



Disability Challengers Annual Accounts 2019

Chairman's Report

2019 was a significant year for Challengers on many fronts. It was, of course, a beautiful celebration of the charity's 40th birthday, with events including a Royal Visit from HRH Princess Beatrice of York, the 40th Birthday Ball, wonderful sporting challenges sponsored by our friends at Kelly's, and many more.

It was a year in which we supported more children than ever before, but also where our waiting lists continued to grow. It is a challenge that the Board, Senior Management Team and I are keenly aware of, and want to address as a fundamental part of our medium-term strategy, working with our government, corporate, and ambassador partners.

It was also a year where the recent investment in our operations was thrust into the spotlight by winning the Third Sector Care Award for Technology. The passion and professionalism of Challengers staff across schemes, fundraising, events, and operations never ceases to amaze me, so it was wonderful to see this recognised publicly.

However, we also had to take a long hard look at how the charity funded its critical operations last year. The contraction in government funds and the reliance on an increasingly volatile fundraising environment resulted in the reported deficit in our annual accounts and is a source of significant risk to ongoing provision and growth. However, the Senior Management Team has risen to the challenge and I'm pleased to say that we have a clear target funding model and strategy in place which is a core part of 2020 delivery.

There is an important point (and ask) to make here in my first address as Chair, and that is for everyone reading this to please support our #LittleandOften campaign by setting up a small monthly donation and encourage your friends, families and networks to do the same.

I often think we are little shy in asking for help, but by increasing the number of regular givers in our community we will be able to increase our current service provision and ensure that it will be sustained in order to support future Challengers families.

It's an exciting time for the charity and I know that together we can make the next decade the best yet.

Graeme Stretton
Chairman of the Board of Trustees



2019 was a challenging year for the charity. We had a difficult financial year and some major staff changes, but it also brought with it some incredible highlights as we celebrated 40 years of service. When I look back at the year, I am so proud of what the charity has achieved, first and foremost for the children and young people who attend Challengers schemes, but also for their families and the wider community.

Changes within the Fundraising Team caused some financial concerns as this report highlights and, regrettably, we ended the year with a deficit due to a stretched fundraising target set at the start of the year and unforeseen staffing circumstances.

Despite this, we still saw areas of fundraising growth and made substantial progress with corporate support, challenge events and regular giving.

Our Board of Trustees has been incredible this year and has dedicated great time and expertise to the charity. Special thanks goes to our new Chair Graeme Stretton, who was appointed in July, and who has already been a fantastic support to Trustees and our Senior Management Team.

On a sad note we said goodbye to outgoing CEO Laura Sercombe, who left the charity after eight years. Laura has been instrumental in the growth of Challengers and will be greatly missed by all. Having worked for Challengers for over

7 years I was delighted to be asked to act as CEO at the end of March this year. Whether you are new to supporting the charity or a long-standing supporter, we are so grateful for your support and would like to thank you for joining in our 40th celebrations - we have a great deal to be proud of.

Amanda Matthews
Acting Chief Executive



CEO Report

Strategic Report

Why we exist!

Challengers exists in order to challenge the barriers to play so that disabled children and young people have a place to play and make friends, have fun, and achieve independence. This is because 51% of disabled children are still intentionally excluded from play opportunities in the UK. There is a real shortage of provision, so disabled children and young people don't have the choices that their non-disabled peers have. They are not included because providers often find it difficult or costly to do so, and as a result disabled children and young people are isolated and lonely. Challengers is an organisation that has a unique approach to working with disabled children and young people because we will never exclude a child. We will always find a way to include anyone who wants to come to one of our pre-schools, or schemes for play, youth or young adults.

Challengers also provides a short break for families with disabled children as they can often feel on their own and under significant pressure and hardship. It is not always easy to find a provider that a family can trust, but when they do, they have the opportunity and the time and space to do what they need or want to do, and so the family unit gains in resilience. Raising a disabled child is complex and can be very hard work, therefore a short break can often be the difference between coping and not.

We believe that we deliver services in a truly inclusive and aspirational way, and in doing so we can positively impact the way that society views disability.

At Challengers, we demonstrate through our actions and behaviour that there is no reason why disabled children and young people should be excluded from playing an active part in society because of their impairment or condition. We lead by example and share our approach with other professionals and organisations. Our team is fundamental to delivering positive change. They often come with little or no experience of disability, however, after a thorough induction and training they can be seen supporting children and young people with confidence, displaying a real commitment to equality, and a 'can-do' approach to inclusion. They leave us with informed and inspired views that change the way they live their lives and how they interact with those around them. Staff tell us about how they go on to influence their own friends, families and colleagues to think differently about disability – putting social change in action.

Vision

A world where all children and young people can play together, freely.

Mission

To provide truly inclusive, fun and safe places where all disabled children and young people can spend time with their friends.

To offer a positive impact for families and the wider community.



Challengers staff are remarkably committed and passionate, and our future relies on us nurturing this and doing all we can to value our staff and volunteers, without whom we wouldn't be able to operate. Our recently updated Challengers Approach is central to this and reaffirms our ways of working.



Highlights of 2019

Hours of fun delivered:
148,800



1,450
families
supported



150 Volunteers
(scheme &
office based)

6,690 volunteer hours

£58,000 Approximate
donated value
from volunteers

Young Adults - 9,172 hrs

Pre-school - 38,800 hrs

Youth - 38,548 hrs

Play - 62,280 hrs

2 Pre-schools

7 Playschemes

2 Swim clubs

11 Youthschemes

4 Young Adults
schemes



Operations Report

Surrey and London Borough Schemes

2019 saw the development of our Kingston and Richmond Schemes funded by Achieving for Children, and Richmond Youth secured a new venue at Whitton Youth Club and begun running sessions from January. Capacities were increased at Kingston Play which parents responded to quickly showing a high demand in this area. The Leaders at Kingston Play & Richmond Youth went through a rigorous training programme to ensure they were ready to deliver services to the most complex children and young people.

In July, schemes across Challengers celebrated our 40th Birthday and came together to have fun at a big orange party. They enjoyed discos, visits from the farm, face painting and ice cream delivered to their door. We also moved our Bookham Young Adults scheme to a brand-new venue in Leatherhead. The move was a positive one and feedback from families has been that the new venue and location is good.

The summer holidays saw a small reduction in delivery across all services except our Kingston and Richmond schemes. The teams pulled together to manage and support families to ensure schemes ran smoothly. Schemes were full and busy, but the team was ready and delivered a varied, fun and safe programme of events.

Guildford Pre-School and Playscheme were visited by Ofsted in September and the inspector was impressed by the uniqueness of the setting and the offer to all children that attend, and the schemes therefore received a rating of 'Good'. The team are working towards making recommended improvements in key areas including outside space and ICT.

Following continued staff feedback 2019 saw the introduction of a new signing training session led by the Guildford Centre Manager, Kat. Kat attended extensive training to be able to deliver this in house and it has been a real success and will continue to run in 2020.

After the summer we sadly said goodbye to our Elmbridge Youth Scheme. As an organisation we made the decision to approach Surrey Short Breaks to see if we could share the capacities from the Youthscheme in Elmbridge amongst other Surrey schemes following a long-term plan to recruit a both a leadership and staff team. Unfortunately, this plan was not successful. Surrey Short Breaks agreed to this and as of 2020 capacities were increased at remaining Surrey Play and Youthschemes to ensure we were contractually compliant.

Throughout the year the operations teams faced challenges around staffing, however they worked together and were able to support each other to ensure sessions continued to run in a safe manner.

Sam Morris,
Head of Service East

Hampshire, Berkshire and West Sussex Schemes

We made the decision before the summer holidays that we could not continue to run the Eastleigh Playscheme from the venue it was in, mainly because of the lack of outdoor space and the heat of the main hall. We decided that rather than stopping the service, we would transport all the staff and young people to the Farnham Playscheme. Although this was difficult logistically, it was actually really positive for staff and children at both Eastleigh and Farnham. The two teams have worked really well together and all the children have enjoyed making new friends and using the fantastic facilities of our Farnham Playcentre.

