total income and costs £'000
Income:				
Fundraising events and lotteries	24	-	24	192
Merchandise	25	-	25	16
Coffee shop	61	-	61	61
Rental income and overnight charges	278	-	278	50
Total income	388	-	388	319
Expenditure:				
Costs of fundraising	(4)	(1)	(5)	(279)
Costs of sales - merchandise and shop	(45)	(4)	(49)	(35)
Letting costs	(211)	(148)	(359)	(160)
Net surplus/(deficit)	128	(153)	(25)	(155)

The Society's trading activities exclude the merchandise and coffee shop above and £5,000 of rental income.

6. Investment income

	31 March 2019	31 March 2018
	Group and Society £'000	Group and Society £'000
Income from farmland	33	33
Other sundry lease income	75	30
Interest receivable and dividends	44	32
Total	152	95

7. Support costs

Support costs allocated to the activities of the charity represent the running costs of the Society. This includes substantial costs of managing our large and ageing estate including depreciation of the unused buildings. As a result the Trustees are of the opinion that the total support costs allocated do not reflect a reasonable reflection of the costs of providing the services. The costs have, from this year, been split out below between normal running costs and additional costs that the charity currently incurs in maintaining its estate.

7. Support costs (ctd)

	31 March 2019		31 March 2018	
	Group £'000	Society £'000	Group £'000	Society £'000
Corporate, finance and governance costs	1,515	1,515	2,783	2,783
HR and IT costs	867	867	-	-
Depreciation of non-function specific assets	33	33	429	429
Estates and office services costs	875	875	377	377
Normal support costs	3,290	3,290	3,589	3,589
Additional costs¹:				
Depreciation of non-function specific assets	114	114	-	-
Estates and land costs	710	710	-	-
Total allocated support costs	4,114	4,114	3,589	3,589
Allocated to				
Raising funds	170	170	148	148
Charitable activities:				
Care	2,672	2,672	2,330	2,330
Research	459	459	400	400
Medical services	510	510	445	445
Help, information and advocacy services	151	151	131	131
Total charitable activities	3,792	3,792	3,306	3,306
Other trading activities	152	152	135	135
Total allocated support costs	4,114	4,114	3,589	3,589

¹ these costs represent expenditure on estate maintenance that arise only because of the nature of the Society's estate and depreciation of disused buildings.

8. Other income and expenditure**Other income**

Other income consists of profit on the sale of a small part of the Society's estate together with profit on sale of other fixed assets and sundry income.

	31 March 2019		31 March 2018	
	Group £'000	Society £'000	Group £'000	Society £'000
Sale of fixed assets:				
Proceeds	11,620	11,620	-	-
Less: net book value	(3,164)	(3,164)	-	-
Less: costs of selling	(4)	(4)	-	-
Profit on sale of fixed assets	8,452	8,452	-	-

8. Other income and expenditure (ctd)

Other expenditure

The Society operates a defined benefit pension arrangement called the National Society for Epilepsy Pension and Life Assurance Scheme (the "Scheme"). Details of the Scheme are set out in note 24. The Scheme has been closed to new members for a number of years and at 31 March 2019 only had 7 active members. The Society makes employer contributions for these employees and significant deficit contributions into the Scheme which are accounted for as a cost in the normal way.

The major administration costs of running the Scheme are paid for directly by the Society rather than the Scheme. These costs, which total £101,000, together with the pension service costs and the pension interest costs are treated as other expenditure in the accounts as the Trustees do not consider it appropriate to class these costs totalling, £508,000, as support for its activities.

9. Employee information

Employees costs during the year were:

	31 March 2019	31 March 2018
	Group and Society	Group and Society
	£'000	£'000
Employee Costs		
Wages and salaries	8,234	8,716
Social Security costs	680	729
Pension costs	219	329
Apprentice Levy	26	29
Total	9,159	9,803

Employer deficit contributions of £1,327,000 (2018: £160,000) were paid into the Society's defined benefit pension scheme during the year as described in note 24.

