

REGISTERED COMPANY NUMBER: 04336208 (England and Wales)
REGISTERED CHARITY NUMBER: 01089812

**REPORT OF THE TRUSTEES AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2018
FOR
CEREBRA - FOR BRAIN INJURED CHILDREN
AND YOUNG PEOPLE**

**Clay Shaw Butler Limited
Statutory Auditors and Chartered Accountants
24 Lammas Street
Carmarthen
Carmarthenshire
SA31 3AL**

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
YOUNG PEOPLE**

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FOR THE YEAR ENDED 31 DECEMBER 2018**

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**CEREBRA - FOR BRAIN INJURED CHILDREN AND
YOUNG PEOPLE**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2018**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 December 2018. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

The trustees confirm that they have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission. Significant activities that were undertaken during the year demonstrate public benefit and are set out in the following pages.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objects of Cerebra - For Brain Injured Children and Young People ("Cerebra") are the relief of brain injury, neurological disorders, mental disabilities and development problems primarily in babies and young children by carrying out research or assisting, facilitating funding or sponsoring research, for the public into all aspects of such injuries, disorders, disabilities and problems and publishing the useful results of such research.

CEREBRA - FOR BRAIN INJURED CHILDREN AND YOUNG PEOPLE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

ACHIEVEMENT AND PERFORMANCE

Achievements and future plans

We are pleased to present this our seventeenth Annual Report, for the year 2018.

We achieved an income for the year of £3,038,787. This was down significantly from the previous year by £144,475. The challenge of declining income remained the charity's principal risk despite the implementation of the strategy developed to address this. We appointed a new Head of Corporates, Trust & Legacy to replace the previous incumbent and he was in place in early 2018. There were clear and early signs of improvement in income generation but the end result for the year was not an improvement to the extent we had planned. This year we, again, faced many challenges mainly due to external factors beyond our control, such as negative media coverage of charities and understandably cautious funders and general public.

We are grateful to the many grant giving bodies that supported us in 2018 most of whom have asked that we do not publish their names in this or other publications. However we would like to mention two who would like us to recognise their generosity:

The Masonic Charitable Foundation who gave a substantial grant of £38,749 towards the salary costs of our staff in the Cerebra Innovation Centre and The Norman Family Charitable Trust who donated £500 to help our vital Library Service.

Such organisations, along with the generosity of a huge number of people who play our Lottery, buy Raffle Tickets, complete our Donation Cards, Give Regularly and help us by leaving a gift in their wills, enable us to provide vital support to children with brain conditions and their families.

The fact that we ended 2018 with a net growth in reserves was entirely due to the extensive savings and efficiency measures introduced by the charity to compensate for the income decline.

Total expenditure was £3,012,034, down a very significant £444,063 on the previous year. This was enough to create a contribution to reserves of £26,753. We ended 2018 with a reserve holding of £485,218.

For 2019, following a comprehensive Strategic Review, we will continue the process started in 2018 of diversifying income streams and reducing reliance upon our Call Centre which accounted for 89% of our total income.

We will be seeking to grow relationships with, and income from, business and grant giving trusts and foundations along with the development of income from other activities such as the development of digital giving in its many forms.

The newly created Income Generation department details plans to generate an income in 2019 of £3,350,524 – a growth of £311,737 against the out-turn for 2018 – an increase of 10%.

Charitable spend will occur mainly through our Research & Information activities. In 2019 all current Academic Chair contracts except Birmingham Neuro and Leeds, which were extended to 2020, will come to their natural end and we will be re-tendering for new contracts. This will be a process aided by a newly created Research Advisory Committee and one which enables our joining the Association of Medical Research Charities. All of our ongoing and future charity work will be guided by a new Research Strategy.

We are making provision for some additional staff recruitment although the total complement will remain significantly lower than in previous years.