The Alton Playscheme was inspected by Ofsted in August 2019 and received a rating of 'Good'. It was a very positive inspection and the inspector was impressed by the enthusiasm of the managers, the teamwork of staff, and felt that staff were positive role models for the children to learn from. The inspector also commented on how the children were excited to arrive at the playscheme and settled in quickly because of the caring and welcoming environment.

Paul Wilson,
Head of Service West



Nothing can prepare you for having a disabled child, and how it will change things for everyone in the family forever. When we found out that things weren't going to be as we had hoped for our first child, Eleanor, she was just four months old and our lives were thrown into turmoil. Eleanor, who is now seven, has severe learning disabilities and autism, caused by an undiagnosed genetic disorder. This affects every aspect of her life as she needs one-to-one support for everything she does, and there are many things she cannot do at all.

We discovered Challengers when Eleanor was four, and it quickly became a lifeline for the whole family - but most importantly, for Eleanor herself. There is nowhere she would rather spend her time outside of school. She is non-verbal and can't tell us how she feels, yet we know how much she loves Challengers by her obvious excitement when she arrives at the weekend and holiday play schemes. The minute the door opens she charges through it without hesitation and goes on to have the best day she could possibly have in a safe but fun environment. She comes home tired and dishevelled - exactly how it should be when a seven-year-old has been playing all day!

Challengers is like no other facility for disabled children and young people that we have encountered. The staff that we have met over the last few years are some of the most special people you could imagine. They are dedicated, hard-working and they really care deeply about what they do.

As parents we feel entirely confident that Eleanor will be safe and well looked after - which, as we know, is not an easy thing to do. This is so important for families as it means you can let go a little bit and get a chance to breathe and relax, something that is so hard to do when you are caring for a disabled child. So many disabled children, like Eleanor, never get invited to parties or play dates. They can't just pop to the leisure centre with friends or go to a local mainstream activity club. For so many people, Challengers is all they have - and it is impossible to stress too much what a vital part of their lives it is.

As a family, we are happy when Eleanor is happy, which we know she is at Challengers. When she is off having fun there, it also gives us the chance to do things we can't do easily when she is with us - even popping out for a coffee or going to the shops is often fraught with difficulty. It also allows us to focus on Eleanor's younger sister, which is hugely important to us all.

It is no exaggeration to say we don't know how we would cope if we didn't have Challengers. A couple of years ago I became a parent ambassador because I want to do what I can in a small way to give back a bit of the help that Challengers has given us. And I want to spread the word to other families and supporters alike that this amazing charity exists and just how much good it does for all our children and young people.

Alison,
Mum to Eleanor and Challengers Parent Ambassador



Alison's Story



Volunteering for Challengers



Janet has been volunteering at Challengers HQ every week for 7 years and is a much loved and valued member of the Communications Team.

"In 2012 I retired from my job in Surrey Children's Services and I wanted to do some form of voluntary work which still involved working with children. Looking around I saw on the Challengers website a volunteer position advertised. I knew about Challengers as my son had worked for them one summer in the 1980s and understood the brilliant work they did with disabled children and their families. I applied and was delighted to be offered work as a volunteer one day a week and started in February 2013. Now in my 7th year I have loved every minute of it.

Every week I go into a different world, doing a wide variety of communications and fundraising tasks. I feel that I am doing something both worthwhile and interesting, keeping the old brain ticking over, as well as working with so many lovely young people who keep me on my toes. I have seen many changes over the years, but I am still impressed by the commitment and hard work of the Challengers staff and how valued they make me feel.

If you're considering volunteering for Challengers, I would definitely say that it adds to your life and it's a very rewarding to contribute to a brilliant organisation dedicated to creating amazing opportunities for disabled children, young people and their families."

Janet,
Challengers Volunteer

Investments - £5K

Grants - £133K

Other trading - £266K

Session fees - £665K

Donations & Legacies - £835K

Local Authority - £1.345M

2019 Income (£3.252m)

Total income decreased by 16% in 2019 to **£3.236m** (2018: **£3.872m** including **£358k** land sale).

Donations and legacy **£835k** (-30% vs 2018); following 2018's capital appeal this year saw a drop in trust and foundation income of 60% (-**£241k** vs. 2018), a reduction to corporate income of 25% (-**£54k** vs. 2018), income from individuals dropped by £104k (-28% vs. 2018) and no legacy income was achieved (**£10k** down on 2018).

Income for charitable activity **£2.146m** (+4% vs 2018).

The Lake House £5,000 supporting Farnham Playscheme
Awards for All £10,000 supporting Farnham Youthscheme
National Lottery Community Fund £5,000
supporting Reading Youthscheme
Mulberry Trust £5,000 supporting Guildford Youthscheme
Walton on Thames Charity £4,680 supporting
Esher Playscheme
The February Foundation £5,000
supporting Petersfield Youthscheme
St James's Place £11,784 supporting Farnham and
Guildford Playschemes

2019 proved to be a difficult year with both internal and external challenges to overcome, the year reported a deficit of £322k across all funds.

Unrestricted fund deficit £200k, designated fund deficit £94k and a restricted fund deficit of £28k. Both the restricted and designated fund deficits are depreciation charges against assets acquired in previous years. The unrestricted fund deficit is a result of poor performance across voluntary income revenue streams.

Financial Overview

2019 Expenditure

How we spend our funding
(of every £1 raised)

Charitable Purpose	74p	£2,637,741
Support Services	13p	£468,767
Generation of Income	12p	£412,861
Governance	1p	£54,741

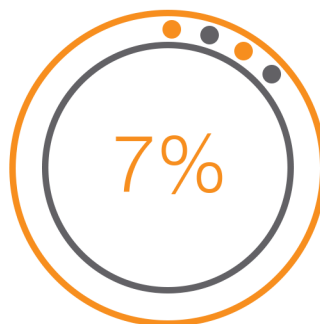
Breakdown of charitable expenditure
(Total charitable expenditure £3.161M)



£1.8m Pre-school & Play



£1.1m Youth



£0.30m Young Adult

Total expenditure increased by 4% vs. 2018 to **£3.57m**.

Cost of raising funds increased by 11% vs. 2018 which represents an increase of 1p in each £1 raised, 12p of each £1 raised was spent on the generation of future income.

Charitable expenditure increased by 3% compared to 2018.

Expenditure on support costs increased by 22% vs. 2018 13% of total expenditure compared to 11% in 2018. Support costs include the cost of teams within Finance, Quality and Communications together with investment in staff recruitment, learning and development.

Governance costs remained consistent with 2018 at 2% of total expenditure.

In accordance with charity accounting practice, Support and Governance costs are allocated to charitable expenditure based on each activity's proportion of delivered hours.



COVID-19

The impact analysis below assumes services will be closed for four months (April-July 2020).

Services

Following Government advice, all Challengers services were suspended on the 19th March. We subsequently ran a key worker and vulnerable child service from our Guildford Pre-school (Farnham Pre-school remained closed as there were no applicants for the service).

The impact of COVID-19 on service users and their families is huge. Many are struggling with the change of routine, which can cause anxiety levels rise and behaviour to escalate. There is no respite for families and it's particularly hard for those working from home. Challengers has kept in touch with families and offered remote support via video activities on Saturdays, Q&A sessions for parents, and welfare calls.

Staff & Volunteers

Where possible, staff have been furloughed for the period April - June. All other staff are working from home, with the exception of those running services or performing tasks where it is essential to be in the office. Volunteers were encouraged to support teams remotely where possible.