The average number of people employed during the year was:

	31 March 2019	31 March 2018
	Group and Society	Group and Society
Residential and Domiciliary Care Services	224	257
Research and medical Services	37	40
Communication, information and marketing	11	8
Fundraising	9	6
Administration and Management	26	23
Total	307	334

9. Employee information (ctd)

The average number of people employed during the year expressed as full-time equivalents was:

	31 March 2019	31 March 2018
	Group and Society	Group and Society
Residential and Domiciliary Care Services	197	228
Research and medical Services	30	33
Communication, Information and Marketing	7	3
Fundraising	8	7
Administration and Management	22	22
Total	264	293

The number of people of higher paid staff including key personnel with emoluments for the year which fell into the following bands were:

	31 March 2019	31 March 2018
	Group and Society	Group and Society
More than £60,000 but not more than £70,000	3	2
More than £70,000 but not more than £80,000	-	-
More than £80,000 but not more than £90,000	1	1
More than £90,000 but not more than £100,000	-	-
More than £100,000 but not more than £110,000	1	-
More than £110,000 but not more than £120,000	-	-
More than £120,000 but not more than £130,000	-	1
More than £130,000 but not more than £140,000	1	-

10. Trustees and Executive Officers

Details of Trustees and Executive Officers are set on page 47 of these Financial Statements. Trustees do not receive any remuneration and during the year 2 Trustees claimed expenses of £791 (2018: 2 Trustees claimed £1,137).

The table in note 9 setting out employees in pay bands includes the Chief Executive Officer and other Executive Officers whose remuneration totalled more than £60,000 in the year. All Executive Officers are employed on contracts that are the same as those used for other staff and benefits, including pensions, are on the same basis.

The total emoluments received by the Chief Executive Officer and other Executive Officers was:

	31 March 2019	31 March 2018
	Group and Society	Group and Society
Salary	397	432
National insurance	51	37
Pension contributions	23	21
Total	471	490

11. Net income

Net income is stated after charging/(crediting):

	31 March 2019		31 March 2018	
	Group	Society	Group	Society
	£'000	£'000	£'000	£'000
Depreciation of tangible fixed assets	941	889	1,015	967
Amortisation of Intangible fixed assets	11	11	27	27
Operating lease rentals:				
Vehicles	-	-	5	5
Office equipment	13	13	15	15
External auditor's remuneration excl VAT:				
audit of the financial statements	28	24	24	20
for other services	-	-	4	2
Rental Income	345	345	262	262

12. Fixed assets: intangible assets

	31 March 2019		31 March 2018	
	Software & systems		Software & systems	
	Group	Society	Group	Society
	£'000	£'000	£'000	£'000
Cost				
At 1 April	200	200	198	198
Additions	-	-	2	2
At 31 March	200	200	200	200
Accumulated Amortisation				
At 1 April	(188)	(188)	(161)	(161)
Charge for the year	(11)	(11)	(27)	(27)
	(199)	(199)	(188)	(188)
Net book value				
At 31 March	1	1	12	12
At 1 April	12	12	37	37

13. Fixed assets: tangible assets

Group	31 March 2019				
	Freehold land & buildings	Fixtures, fittings, furniture & equipment	Computer & other equipment	Vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation:					
At 1 April 2018	47,000	668	3,106	200	50,974
Additions	-	89	134	36	259
Disposals	(3,280)	(2)	-	(28)	(3,310)
Transfers	327	-	-	-	327
Revaluation	8,453	-	-	-	8,453
At 31 March 2019	52,500	755	3,240	208	56,703
Accumulated depreciation:					
At 1 April 2018	(1,878)	(505)	(2,311)	(178)	(4,872)
Charge for the year	(625)	(62)	(240)	(14)	(941)
Disposals	121	1	-	24	146
Transfers	-	-	-	-	-
Revaluation	2,382	-	-	-	2,382
At 31 March 2019	-	(566)	(2,551)	(168)	(3,285)
Net book value:					
At 31 March 2019	52,500	189	689	40	53,418
At 31 March 2018	45,122	163	795	22	46,102