A significant body of work in 2019 will involve Cerebra's trading subsidiary, currently named Boundless Inspiration Limited, The main tranche of work will be the transfer of those income generation activities that can be transferred along with the associated costs of those activities so that income posted to Cerebra will simply be shown as a net contribution from the trading subsidiary. This will enable us to more accurately present the true costs of the charity's activity. It is also hoped that this will aid our fundraising efforts through our being able to show the true percentage costs of fundraising. Whilst this work will start in 2019, it will only be fully implemented by 2020.

CEREBRA - FOR BRAIN INJURED CHILDREN AND YOUNG PEOPLE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

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Achievements and future plans

Another major new development in 2019, and one designed to remove overhead expenditure for the charity, will be our move to new premises. The new premises whilst offering much less floor space than at present will nevertheless be more than sufficient for our now reduced staff complement, will be far more energy efficient and cheaper to run, will offer full disabled access and facilities and will allow us the opportunity to create working spaces more aligned to our revised mode of operation.

We will start the year 2019 operating with a reserve level of £485,000. The income and expenditure plans show a planned capital outlay during the year of £78,398. Against this we show a gain to the profit & loss account of £146,373, resulting in an end year reserve level of £552,975 – this would represent a 9 week Reserve PI and a 51% Direct Charitable Expenditure (DCE). This latter number in particular is the reason why the trading subsidiary “shift” from 2020 onwards is necessary.

Our cost of fund generation at £1,239,198 was well down on the previous year by £96,780. There remain therefore very clear operational efficiencies still being produced.

Looking at the 2018 accounts our charity spend finished the year at £1,772,836 which is £347,283 lower than the previous year – £145,000 of this was in direct consequence of the income decline but we reduced charity spend by a further £205,000 in order to reverse a previous year (2017) loss of £273,000 to create a 2018 gain of £27,000.

The apportionment of cost cutting between fundraising (22%) and charity (78%) was necessary. We could not afford to shave fundraising costs any further as they had been drastically cut year on year. If the charity is to reverse this trend we must commit resources to delivery of the new Income Generation strategy and there has to be cost deployed to ensure the success of this. The charity is not comfortable with a 2019 DCE target of 51% but regards this as a necessary and temporary price to pay for the implementation of a new fundraising model which will allow us to return to DCE levels of 70% and upwards.

A direct comparison of 2018 against 2017 highlights the following:

We generated £144,475 LESS income in 2018 than we did the previous year.

Our cost of generating income DECREASED by £96,780.

Our charitable activity expenditure FELL by £347,283.

As a result our net inflow of resources (our contribution to Reserves) GREW by £299,588 – an inflow of £26,753 compared with an outflow of £272,835 the previous year.

Our mission emphasis, looking forward to 2019, continues to be on our primary charitable purpose of applicable research but with a very strong and continuing focus on re-establishing our income base.

In 2016 we made significant overhead expenditure cuts. We did so again in 2017. Whilst we did again reduce overheads in 2018 (although this had not been our intention) we had to turn our attention to charity spend as we could not maintain the previous level of overhead cuts whilst at the same time implementing the new strategy designed and necessary to reverse the income decline.

During 2018 we maintained six research projects at four world leading universities – Leeds, Barcelona, Birmingham and Warwick. We terminated one contract at Exeter.

The business plan for 2019 is one of consolidation and embedding of existing work but it is led by our five year Research and Information Strategy.

Key areas of activity for 2019 will be to go out to tender for our Academic Chair contracts, recruit to our Research Advisory Committee and join the Association of Medical Research Charities.

CEREBRA - FOR BRAIN INJURED CHILDREN AND YOUNG PEOPLE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

ACHIEVEMENT AND PERFORMANCE

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Regarding the Academic Chair tenders, commencing in January 2019 with invited expressions of interest a summary of received bids will be provided to the June Board Meeting. These will be subject to independent peer review by our Research Advisory Committee and Research Support Network with funding recommendations made to the September Trustee Board. Contracts for new research arrangements will be signed in October 2019.

Going forward our focus and priorities will be on:

- Pregnancy Outcomes
- Family Research
- Legal Entitlements
- Mental Health – in particular our Knowledge Transfer Partnership (KTP)
- Cerebra Innovation Centre (CIC)
- Sleep

During 2019 we will launch our paid internships/bursaries scheme as set out in the research strategy. These will be advertised in May 2019.