Income

- **Voluntary:** We are thankful for the Government's £750m support package for charities, however most of this is ring-fenced for charities delivering frontline services and in many cases Challengers does not meet eligibility criteria. With approximately 30% being lost from financial markets, most households are experiencing reduced household income and many people are at risk of redundancy. To mitigate this we have reduced voluntary income expectation for 2020 to £473k (a reduction of 67% compared to 2020 Budget set in Nov 2019). We also launched an emergency appeal.
- **Local Authority Contracts:** Income for Qrt1 (Apr-Jun) will be paid in full to help short-term cashflow. After negotiation these payments will then be reconciled against delivery for the contract year which ends in March 2021. We have made an allowance in our 2021 cashflow for the repayment of funds and have also applied to Surrey County Council's emergency support fund.
- **Session Fees:** We expect to lose £161k from cancelled sessions.

Cashflow

When taking into account Local Authority payments for Qrt1, the emergency support package application and changes to our services as outlined under the 'Going Concern' section of this document following the financial results for 2019, cashflow for 2020 remains stable.



Reserves

Challengers' reserves policy is to maintain free cash reserves of between 4 and 6 months expenditure. Due to seasonal changes in activity levels this will fluctuate throughout the year.

The main objective of the reserves policy is to deal with short term cashflow challenges to protect the long-term future of the charity. In addition, the Trustees believe that this level of reserve would allow a safe and sensible closure in the event that this was the only option. Reserves are reviewed monthly at the Finance and Risk subcommittee.

The free cash reserves level at year end was approximately 3 months 2019 average operating expenditure.

Year-end designated funds stood at £2.62m, the residual value of this fund is required to support the long-term security of premises and IT infrastructure to ensure the charity can meet its objectives.

Of this amount £2.47m has been set aside for known future depreciation cost on buildings at our Farnham and Guildford centres over the next 50 yrs.

Going Concerns

The Trustees take financial governance seriously and each month consider the monthly finance reports, the cashflow, and the organisational KPIs to ensure Challengers is meeting its charitable objectives and will continue to do so in the foreseeable future.

Following the financial result for 2019 it became clear that Challengers' financial model could no longer sustain all of its current operation. In April 2020, Trustees approved a plan to consolidate services and lower Challengers' reliance on fundraised income. A consultation with staff and negotiation with Local Authorities took place during May, June and July resulting in a restructure to head office realising a 20% efficiency saving and reduction in frontline delivery of 11%.

Our two largest contracts with Surrey CC and Hampshire CC end in March 2021 which will also give us the opportunity to apply for more favourable and sustainable terms.

The Board of Trustees agree that Challengers is a viable going concern. The factors that lead to this conclusion are:

- Proactive and agile response to sustainability concerns
- Demand for Challengers services
- Strong financial governance
- Good management control and regular governance review
- An effective and proactive management team
- Clearly demonstrable public benefit
- Clear and well-informed strategic plan

Fundraising Statement

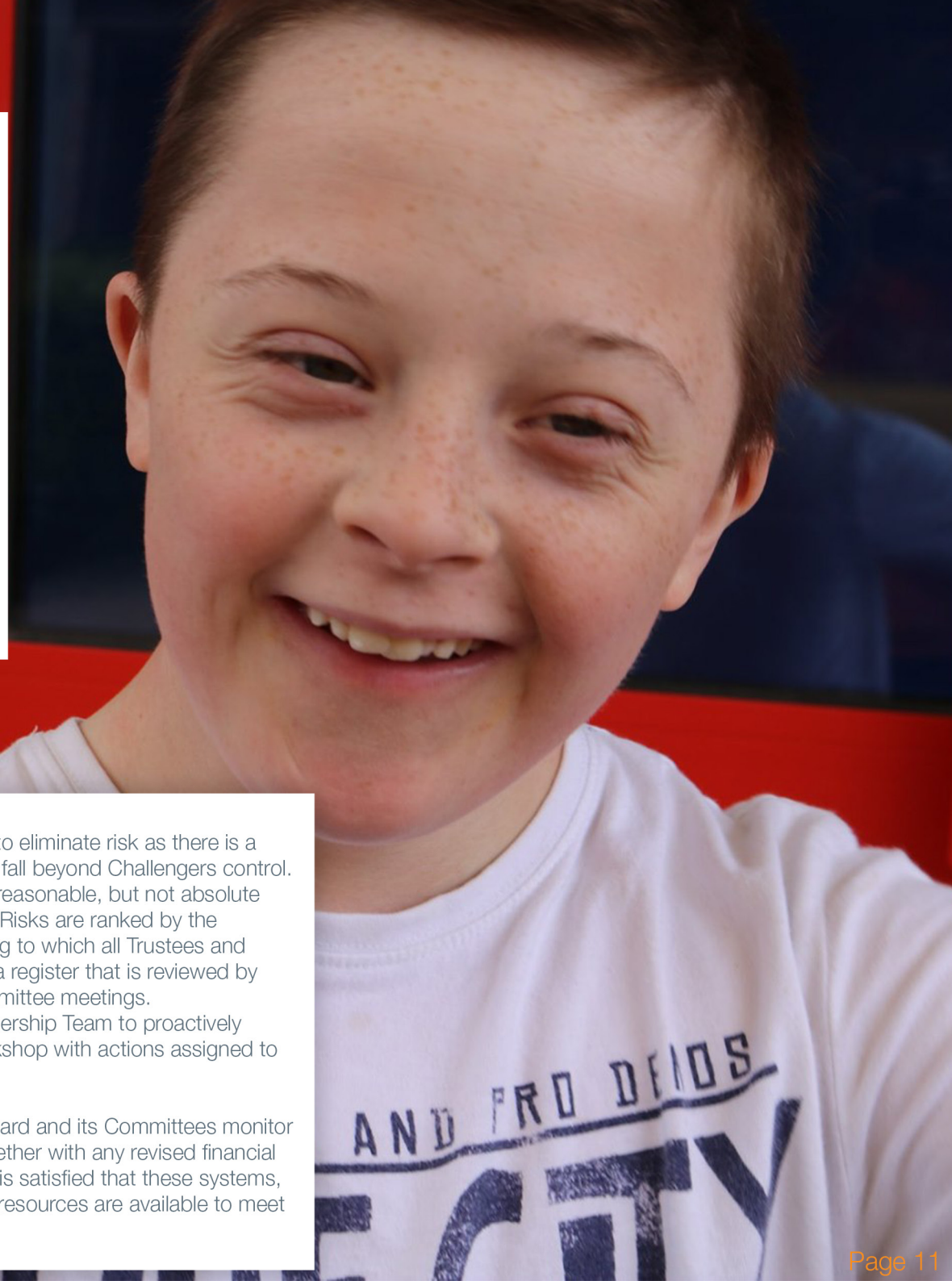
We continue to value the effort and commitment shown across many key areas of voluntary income by those who support Challengers fundraising and proudly call themselves members of #TeamOrange. In a period which has seen many challenges and changes across the fundraising team in leadership and team resource, growth in challenge events, voluntary income and regular giving growth have been welcome areas for celebration. In 2020 we look forward to growing these strengths alongside re-building Trust income and Corporate income to deliver the sustainable fundraising portfolio required to deliver our vital frontline schemes.

We continue to value highly the relationships we hold with our supporters, and we are committed to a fair and ethical approach to all our fundraising practices. We are registered with the Fundraising Regulator, are signed up to the Fundraising Preference Service and comply with the revised standards outlined in the Fundraising Regulator's Code of Fundraising Practice for the UK. We continue not to work with a Professional Fundraising Organisations or Commercial Participators to solicit donations. We have always had a strict policy of never selling or passing on our supporters' personal data and have never bought fundraising data from a third party. We are proud to report that we have not received any complaints relating to our fundraising practices over the last year.