The land and buildings held by the Group and the Society were revalued as at 31 March 2019 by Carter Jonas, a qualified RICS valuer. This has resulted in an increase in the carrying value of land and buildings of £10,956,000 for the Group. The previous formal valuation was carried out as at 31 March 2015, which valued the total land and buildings held by the Group at that date at £47.5 million. Some of the assets valued at that date have subsequently been sold by the Group.

13. Fixed assets: tangible assets (ctd)

Society	31 March 2019				
	Freehold land & buildings	Fixtures, fittings, furniture & equipment	Computer & other equipment	Vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation:					
At 1 April 2018	44,530	668	3,106	200	48,504
Additions	-	89	134	36	259
Disposals	(3,280)	(2)	-	(28)	(3,310)
Transfers	327	-	-	-	327
Revaluation	8,083	-	-	-	8,083
At 31 March 2019	49,660	755	3,240	208	53,863
Accumulated depreciation:					
At 1 April 2018	(1,732)	(505)	(2,311)	(178)	(4,726)
Charge for the year	(573)	(62)	(240)	(14)	(889)
Disposals	121	1	-	24	146
Transfers	-	-	-	-	-
Revaluation	2,184	-	-	-	2,184
At 31 March 2019	-	(566)	(2,551)	(168)	(3,285)
Net book value:					
At 31 March 2019	49,660	189	689	40	50,578
At 31 March 2018	42,798	163	795	22	43,778

14. Fixed assets: investments

	Group		Society	
	Farmland	Subsidiaries	Farmland	Total
	£'000	£'000	£'000	£'000
Cost or valuation:				
At 1 April 2018	2,610	2,446	2,610	5,056
Transfers	(327)	-	(327)	(327)
Movement in fair value for the year	(83)	-	(83)	(83)
At 31 March 2019	2,200	2,446	2,200	4,646

The Society owns 222 acres of farmland that is rented out under an agricultural lease and treated as an investment. 33 acres of land that is used for the Society's operations was included in investments at 31 March 2018. This has been transferred into fixed assets.

Further information about the Society's investment in subsidiaries is set out in note 27.

15. Stock

	31 March 2019		31 March 2018	
	Group	Society	Group	Society
	£'000	£'000	£'000	£'000
Pharmacy	44	44	27	27
Information & education leaflets	-	-	7	7
Merchandise	17	-	17	-
Coffee shop stock	2	-	2	-
Total due within one year	63	44	53	34

16. Debtors

	31 March 2019		31 March 2018	
	Group	Society	Group	Society
	£'000	£'000	£'000	£'000
Due within one year				
Residential and Domiciliary Care Services	299	299	623	623
Less: Provision for bad and doubtful debts	(200)	(200)	(30)	(30)
	99	99	593	593
Medical Services Receivable	98	98	75	75
Rent Receivable	12	12	9	9
Other Receivables	21	20	15	15
VAT Refundable	1	-	-	-
Prepayments & Accrued Income	413	413	476	476
Total due within one year	644	642	1,168	1,168

17. Cash at bank and in hand

	31 March 2019		31 March 2018	
	Group	Society	Group	Society
	£'000	£'000	£'000	£'000
Bank	20,335	20,313	9,029	8,993
Petty cash	5	5	3	3
Cash at bank and in hand	20,340	20,318	9,032	8,996

Analysis of cash and cash equivalents: The Group and the Society both had no overdrafts or notice deposits at 31 March 2019 (2018: both £nil)