Risk

The Board's risk appetite guides the risk management process. The Board is not seeking to eliminate risk as there is a recognition that it is necessary to accept the risks that cannot be mitigated in full or which fall beyond Challengers control. However, the Senior Leadership Team actively monitor and manage such risks to provide reasonable, but not absolute assurance that the charity is protected. Challengers has a robust risk monitoring process. Risks are ranked by the likelihood of occurrence and impact to the charity. There is an annual Risk Register meeting to which all Trustees and member of the Leadership Team are expected to attend and contribute to. This results in a register that is reviewed by Trustees monthly at the Finance and Risk meeting and in addition at the relevant sub-committee meetings. However, the management of day-to-day operational risks is delegated to the Senior Leadership Team to proactively manage throughout the year. This is done on a monthly basis at a risk register review workshop with actions assigned to members of that team.

The Board approves a comprehensive annual budget and plan for Challengers and the Board and its Committees monitor performance against these plans and budgets on a monthly basis. Material variances, together with any revised financial forecasts, are submitted regularly to the Finance Committee and to the Board. The Board is satisfied that these systems, combined with internal financial controls and the reserves policy, will ensure that sufficient resources are available to meet the immediate needs of Challengers in the event of adverse conditions.



Challengers Risks



Risk classification	Finance	Operations & HR	Operations & Finance
Risk factor	Funding model no longer sustainable. <ul style="list-style-type: none"> ★ Voluntary income targets not met due to internal and external influences. ★ Short-term voluntary income, lack of recurring revenue. ★ Unanticipated changes to commissioned income. ★ Services too reliant on one funding source. ★ Session fees not increased with inflation. 	Proposed re-structure <ul style="list-style-type: none"> ★ Reputation as a sustainable provider. ★ Relationships with local authorities. ★ HR process. ★ Reduced service for children & young people. ★ Impact on morale. 	COVID-19 <ul style="list-style-type: none"> ★ Impact on cashflow short and long term. ★ Impact on service users. ★ Impact on staff. ★ Safety of operational staff and service users.
What are we doing about it?	<ol style="list-style-type: none"> 1) Agile fundraising team able to respond to challenging factors. 2) Regular giving campaign. 3) Continue to develop relationships with Commissioners. 4) Flexible budget able to respond to economic changes. 5) Review the funding model of each scheme. 6) Set a minimum level of local authority contribution for each scheme, applied at contract renewal. 	<ol style="list-style-type: none"> 1) Clear messaging around why the re-structure is necessary and what it will achieve. 2) Consult with local authorities at the earliest opportunity. 3) Offer alternative solutions to local authorities and service users. 4) Following advice of HR advisor at each stage of the process. 5) Clear consultation with staff with full consideration to alternative solutions. 6) Endeavour to offer additional places at remaining schemes. Continue with virtual services. 	<ol style="list-style-type: none"> 1) Challengers emergency fundraising appeal. 2) Applications to COVID-19 funding, 3) Virtual services; live video sessions via Zoom, video activities on YouTube, video messaging. 4) Welfare calls to service users. 5) Ensure all government safety advice is followed and adhered to when operating key worker services. 6) Ensure all safety equipment is available. 7) Continue with team meetings for all staff working or not.

Board of Trustees

The directors of Challengers for the purposes of company law are referred to throughout this report as Trustees. They are also Trustees for charity law purposes. The Board of Trustees is the governing body of Challengers and comprises 13 members who served during the year and up to the date of this report are set out on the final page of this document. The full Board Committee meets four times a year. Each Trustee also sits on one of three subcommittees, these are Finance and Risk which meets monthly, Operations and Quality which meets four times a year, and Fundraising and Communications which also meets four times a year. Details of who sits on each committee can also be found on the final page. The subcommittees have no decision-making powers but make recommendations to the Board.

Trustees are appointed by co-option. One third of the Trustees, who act as directors for the purposes of company law, shall retire from office at the Annual General Meeting. Those retiring Trustees shall be eligible for re-election. Should a Trustee resign prior to the end of their term, a new Trustee may be co-opted to serve the remainder of that term. Trustees do not receive any remuneration for their services. The members of the company comprise all of the Trustees. The members have guaranteed the liabilities of the company, up to £1 each.

Trustees are appointed through an open recruitment process that is widely publicised and each and every Trustee has a specific role to which they are recruited. Applicants are interviewed by a selection panel including the Chairman and CEO. The charity has a programme for induction and training of Trustees which is clearly set out in the Challengers Trustee Handbook. The handbook is revised annually alongside any skills gaps that may have developed. The Chair also meets with every Trustee to discuss their position and experience giving both parties the opportunity to discuss confidentially the Board's performance. Every three years we will invite an external body into meetings to review Board performance. This was last done in 2017 by a CEO of a local charity who gave a comprehensive report back to the charity.

Structure, governance & management

Challengers is a company limited by guarantee registered in England and Wales and a registered charity. Its objects and powers are set out in its Memorandum and Articles of Association. Challengers activities are coordinated from its headquarters in Guildford. During 2019 Challengers had 63 permanent staff, over 550 play and youth workers and engaged with 150 volunteers.

Organisation structure

The Trustee Board is responsible for the direction, management and control of Challengers. The Board is responsible for approving the policies and strategy of Challengers and for ensuring the effective use of its resources in accordance with its charitable objects and UK law. The Board exercises overall responsibility for the direction, management and control of Challengers by supervising the work of the Chief Executive and, through them, the staff, so that the organisation is run efficiently and accountably. In order to achieve this, the Board reviews all long-term strategic and financial plans together with annual plans and budgets, and all major operational and financial policies.

Remuneration

Challengers has developed a remuneration statement to provide a clear and transparent set of guidelines which demonstrate accountability and applies to all employees. The organisation does not offer an annual discretionary bonus scheme, nor does it offer a long-term incentive plan (LTIP). Whilst common in the commercial world, these cash incentive schemes are not common in the third sector and we do not think that it is appropriate for Challengers.

The organisation has introduced a series of salary bands in a structure that is fair and equitable. Job roles are mapped onto this structure so that a salary band exists for each job. This allows for salary progression within a role, allowing for three points within each grade: a probationary point, a second for those who have achieved a good standard of work in their role, and finally the highest for those exceeding expectations. These points are benchmarked with industry (using Croners) and local standards to ensure that they are fair as well as remove subjectivity to salary decisions. Each year we continue to monitor this structure and compare with competitors and other organisations.

Career progression beyond a salary point is through development and training or promotion to a different job role, mapped on to a different salary point. This also applies to the SMT. It is widely accepted that certain roles are paid more than others and whilst we would aim to have a salary band that is acceptable for all members of the SMT, at times market forces may dictate that a different salary is required. Any SMT salary adjustment will be discussed with Trustees before being approved.

The Gender Gap: Despite great strides being made in the past two decades, a gender pay gap remains in place in the UK. Latest figures suggest there may be a slight improvement in the situation in the UK however there is still a bias towards men. The Office for National Statistics states that the gender pay gap for full time employees in 2019 was 8.9%, however when you split this by age the gap for under 40s is close to zero. This reflects our workforce, whom are in them main under 40. As a Charity working in the care sector we attract a large number of females to work with us. This is not unusual in our sector and in fact we do attract a good number of males compared to some of our peers. There are also interesting differences in the gaps for women over 40 compared to those under 40, reflected by the type of role they might hold.

At Challengers, we enforce a strict pay structure which means that men and women are paid at the same rate for a job role – this is across office and scheme-based roles. We strive to be a learning and equal opportunities organisation that invests in both men and women alike, keen to support them to be the very best they can be for the charity and for themselves.

For our operational staff hourly rates are affected by age, and rates are also affected by both the National Living Wage and National Minimum Wage. You can see last year our mean gender pay gap was in favour of males and this year it is in favour of females. This is due to the numbers of each gender that sit in the lowest pay rate at the time of calculations.