18. Creditors: Amounts falling due within one year

	31 March 2019		31 March 2018	
	Group £'000	Society £'000	Group £'000	Society £'000
Bank loan	48	48	48	48
Trade creditors	516	513	1,128	1,125
Finance lease obligations	111	111	97	97
Amounts owed to employees	244	244	23	23
Taxation and social security	200	200	177	177
Amounts held for residents and tenants	30	30	-	-
VAT payable	2	2	-	-
Other creditors	182	182	45	45
Accruals and deferred income	1,629	1,625	1,697	1,689
Intra group creditors	-	324	-	319
Total Creditors: Amounts falling due within one year	2,962	3,279	3,215	3,523

19. Creditors: Amounts falling due after more than one year

	31 March 2019		31 March 2018	
	Group £'000	Society £'000	Group £'000	Society £'000
Bank loan	31	31	76	76
Finance lease obligations	87	87	206	206
Total Creditors: Amounts falling due after more than one year	118	118	282	282

The bank loan above was taken out to finance the purchase of Croft Cottage, one of the Society's care homes and is secured over that property. The loan is due to be fully repaid by 2020 and its variable rate is 0.795% above the base rate. At 31 March 2019, the Society had an obligation of £76,000 (2018: £124,000) including amounts due in less than one year. The outstanding balance of the loan is repayable as follows:

	31 March 2019		31 March 2018	
	Group £'000	Society £'000	Group £'000	Society £'000
Within one year	48	48	48	48
One year or more but less than two years	31	31	48	48
Two years or more but less than five years	-	-	28	28
Total borrowings	79	79	124	124

19. Creditors: Amounts falling due after more than one year (ctd)

The Society has an ongoing finance lease which was entered into for the purchase and upgrade of its MRI machine. At 31 March 2019, the Society had an obligation of £206,000 (2018: £324,000) including amounts due in less than one year. The outstanding balance of the lease is repayable as follows:

	31 March 2019		31 March 2018	
	Group	Society	Group	Society
	£'000	£'000	£'000	£'000
Within one year	118	118	118	118
One year or more but less than two years	87	87	118	118
Two years or more but less than five years	-	-	88	88
Total finance lease obligations	205	205	324	324

20. Financial instruments

Financial assets and liabilities are measured at amortised cost as set out below. Financial assets consist of investments in subsidiary companies (Society only), cash and receivables. Financial liabilities consist of bank loans, finance lease obligations, trade creditors, amounts due to employees, HMRC and residents, other creditors and amounts due within the Group.

	31 March 2019		31 March 2018	
	Group	Society	Group	Society
	£'000	£'000	£'000	£'000
Financial instruments at amortised cost:				
Financial assets	20,571	22,993	9,723	12,133
Financial liabilities	(1,428)	(1,749)	(1,777)	(2,093)

21. Fund movements

Group	31 March 2019					
	At 1 April 2018	Income	Expenditure	Transfers	Gains and losses	At 31 March 2019
	£'000	£'000	£'000	£'000	£'000	£'000
General funds	25,087	25,103	(17,133)	1,548	(83)	34,522
Designated funds	436	-	(69)	(367)	-	-
Revaluation reserve	26,564	-	-	(1,664)	10,835	35,735
Pension reserve	(10,512)	-	-	956	(4)	(9,560)
Total unrestricted funds	41,575	25,103	(17,202)	473	10,748	60,697
Restricted funds	3,393	1,247	(842)	(473)	-	3,325
Total funds	44,968	26,350	(18,044)	-	10,748	64,022

21. Fund movements (ctd)

Group	31 March 2018					
	At 1 April 2017	Income	Expenditure	Transfers	Gains and losses	At 31 March 2018
	£'000	£'000	£'000	£'000	£'000	£'000
General funds	24,736	17,125	(16,902)	128	-	25,087
Designated funds	437	-	(1)	-	-	436
Revaluation reserve	26,564	-	-	-	-	26,564
Pension reserve	(10,199)	-	-	(128)	(185)	(10,512)
Total unrestricted funds	41,538	17,125	(16,903)	-	(185)	41,575
Restricted funds	3,486	49	(142)	-	-	3,393
Total funds	45,024	17,174	(17,045)	-	(185)	44,968

Society	31 March 2019					
	At 1 April 2018	Income	Expenditure	Transfers	Gains and losses	At 31 March 2019
	£'000	£'000	£'000	£'000	£'000	£'000
General funds	25,777	25,059	(17,034)	1,548	(83)	35,267
Designated funds	436	-	(69)	(367)	-	-
Revaluation reserve	25,633	-	-	(1,664)	10,267	34,236
Pension reserve	(10,512)	-	-	956	(4)	(9,560)
Total unrestricted funds	41,334	25,059	(17,103)	473	10,180	59,943
Restricted funds	3,393	1,247	(842)	(473)	-	3,325
Total funds	44,727	26,306	(17,945)	-	10,180	63,268

Society	31 March 2018					
	At 1 April 2017	Income	Expenditure	Transfers	Gains and losses	At 31 March 2018
	£'000	£'000	£'000	£'000	£'000	£'000
General funds	25,352	17,116	(16,819)	128	-	25,777
Designated funds	437	-	(1)	-	-	436
Revaluation reserve	25,633	-	-	-	-	25,633
Pension reserve	(10,199)	-	-	(128)	(185)	(10,512)
Total unrestricted funds	41,223	17,116	(16,820)	-	(185)	41,334
Restricted funds	3,486	49	(142)	-	-	3,393
Total funds	44,709	17,165	(16,962)	-	(185)	44,727

The transfers for 2019 for both the Group and the Society represent the elimination of the revaluation reserve in relation to the land and buildings sold during the year (£1,664k), the transfer to adjust the pension reserve to the pension liability (£956k), the transfer from restricted reserves to unrestricted reserves as set out in note 23 (391k) together with restricted funds spent on capital assets where their use is no longer restricted (£82k) and the elimination of funds included as designated in previous years which the Trustees now consider are not needed for the purposes designated (£367k).

22. Fund assets and liabilities

The analysis of net assets between funds is set out below:

	Group		Society	
	31 March 2019		31 March 2019	
	Unrestricted funds	Restricted funds	Unrestricted funds	Restricted funds
	£'000	£'000	£'000	£'000
Tangible and intangible fixed assets	51,285	2,134	48,445	2,134
Investments	2,200	-	4,646	-
Current assets	19,856	1,191	19,813	1,191
Current liabilities	(2,962)	-	(3,279)	-
Liabilities due after more than one year	(118)	-	(118)	-
Defined benefit pension liability	(9,564)	-	(9,564)	-
Total net assets at 31 March 2019	60,697	3,325	59,943	3,325
Total net assets at 31 March 2018	41,575	3,393	41,334	3,393

23. Restricted funds

The Society receives donations and grants that can only be used for specified purposes. The Society maintains records for each donation or grant given in this way and allocates costs against those funds. To allow the table below summarises the types of activities the income is received in respect of. In some cases, actual restrictions are more specific than the general categories used in this table.

Group and Society	31 March 2019				
	At 1 April 2018	Income	Costs	Transfers	At 31 March 2019
	£'000	£'000	£'000	£'000	£'000
Specific genomics research	532	657	(237)	(284)	668
General genomics research	191	110	(241)	(60)	-
Specific other research	60	209	(172)	-	97
General research	249	62	(163)	(12)	136
MRI IT upgrade	-	76	-	-	76
Helpline service	-	93	-	-	93
Care services and activities	124	24	(44)	(1)	103
The New House	2,181	-	(46)	-	2,135
Other areas	56	16	(21)	(34)	17
Total restricted funds	3,393	1,247	(924)	(391)	3,325

The costs above include £82,000 relating to capital purchases which the Society now owns unrestricted and so the amounts have been transferred to unrestricted funds in the SOFA transfers line. The transfers above relate costs that had been incurred in previous years but not allocated to the restricted fund and balances on completed projects that can now be treated as unrestricted.