	2019/20	2018/19
Mean Females Hourly Pay Rate	8.99	8.14
Median Females Hourly Pay Rate	8.21	7.83
Mean Males Hourly Pay Rate	8.73	8.32
Median Males Hourly Pay Rate	8.21	7.83
Mean Gender Pay Gap %	3.07 (in favour of females)	2.2 (in favour of males)
Median Gender Pay Gap %	0.00	0.00



Reporting Public Benefit

Charity Trustees have a duty to report in the annual report on their charity's public benefit. They should demonstrate that:

1) There is an identifiable benefit or benefits

This report sets out in some detail the activities that Challengers carried out in order to further its strategic aims. All of Challengers' activities are intended to further Challengers' charitable objects which are:

To provide facilities in the South East of England through recreation, artistic, sporting and cultural activities and other for the leisure time occupation of disabled children and young adults including those children and young adults with a physical and/or learning disability, being facilities of which such children and young adults may have need by reason of their youth, social and economic circumstances and their disabilities, by:

	Providing truly inclusive, fun and safe places where all disabled children and young people aged 2-25 years old can spend time with their friends		Delivering high quality training and employment and volunteering opportunities that are developed to enhance the wellbeing of disabled children and young people
	Providing a positive impact for families and the wider community alongside service delivery across the South of England		Leading by example and acting as a champion for inclusion through the offer of participation, training, information and guidance so that others can do the same
	Never excluding a child or young person and ensuring services are designed to meet the needs and desires of children and young people		Providing other services that enable the charity to deliver support to young people and contributing towards achieving the vision of a world where all disabled children and young people can play together freely.

2) The benefit must be to the public or a section of the public

The Trustees are confident that Challengers meets the public benefit requirements and they confirm that they have taken into account the Charity Commission's guidance on public benefit when reviewing its aims and objectives and in planning its future activities.

Statement of Trustees Responsibilities

The Trustees (who are also directors of Disability Challengers for the purposes of company law) are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Select suitable accounting policies and then apply them consistently

Observe the methods and principles in the Charities SORP

Make judgements and estimates that are reasonable and prudent

State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements

Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation



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

In so far as the Trustees are aware:

There is no relevant audit information of which the charitable company's auditor is unaware

The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

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

Auditor Sayer Vincent LLP was re-appointed during the year to act as Challengers' auditor.

The Trustees' report which includes the strategic report was approved by the Trustees on 26/08/20 and is signed on their behalf by:

G . Stretton

Mr Graeme Stretton - Chairman

Opinion

We have audited the financial statements of Disability Challengers (the 'charitable company') for the year ended 31 December 2019 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Independent
auditor's report
to the
members of
Disability
Challengers

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 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 other information comprises the information included in the Trustees' annual report, including strategic report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. 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 the audit:

- The information given in the Trustees' annual report, including strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The Trustees' annual report, including strategic report, has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' annual report including strategic 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:

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



Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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

Helen Elliott
(Senior Statutory Auditor) 11/09/2020



For and on behalf of Sayer Vincent LLP,
Statutory Auditor, Invicta House,
108-114 Golden Lane,
LONDON, EC1Y 0TL



Financial Statements



Disability Challengers
Statement of financial activities (incorporating an income and expenditure account)
For the year ended 31 December 2019

Company No: 4300724

		Unrestricted	Designated	Restricted	2019 Total	Unrestricted	Designated	Restated Restricted	2018 Total
	Note	£	£	£	£	£	£	£	£
Income from:									
Donations and legacies	2	492,651	-	342,802	835,453	474,803	-	718,929	1,193,012
Charitable activities									
Pre-school and Play Schemes	3	1,094,592	-	88,010	1,182,602	950,937	-	102,429	1,053,366
Youth Schemes	3	816,071	-	42,200	858,271	813,574	-	38,066	851,640
Young Adult Schemes	3	102,666	-	2,500	105,166	125,819	-	4,706	130,525
Training project	3	-	-	-	-	-	-	32,737	32,727
Other trading activities	4	265,432	-	-	265,432	248,074	-	-	248,074
Investments	5	5,367	-	-	5,367	5,175	-	-	5,175
Other: Land sale	6	-	-	-	-	357,625	-	-	357,625
Total Income		<u>2,776,779</u>	<u>-</u>	<u>475,512</u>	<u>3,252,291</u>	<u>2,975,287</u>	<u>-</u>	<u>896,867</u>	<u>3,872,154</u>
Expenditure on:									
Raising funds	7	408,861	-	4,000	412,861	367,272	-	5,094	372,366
Charitable activities									
Pre-school and Play Schemes	7	1,467,674	67,972	278,148	1,813,794	1,360,062	64,996	289,039	1,714,097
Youth Schemes	7	890,967	23,684	189,600	1,104,251	882,295	16,966	208,591	1,107,852
Young Adult Schemes	7	208,786	2,771	18,944	230,501	246,897	1,149	10,501	258,547
Training project	7	-	-	12,702	12,702	-	-	-	-
Other		-	-	-	-	-	-	-	-
Total Expenditure		<u>2,976,288</u>	<u>94,427</u>	<u>503,394</u>	<u>3,574,109</u>	<u>2,856,526</u>	<u>83,111</u>	<u>513,225</u>	<u>3,452,862</u>
Net income / (expenditure) before net gains / (losses) on investments		(199,509)	(94,427)	(27,882)	(321,818)	118,761	(83,111)	383,642	419,292
Net gains / (losses) on investments									
Net income / (expenditure) for the year	9	(199,509)	(94,427)	(27,882)	(321,818)	118,761	(83,111)	383,642	419,292
Transfers between funds		-	-	-	-	307,599	(307,599)	-	-
Net income / (expenditure) before other recognised gains and losses		(199,509)	(94,427)	(27,882)	(321,818)	426,360	(390,710)	383,642	419,292
Other gains									
Net movement in funds		(199,509)	(94,427)	(27,882)	(321,818)	426,360	(390,710)	383,642	419,292
Reconciliation of funds:									
Total funds brought forward		<u>992,872</u>	<u>2,716,322</u>	<u>453,618</u>	<u>4,162,812</u>	<u>566,512</u>	<u>3,107,032</u>	<u>69,976</u>	<u>3,743,520</u>
Total funds carried forward		<u>793,363</u>	<u>2,621,895</u>	<u>425,736</u>	<u>3,840,994</u>	<u>992,872</u>	<u>2,716,322</u>	<u>453,618</u>	<u>4,162,812</u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 19a to the financial statements.

Disability Challengers
Balance Sheet
As at 31 December 2019

Company No: 4300724

	Note	£	2019 £	£	2018 £
Fixed assets:					
Tangible assets	14		3,181,802		3,296,782
Current assets:					
Debtors	15	263,746		328,907	
Short term deposits		173,839		300,000	
Cash at bank and in hand		649,190		720,188	
		1,086,775		1,349,095	
Liabilities:					
Creditors: amounts falling due within one year	16	(427,583)		(483,065)	
Net current assets			659,192		866,030
Total net assets			3,840,994		4,162,812
The funds of the charity:	19a				
Restricted income funds			425,736		453,618
Unrestricted income funds:					
Designated funds		2,621,895		2,716,322	
General funds		793,363		992,872	
Total unrestricted funds			3,415,257		3,709,194
Total charity funds			3,840,994		4,162,812

Approved by Trustees on 26/08/20 and signed on their behalf by:

G.Stretton

Mr Graeme Stretton
Chairman

G.Seddon

Mr Graham Seddon
Treasurer

	2019 £	2018 £		
Cash flows from operating activities				
Net income for the reporting period	(321,818)	419,292		
Depreciation charges	131,791	116,840		
Interest from investments	5,367	5,175		
(Profit) / loss on the disposal of fixed assets	-	(357,625)		
Decrease in debtors	65,161	6,642		
(Decrease) in creditors	(55,482)	(111,444)		
Net cash provided by / (used in) operating activities	<u>(174,981)</u>	<u>78,880</u>		
Cash flows from investing activities:				
Interest from investments	(5,367)	(5,175)		
Proceeds from the sale of fixed assets	-	698,558		
Purchase of fixed assets	(16,811)	(523,561)		
Net cash provided by / (used in) investing activities	<u>(22,178)</u>	<u>169,822</u>		
Change in cash and cash equivalents in the year	<u>(197,159)</u>	<u>248,702</u>		
Cash and cash equivalents at the beginning of the year	<u>1,020,188</u>	<u>771,486</u>		
Cash and cash equivalents at the end of the year	<u><u>823,029</u></u>	<u><u>1,020,188</u></u>		
	At 1 January 2019 £	Other non-cash changes £		
Analysis of cash and cash equivalents and of net debt		At 31 December 2019 £		
Short-term deposits	300,000	(126,161)	-	173,839
Cash at bank and in hand	<u>720,188</u>	<u>(70,998)</u>	-	<u>649,190</u>
Total cash and cash equivalents	<u><u>1,020,188</u></u>	<u><u>(197,159)</u></u>	<u><u>-</u></u>	<u><u>823,029</u></u>

1 Accounting policies

a) Statutory information

Disability Challengers is a charitable company limited by guarantee and is incorporated in the United Kingdom and Wales. The registered office address and principal place of business, is Challengers Play Centre, Stoke Park, London Road, Guildford, GU1 1TU.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the Trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. 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. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

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

The Trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

The Trustees have taken a proactive stance on going concern. Following the financial result for 2019 it became clear that Challengers' financial model could no longer sustain all of its current operation. In April 2020 Trustees approved a plan to consolidate services and lower its reliance on fundraised income. Consultation with staff and negotiation with Local Authorities took place during May, June and July resulting in a restructure to head office realising a 20% efficiency saving and reduction in frontline delivery of 11%.

COVID-19 has had a significant impact on Challengers ability to deliver services which has resulted in a reduction in income, this has been mitigated by the full use of the Government Job Retention Scheme where applicable and collaborative working with our Local Authority partners to support continued services.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor(s) intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

g) Interest receivable

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

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

i) Expenditure and irrecoverable VAT

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

Expenditure is classified under the following activity headings:

- ★ Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose.
- ★ Expenditure on charitable activities includes the costs of delivering Pre-school, Play, Youth and Young Adult services undertaken to further the purposes of the charity and their associated support costs.
- ★ Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of area of literature occupied by each activity.

★ Pre-school and Play Schemes	67%
★ Youth Schemes	26%
★ Young Adult Schemes	7%

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity.

★ Pre-school and Play Schemes	67%
★ Youth Schemes	26%
★ Young Adult Schemes	7%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The useful lives in use are as follows:

★ Land	not depreciated
★ Buildings	50 years
★ Play Equipment	5-10 years
★ Other Equipment	5 years
★ IT Equipment	3 years
★ Fixtures & Fittings	5 years
★ Motor Vehicles	4 years

l) Debtors

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

m) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held on behalf of service users.

Short-term deposits are held in 35 and 90 day notice bank accounts, funds are transferred between these accounts and instant access accounts as required to maximise interest earnt.

n) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

o) Financial instruments

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

p) Pensions

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charitable company to the fund. The charitable company has no liability under the scheme other than for the payment of those contributions.

2. Income from donations and legacies

	Unrestricted	Restricted	2019 Total	Unrestricted	Restricted	2018 Total
	£	£	£	£	£	£
Gifts	492,651	327,987	820,638	464,083	703,510	1,167,593
Legacies	-	-	-	10,000	-	10,000
Donated services	-	14,815	14,815	-	15,419	15,419
Grants	-	-	-	-	-	-
	<u>492,651</u>	<u>342,802</u>	<u>835,453</u>	<u>474,083</u>	<u>718,929</u>	<u>1,193,012</u>

3. Income from charitable activities

	Unrestricted	Restricted	2019 Total	Unrestricted	Restricted	2018 Total
	£	£	£	£	£	£
Pre-school and Playschemes						
Contract - Surrey County Council	279,314	-	279,314	299,792	-	299,792
Contract - Hampshire County Council	279,534	-	279,534	223,272	-	223,272
Contract - Achieving for Children	115,909	-	115,909	29,081	-	29,081
Session Fees	419,835	-	419,835	398,792	-	398,792
Grants	-	88,010	88,010	-	102,429	102,429
Sub-total for Pre-School and Play Schemes	1,094,592	88,010	1,182,602	950,937	102,429	1,053,366
Youthschemes						
Contract - Surrey County Council	325,748	-	325,748	316,688	-	316,688
Contract - Hampshire County Council	235,268	-	235,268	235,026	-	235,026
Contract - Reading Borough Council	23,000	-	23,000	20,000	-	20,000
Contract - Wokingham Borough Council	750	-	750	3,750	-	3,750
Contract - West Sussex County Council	46,908	-	46,908	50,001	-	50,001
Contract - Achieving for Children	41,436	-	41,436	29,082	-	29,082
Session Fees	142,961	-	142,961	159,027	-	159,027
Grants	-	42,200	42,200	-	38,066	38,066
Sub-total for Youthschemes	816,071	42,200	858,271	813,574	38,066	851,640
Young Adult Schemes						
Session Fees	102,666	-	102,666	125,819	-	125,819
Grants	-	2,500	2,500	-	4,706	4,706
Sub-total for Young Adult Schemes	102,166	2,500	105,166	125,819	4,706	130,525
Training project	-	-	-	-	32,737	32,737
Total income from charitable activities	2,013,329	132,710	2,146,039	1,890,330	177,938	2,068,268

4. Income from other trading activities

	Unrestricted £	Restricted £	2019 Total £	Unrestricted £	Restricted £	2018 Total £
Centre rental	38,671	-	38,671	35,906	-	35,906
Sponsored events	59,784	-	59,784	63,382	-	63,382
Corporate events	75,608	-	75,608	35,340	-	35,340
Other events	88,775	-	88,775	107,205	-	107,205
Miscellaneous	2,594	-	2,594	6,241	-	6,241
	<u>265,432</u>	<u>-</u>	<u>265,432</u>	<u>248,074</u>	<u>-</u>	<u>248,074</u>

5. Income from investments

	Unrestricted £	Restricted £	2019 Total £	Unrestricted £	Restricted £	2018 Total £
Bank interest on Reserves	<u>5,367</u>	<u>-</u>	<u>5,367</u>	<u>5,175</u>	<u>-</u>	<u>5,175</u>
	<u>5,367</u>	<u>-</u>	<u>5,367</u>	<u>5,175</u>	<u>-</u>	<u>5,175</u>

6. Other income

	Unrestricted £	Restricted £	2019 Total £	Unrestricted £	Restricted £	2018 Total £
Gain on land sale	<u>-</u>	<u>-</u>	<u>-</u>	<u>357,625</u>	<u>-</u>	<u>357,625</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>357,625</u>	<u>-</u>	<u>357,625</u>