23. Restricted funds (ctd)

Group and Society	31 March 2018				
	At 1 April 2017	Income	Costs	Transfers	At 31 March 2018
	£'000	£'000	£'000	£'000	£'000
Specific genomics research	533	-	(1)	-	532
General genomics research	191	-	-	-	191
Specific other research	60	-	-	-	60
General research	219	40	(10)	-	249
MRI IT upgrade	-	-	-	-	-
Helpline service	-	-	-	-	-
Care services and activities	205	-	(81)	-	124
The New House	2,227	-	(46)	-	2,181
Other areas	51	9	(4)	-	56
Total restricted funds	3,486	49	(142)	-	3,393

The nature of the restriction on these funds can be understood from the table above with the exception of "The New House", which represents donations that were received in prior years for the building of a block of 12 supported flats for people with epilepsy. The depreciation on the capital asset, which is still subject to the restrictions, is charged to the fund.

The prior year figures above set out the element of the 2018 Statement of Financial Activities that relate to restricted income and expenditure. All other items in the prior year SOFA relate to unrestricted funds.

24. Pensions

The Epilepsy Society (the "Employer") operates a defined benefit pension arrangement called the National Society for Epilepsy Pension and Life Assurance Scheme (the "Scheme"). The Scheme provides benefits based on final salary and length of service to retirement, leaving or death.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Employer must agree with the Trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective and to pay for the future accrual of benefits.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 March 2016. Under the current schedule of contributions, the Employer expects to pay deficit contributions, in line with the current plan, totalling £175,000 in the year ending 31 March 2020. During 2018/19, The Society paid regular deficit contributions of £167,000 plus a one-off contribution of £1,160,000 from the proceeds of the sale of a portion of land sold during the year (see note 8). This was agreed with the Scheme's Trustees as a method of reducing the deficit in the Scheme. It is possible that a further one-off payments will be made during 2019/20 to further reduce the deficit, but no decision has yet been made.

The principal actuarial and main financial, assumptions used to calculate the Scheme liabilities are:

24. Pensions (ctd)

Group and Society	31 March 2019	31 March 2018
	%age pa	&age pa
Salary increase rate	1.00	1.00
CPI pension increases (fixed at 3%)	3.00	3.00
CPI pension increases (between 3% and 5%)	3.00	3.00
CPI pension increases (maximum 5%)	2.45	2.30
CPI pension increases (maximum 2.5%)	2.45	2.30
Discount rate	2.40	2.60
RPI increase rate	3.45	3.30
CPI increase rate	2.45	2.30
Tax free cash on commutation	20.00	20.00

Assets held in the scheme

The Scheme invests funds in range of assets to produce an investment return. At 31 March 2019, the share of assets based on the valuation at that date is as follows:

Group and Society	31 March 2019	31 March 2018	31 March 2017
Equities	66%	67%	67%
Gilts and bonds	21%	23%	20%
Property	1%	3%	4%
Cash	12%	7%	7%
Other assets	-	-	2%
Total	100%	100%	100%

The actual gross return on the assets over the period was £2,230,000 (2018: £377,000). The assets do not include investment in the shares of the Society or any Group company.

Under FRS102, the expected return on assets is the same as the discount rate used to value the liabilities. However, the assets and liabilities will not generally change in the same manner over time and are also unlikely to change in the same way as other measures of the funding position such as that used for scheme funding or assessing solvency.

24. Pensions (ctd)**Amounts recognised in the Balance Sheet as at 31 March 2019**

Group and Society	31 March 2019	31 March 2018
	£'000	£'000
Fair value of employer assets	29,027	26,831
Present value of funded liabilities	(38,591)	(37,343)
Net liability	(9,564)	(10,512)

Amounts recognised in the Statement of Financial Activities for the year ended 31 March 2019

Group and Society	31 March 2019	31 March 2018
	£'000	£'000
Current service cost	41	71
Past service cost	96	-
Interest on Scheme liabilities	953	964
Interest on Scheme assets	(683)	(702)
Total	407	333

Re-measurements for the year ended 31 March 2019

Group and Society	31 March 2019	31 March 2018
	£'000	£'000
Gain/loss on scheme assets in excess of interest	1,547	(325)
Experience gains/(losses) on liabilities	-	-
Gains/(losses) from changes to assumptions:		
Due to changes to demographics assumptions	-	-
Due to changes to financial assumptions	(1,551)	140
Total actuarial gains/(losses) per SOFA	(4)	(185)

Reconciliation of fair value of the Society's assets

Group and Society	31 March 2019	31 March 2018
	£'000	£'000
Fair value of assets at 1 April 2018	26,831	27,527
Interest on assets	683	702
Employer contributions	1,359	205
Contributions by Scheme participants	15	26
Benefits paid	(1,405)	(1,300)
Administration costs	(3)	(4)
Return on scheme assets less interest	1,547	(325)
Fair value of assets at 31 March 2019	29,027	26,831

24. Pensions (ctd)**Reconciliation of the Society's defined benefit obligation**

Group and Society	31 March 2019	31 March 2018
	£'000	£'000
Defined benefit obligation at 1 April 2018	(37,343)	(37,726)
Current service cost	(38)	(71)
Past service cost	(96)	-
Contribution by Scheme participants	(15)	(26)
Interest cost	(953)	(964)
Benefits paid	1,405	1,304
Experience gains/(losses) on liabilities	-	-
Changes to demographic assumptions	-	-
Changes to financial assumptions	(1,551)	140
Defined benefit obligation at 31 March 2019	(38,591)	(37,343)

Sensitivity of the value of liabilities

As with most defined benefit pension schemes, the value of the liabilities in the Scheme would be different if assumptions were changed. The table below sets out the impact on the Scheme's liabilities if the main assumptions were changed:

Adjustments to assumptions	Approximate (increase)/ decrease in liabilities
	£'000
Discount rate – increased by 0.50%	(2,703)
Inflation – increased by 0.5%	1,162
Commutation – remove 20% allowance	1,923

25. Operating leases

The Society has a number of non-cancellable operating leases for vehicles and printers. Details are set out below:

	31 March 2019		31 March 2018	
	Group	Society	Group	Society
	£'000	£'000	£'000	£'000
Vehicles				
Within one year	-	-	1	1
IT and office equipment				
Within one year	6	6	4	4
One year or more but less than two years	4	4	9	9
More than two years but less than five years	3	3	-	-
Total operating leases	13	13	14	14

26. Contingent liabilities

The Group and the Society have no contingent liabilities as at 31 March 2019 (2018: £nil).

27. Subsidiaries

The Society owns 100% of the share capital in two subsidiaries, Epilepsy Enterprises Limited and NSE Facilities Limited, who Gift Aid any taxable profits to the Society. Both subsidiaries' registered office and place of business is the same as the Society as set out on page 47. A summary of their activities and results for the year is set out below:

Epilepsy Enterprises Ltd

The main activities of the Company are the sale of goods and services in order to raise funds for the charity and other related trading activities. A summary of its Income Statement and a summarised Statement of Financial Position are set out below:

Statement of income	year ended	year ended
	31 March 2019	31 March 2018
	£'000	£'000
Turnover	92	89
Cost of sales	(45)	(39)
Administrative expenses	(4)	(2)
Profit on ordinary activities	43	48

The Statement of Changes in Equity recognised a Gift Aid payment of £48,000 (2018: £nil)

Statement of Financial Position	as at	as at
	31 March 2019	31 March 2018
	£'000	£'000
Stock	19	19
Debtors	14	8
Cash at bank	23	36
Creditors: amounts falling due within one year	(5)	(7)
Total net assets	51	56
Share capital (2 ordinary shares of £1 each)	-	-
Accumulated profit	51	56
Total reserves	51	56