7. Analysis of expenditure (current year)

	Cost of raising funds £	Charitable activities						2019 Total £	2018 Total £
		Pre-school & Play Schemes £	Youth Schemes £	Young Adult Schemes £	Training Project £	Governance Costs £	Support Costs £		
Staff costs (Note 10)	313,935	1,052,560	679,550	146,169	-	40,567	341,813	2,574,594	2,440,197
Activities	-	37,773	76,714	15,835	-	-	-	130,322	136,086
Motor costs	-	11,895	25,752	4,139	-	-	-	41,786	57,526
Equipment costs	5,388	41,124	18,762	4,310	-	-	35,164	104,748	141,198
Property costs	2,586	128,974	72,909	6,056	-	-	4,605	215,130	206,912
Insurance	1,255	29,674	11,821	2,874	-	2,295	2,218	50,137	47,075
PPS, Phone, Scheme promotion	13,542	8,457	5,797	1,302	-	-	16,980	46,078	49,697
Depreciation	1,118	89,871	35,864	2,962	-	-	1,976	131,791	116,840
Other costs	11,572	60,809	40,211	10,023	12,702	11,879	66,012	213,208	208,783
Provision for doubtful debt	-	1,906	759	185	-	-	-	2,850	120
Fundraising direct cost	63,465	-	-	-	-	-	-	63,465	48,428
	<u>412,861</u>	<u>1,463,043</u>	<u>968,139</u>	<u>193,855</u>	<u>12,702</u>	<u>54,741</u>	<u>468,768</u>	<u>3,574,109</u>	<u>3,452,862</u>
Support costs	-	314,075	121,879	32,814	-	-	(468,768)	-	-
Governance costs	-	36,676	14,233	3,832	-	(54,741)	-	-	-
Total Expenditure 2019	<u>412,861</u>	<u>1,813,794</u>	<u>1,104,251</u>	<u>230,501</u>	<u>12,702</u>	<u>-</u>	<u>-</u>	<u>3,574,109</u>	
Total Expenditure 2018	<u>372,366</u>	<u>1,714,097</u>	<u>1,107,852</u>	<u>258,547</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>3,452,862</u>

Cost of raising funds support costs have been allocated directly to each expenditure line on the basis of the number of staff employed for this function as a % of total head office staff.

8. Analysis of expenditure (prior year)

	Cost of raising funds £	Charitable activities						2018 Total £
		Pre-school & Play Schemes £	Youth Schemes £	Young Adult Schemes £	Professional Development £	Governance Costs £	Support Costs £	
Staff costs (Note 10)	286,270	1,012,296	664,572	167,859	-	43,868	265,332	2,440,197
Activities	-	40,494	76,092	19,500	-	-	-	136,086
Motor costs	162	16,409	34,330	6,625	-	-	-	57,526
Equipment costs	6,937	72,515	27,407	8,137	-	-	26,202	141,198
Property costs	1,358	105,698	81,591	6,173	-	-	12,092	206,912
Insurance	1,221	27,372	12,608	3,126	-	672	2,076	47,075
PPS, Phone, Scheme promotion	9,093	8,074	6,166	1,531	-	-	24,833	49,697
Depreciation	463	81,709	32,034	1,848	-	-	786	116,840
Other costs	18,434	67,256	45,146	12,873	-	11,443	53,631	208,783
Provision for doubtful debt	-	76	35	9	-	-	-	120
Fundraising direct cost	48,428	-	-	-	-	-	-	48,428
	372,366	1,431,899	979,981	227,681	-	55,983	384,952	3,452,862
Support costs	-	246,369	111,636	26,947	-		(384,952)	-
Governance costs	-	35,829	16,235	3,919	-	(55,983)	-	-
Total Expenditure 2018	372,366	1,714,097	1,107,852	258,547	-	-	-	3,452,862

Cost of raising funds support costs have been allocated directly to each expenditure line on the basis of the number of staff employed for this function as a % of total head office staff.

9. Net income / (expenditure) for the year

This is stated after charging:

	2019 £	2018 £
Depreciation	131,791	116,840
Profit on disposal of fixed assets	-	357,625
Operating lease rentals payable:		
Other	2,113	4,208
Auditors' remuneration (excluding VAT):		
Audit	8,650	8,450
Tax advice	440	-
	<u>2,574,594</u>	<u>2,440,197</u>

10. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2019 £	2018 £
Salaries and wages	2,419,527	2,307,935
Social security costs	125,354	114,307
Employer's contribution to defined contribution pension schemes	29,713	17,951
	<u>2,574,594</u>	<u>2,440,197</u>

One employee earned between £60,000 and £70,000 during the year (2018: nil).

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £260,144 (2018: £291,698).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2018: £nil). No charity trustee received payment for professional or other services supplied to the charity (2018: £nil).

11. Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 376 (2018: 380)

	2019 No.	2018 No.
Raising funds	11	9
Pre-school & Play Schemes	232	225
Youth Schemes	90	102
Young Adult Schemes	24	25
Support and Governance	19	19
	<u>376</u>	<u>380</u>

12. Related party transactions

There are no related party transactions to disclose for 2019 (2018: none).

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

13. Taxation

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

14. Tangible fixed assets

	Freehold Property £	Equipment Play £	Equipment Other £	Motor Vehicles £	Furniture £	Total £
Cost or valuation						
At the start of the year	3,437,614	569,942	241,947	154,396	18,141	4,422,040
Additions in year	16,811	-	-	-	-	16,811
Disposals in year	-	31,500	1,141	-	4,129	36,770
At the end of the year	<u>3,454,425</u>	<u>538,442</u>	<u>240,806</u>	<u>154,396</u>	<u>14,012</u>	<u>4,402,081</u>
Depreciation						
At the start of the year	411,412	442,512	134,057	120,809	16,468	1,125,258
Charge for the year	55,451	21,547	40,340	13,898	555	131,791
Eliminated on disposal	-	31,500	1,141	-	4,129	36,770
At the end of the year	<u>466,863</u>	<u>432,559</u>	<u>173,256</u>	<u>134,707</u>	<u>12,894</u>	<u>1,220,279</u>
Net book value						
At the end of the year	<u>2,987,562</u>	<u>105,883</u>	<u>67,550</u>	<u>19,689</u>	<u>1,118</u>	<u>3,181,802</u>
At the start of the year	<u>3,026,202</u>	<u>127,430</u>	<u>107,890</u>	<u>33,587</u>	<u>1,673</u>	<u>3,296,782</u>

Land with a value of £681,864 (2018: £681,864) is included within freehold property and not depreciated.
All of the above assets are used for charitable purposes.

15. Debtors

	2019 £	2018 £
Trade debtors	109,866	150,207
Other debtors	-	-
Prepayments	31,655	32,873
Accrued income	122,225	140,158
Credit card reserve	-	5,669
	<u>263,746</u>	<u>328,907</u>

16. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	29,016	123,827
Taxation and social security	36,914	32,228
Amounts due to associated undertakings	-	-
Accruals	190,257	163,562
Deferred income (note 17)	171,396	163,448
	<u>427,583</u>	<u>483,065</u>

17. Deferred income

Deferred income comprises of Local Authority Contracts and session fees booked in advance of delivery.

	2019 £	2018 £
Balance at the beginning of the year	163,448	324,701
Amount released to income in the year	(163,448)	(324,701)
Amount deferred in the year	171,396	163,448
Balance at the end of the year	<u>171,396</u>	<u>163,448</u>

18a. Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	136,584	2,614,011	431,208	3,181,803
Net current assets	656,779	7,884	(5,472)	659,191
Net assets at 31 December 2019	793,363	2,621,895	425,736	3,840,994

18b. Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	145,833	2,708,438	442,511	3,296,782
Net current assets	847,039	7,884	11,107	866,030
Net assets at 31 December 2018	992,872	2,716,322	453,618	4,162,812

19a. Movements in funds

	At 1 January 2019 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2019 £
Restricted funds:					
Capital					
Equipment fund	53,062	-	19,991	-	33,071
Farnham Refurbishment Project	364,054	13,000	8,125	-	368,929
Scheme operating					
Pre-school and Play schemes	3,130	231,342	231,044	-	3,428
Youth schemes	-	168,632	167,807	-	825
Young Adult schemes	-	18,538	18,538	-	-
Other					
Fundraising	-	4,000	4,000	-	-
Training Project	32,185	-	12,702	-	19,483
Staff Training	-	40,000	40,000	-	-
Department of Health - Engagement Project	1,187	-	1,187	-	-
Total restricted funds	<u>453,618</u>	<u>475,512</u>	<u>503,394</u>	<u>-</u>	<u>425,736</u>
Unrestricted funds:					
Designated funds					
Property and Development fund	2,625,327	-	61,093	-	2,564,234
IT Development fund	90,995	-	33,334	-	57,661
Total designated funds	<u>2,716,322</u>	<u>-</u>	<u>94,427</u>	<u>-</u>	<u>2,621,895</u>
General funds	<u>992,872</u>	<u>2,776,779</u>	<u>2,976,288</u>	<u>-</u>	<u>793,363</u>
Total unrestricted funds	<u>3,709,194</u>	<u>2,776,779</u>	<u>3,070,715</u>	<u>-</u>	<u>3,415,258</u>
Total funds	<u><u>4,162,812</u></u>	<u><u>3,252,291</u></u>	<u><u>3,574,109</u></u>	<u><u>-</u></u>	<u><u>3,840,994</u></u>

The narrative to explain the purpose of each fund is given at the foot of the note overleaf.

19b. Movements in funds (prior year)

	At 1 January 2018 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2018 £
Restricted funds:					
Capital					
Equipment fund	52,428	33,213	32,579	-	53,062
Farnham Refurbishment Project	-	364,054	-	-	364,054
Scheme operating					
Pre-school and Playschemes	6,093	248,778	251,741	-	3,130
Youthschemes	-	189,492	189,492	-	-
Young Adult Schemes	-	9,267	9,267	-	-
Professional Development	-	-	-	-	-
Other					
Fundraising	-	5,094	5,094	-	-
Training Project	7,500	32,737	8,052	-	32,185
Department of Health - Engagement Project	3,955	14,232	17,000	-	1,187
Total restricted funds	<u>69,976</u>	<u>896,867</u>	<u>513,225</u>	<u>-</u>	<u>453,618</u>
Unrestricted funds:					
Designated funds					
Property and Development fund	3,007,032	-	74,106	(307,599)	2,625,327
IT Development fund	100,000	-	9,005	-	90,995
Total designated funds	<u>3,107,032</u>	<u>-</u>	<u>83,111</u>	<u>(307,599)</u>	<u>2,716,322</u>
Fair value reserve	-	-	-	-	-
Revaluation reserve	-	-	-	-	-
General funds	<u>566,512</u>	<u>2,975,287</u>	<u>2,856,526</u>	<u>307,599</u>	<u>992,872</u>
Total unrestricted funds	<u>3,673,544</u>	<u>2,975,287</u>	<u>2,939,637</u>	<u>-</u>	<u>3,709,194</u>
Pension reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funds	<u><u>3,743,520</u></u>	<u><u>3,872,154</u></u>	<u><u>3,452,862</u></u>	<u><u>-</u></u>	<u><u>4,162,812</u></u>

Transfers between funds

2018 saw the completion of the sale of land attached to our Farnham site, the sale equated to one third of total land owned at this site.

Purposes of restricted funds

Equipment fund - Represents donations for specific items of equipment. Depreciation being provided over the useful life of the item.

Farnham Building Refurbishment Project - During 2018 our play and youth buildings at our Farnham site under went significant refurbishment. The project was completed in January 2019.

Scheme Operating fund - Funding for general running costs on specific schemes.

Fundraising - Funds & supplies donated to publish Christmas cards and support fundraising events.

Training project - Fund to support the research and development of accredited training and trading.

Staff training - Garfield Western Foundation grant to support the cost of our training, officer, online training portal and courses.

Department of Health - Health and Social Care Volunteering fund grant over 4 years total funding £48,149 ending Mar 19 to deliver Challengers Engagement Volunteers project, improving health & care outcomes for disabled children and young people.

Purposes of designated funds

Property and Development fund - The result of two capital campaigns one to buy the land and buildings at Challengers Farnham centre and the other to build Challengers new centre at Guildford which was completed in 2013. This fund will cover future depreciation and maintenance charges for both properties.

IT Development fund - Development of Challengers new online booking and CRM system. This fund will cover future depreciation charges.

20. Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

21. Post balance sheet events

Coronavirus - Please see detailed notes on page 9 of report.

Restructure of services - To secure Challengers' future and sustainability April 2020 saw a plan approved by the Board to consolidate Challengers services and reduce Head Office costs, staff consultation will start mid May. Once agreed Challengers may operate fewer schemes which may lead to staff redundancies at both scheme and Head Office level.



Trustees' Admin Report



PRESIDENT

Dr Helen Foley

PATRONS

Mr Derek Arden and Mrs Sally Arden
 Mr Michael Buerk
 Ms Myanna Buring
 Mr Christopher Brewer DL
 Mr Colin Brompton
 Mr Peter Gordon
 Mr Colin Hassell, Co-Founder
 Mr Damon Hill and Mrs Georgie Hill
 Mr Matthew Kelly
 Mrs Moira Martin
 Mr Michael More Molyneux LL
 Miss Rachel Morris MBE
 Mr James Morrison
 Mr Rene Poisson
 Mrs Ruth Poisson
 Mrs Jane Powis
 Mrs Sally Phillips
 Lady Beryl Tindle
 Mrs Sandy Tyrrell
 Miss Jenny Seagrove
 Mr Larry Sullivan
 Dr Bill White
 Mrs Sandra Young
 Mrs Juliet Cummings-Gough
 Mrs Caroline Breckell MVO DL
 Mr Dominic Sibley

LEADERSHIP TEAM

CEO - Laura Sercombe (until December 2019)
 CEO - David McAuley (from December 2019 - March 2020)
 Acting CEO - Amanda Matthews (from March 2020)
 Head of Finance and Operations Support – Amanda Matthews
 Head of Quality – Laura Baxter
 Head of Fundraising – Duncan Wilbur (until February 2019)
 Head of Fundraising – Natasha Iles (from April 2019)
 Head of Service East - Sam Morris
 Head of Service West - Paul Wilson
 Head of Communications and Events – Sophie Colwell (until April 2019)
 Head of Communications and Events – Jennifer Corless (from June 2019)

ADVISERS

Auditors
 Sayer Vincent LLP
 Invicta House
 108-114 Golden Lane
 London, EC1Y 0TL

Bankers
 Barclays Bank PLC
 North Street
 Guildford, GU1 4AG

Honorary Legal Advisers
 rhw solicitors LLP
 Ranger House
 Walnut Tree Close
 Guildford, GU1 4UL

Registered Office
 Challengers
 Stoke Park
 Guildford, GU1 1TU

EXECUTIVE COMMITTEE

Chairman - Mr Graeme Stretton (Appointed July 2019) (1,2,3)
 Chairman – Mr David Clinton (resigned July 2019) (1,2,3)
 Treasurer - Mr Graham Seddon (1)
 Company Secretary - Laura Sercombe (1,2,3) (until July 2019)
 Mrs Gail Bedding (2)
 Mr Robert Pickles (3)
 Mrs Elizabeth Jorden (Resigned October 2019) (1,3)
 Miss Rachel Bartholomeusz (1,3)
 Mrs Anele Griessel (2)
 Mr Phil Heasman (2)
 Mr Mike Walker (2)
 Mrs Samantha Bossi (3)
 Mrs Deborah Smith (1)
 Miss Holly Chantler (1)
 Mrs Megan Dooley (Appointed November 2019) (2)
 Mrs Kim Sanders (Appointed July 2019) (1)

- 1 Member Finance & Risk committee
- 2 Member of Operations & Quality committee
- 3 Member of Fundraising & Communications committee

The Trustees of Disability Challengers present their Annual Report for the year ended 31 December 2019 under the Charities Act 2011 and the Companies Act 2006, including the Directors' Report and the Strategic Report under the 2006 Act, together with the audited financial statements for the year.

The Charity (Registered Charity: 1095134) is a company limited by guarantee (No: 4300724) and governed by the Memorandum and Articles of Association.



challengers

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