27. Subsidiaries (ctd)**NSE Facilities Ltd**

This company is inactive other than owning the building, the Gowers Centre, from which medical services are provided to the UCLH NHS Foundation Trust. A summary of its Income Statement and a summarised Statement of Financial Position are set out below:

Statement of income	year ended 31 March 2019 £'000	year ended 31 March 2018 £'000
Turnover	-	-
Operating costs	(37)	(34)
Loss on ordinary activities	(37)	(34)

The Statement of Changes in Equity recognised a Gift Aid payment of £nil (2018: £nil)

Statement of Financial Position	as at 31 March 2019 £'000	as at 31 March 2018 £'000
Tangible fixed assets	1,262	1,297
Intra group debtors	312	312
Cash at bank	-	-
Creditors: amounts falling due within one year	(3)	(2)
Total net assets	1,571	1,607
Share capital	2,446	2,446
Accumulated loss	(875)	(838)
Total reserves	1,571	1,608

The share capital comprises 2 'A' ordinary shares of £1 each and 2,446,000 'B' ordinary redeemable shares of £1 each. The tangible fixed assets related wholly to buildings are reported at cost less accumulated depreciation.

28. Related party transactions

During the year, the Society received a Gift Aid distribution from Epilepsy Enterprises Limited of £48,439 (2018: £54,579). At 31 March 2019, the Society owed Epilepsy Enterprises Limited £12,040 (2018: £6,763) and NSE Facilities Limited £312,000 (2018: £312,000).

The Society also paid fees of £84,120 excluding VAT (2018: £89,860) to Barnett Waddingham LLP in respect of professional services relating to the Society's defined benefit pension scheme. One of the Society's Trustees, Adrian Waddingham, is also a Designated Member of Barnett Waddingham LLP.

Registered Office: Chesham Lane, Chalfont St Peter
Buckinghamshire SL9 0RJ

Patron: Her Majesty, The Queen

President: The Rt Hon Countess Howe

Board of Trustees

Peter Worthington	Chairman	
Adrian Waddingham CBE	Vice Chairman	
Peter Goodfellow	Treasurer	
Catherine Alcock		
Chris Blue		
Dr James Hagan		
Deborah Wheeler		
Andrew Farrell		Appointed 31 July 2018
Prof Andrew George		Appointed 31 July 2018
Madani Sow		Appointed 31 July 2018
Michael Stone		Appointed 31 July 2018
Richard Murley		Appointed 27 November 2018
Prof Stephen Smith		Appointed 27 November 2018
John Barradell		Resigned 30 June 2018
Joe Brice		Resigned 30 June 2018
Ian Garlington		Resigned 30 June 2018
Michael Kirilloff		Resigned 30 June 2018
Dr Ian Pike		Resigned 30 June 2018
Dr Richard Roberts		Resigned 30 June 2018

Management Board

Chief Executive	Clare Pelham	
Medical Director	Prof Ley Sander	
Director of Finance & Corporate Services	Artur Dzido	until 13 August 2018
Chief Financial Officer	Paul Rennard	from 15 December 2018
Director of Fundraising	Claire Glazebrook	
Director of Medical and People Services Development	Rachel Perowne	
Director of Care Services	Adam Went	until 8 March 2019
Director of Care Services	Jonny Anders-Cannon	from 8 March 2019

External Auditors: Crowe U.K. LLP
St Bride's House
18 Salisbury Square
London EC4Y 8EH

Bankers: National Westminster Bank Plc
44 Packhorse Road, Gerrards Cross
Buckinghamshire SL9 8EA

Legal Advisors:	B P Collins Collins House 32 – 38 Station Road Gerrards Cross Buckinghamshire SL9 8EL	Trowers and Hamblins (UK) Ltd 3 Bunhill Row London EC1Y 8YZ
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