The Task and Finish projects will have just one project this year, which is to translate the app developed by our Barcelona team for use in the UK. The Task and Finish project stream will be launched in full in 2020.

During 2019 we intend to make a significant investment in digital communication to promote our work and improve user engagement. This is reflected in budgets for digital communications and graphics. We will have a social media week that focuses on three of our work areas in 2019 and builds on the experience we gained with our Sleep Week in 2018. Specific weeks will be on Pregnancy, Legal Entitlements and CIC.

In October 2019 we are planning a return of the Cerebra Annual Conference. An event aimed at families, professionals supporting families and potential donors with the aim of highlighting our work. We plan for all areas of our work, Pregnancy; Family Research; Legal Entitlements; Mental Health; CIC; and Sleep to be represented within the event. In the library we will replace the electrical toys that are older than 5 years and invest in both actual books and our digital library. We will also continue to grow and develop our digital library via Borrow Box.

The largest administrative overhead for the charity continues to be salaries and wages and we have sought to reduce the cost of staffing where possible over the past two years. However, we will be awarding a 3% inflationary uplift for staff in 2019.

The employment costs budget for 2019 is £1.69M, which is higher than the corresponding figure of £1.64M in 2018 but includes provision for two new high salary fundraiser roles, determined to be necessary to secure the successful implementation of the income generation strategy.

As at the start of 2019 the staffing complement is down to 84, including 9.5 externally based employees (2 fundraisers, 1 Sleep Team Manager, 2 Sleep Practitioners, 1 Development Officer, 1 at CIC, 2 research officers and a new KTP Associate based 50/50 between Cerebra and Cardiff University).

There remain 38 staff manning the call centre.

We are intending to retain our official IIP accreditation.

Capital spend on IT in 2019 will be higher than that in 2018 and is set at £78,000. This increase is accounted for almost entirely by the previously outlined move to new premises.

We continue to operate the revised economic financial model which was described in the 2012 annual report and remain confident in the robustness of this model. We also remain satisfied with the obvious financial strength of the Balance Sheet and the organisation's clear financial substance. We still have a major challenge to address in re-establishing a progressive income generation strategy.

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REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

Investment performance

Under the Memorandum and Articles of Association Cerebra has the power to make any investment, which the Board see fit. Funds surplus to immediate requirements are currently invested in bank deposit accounts.

FINANCIAL REVIEW

Reserves policy

The reserves policy was up-dated in 2013 to reflect 8 working weeks of operating costs. The reserves level as at 31st December 2018 was 8.4 weeks (excluding all closing restricted funds held). This is slightly ahead of the planned reserves policy.

Total operating expenditure in 2018 was lower than our income allowing us to increase our reserves by £26,753 (excluding any additional capital spend). The charity/fundraising industry, in general, even going as far back as 2015 is still going through significant change.

At this stage there is no requirement to increase our reserves policy, however, this will be monitored very closely in 2019. It still remains the Board's intention to monitor and constantly review this policy. The level of Reserve held at present is designed to satisfy what Trustees regard as best commercial practice in making provision for a defined period of time in which to cover expenditure commitments. Reserves are not held in anticipation of the need to fund any particular project or to provide for any specific eventuality. This is why their levels are relatively low.

As at 31 December 2018 the reserves were £485,218 as compared to 2017 - £458,465 and £13,320 held in restricted reserves.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Cerebra is a company limited by guarantee governed by its Memorandum and Articles of Association dated 7th December 2001. It is registered as a charity with the Charity Commission.

Recruitment and appointment of new trustees

All trustees are members of the Board. Applications for trusteeship are sought by advertisement and personal contact. There is no set length of term for trustees' appointments although one third of trustees must retire by rotation at every annual general meeting. Retiring trustees are eligible for re-appointment.

Organisational structure

The board of trustees administers the charity, and meets on a quarterly basis. The board amended the way they are administered. It was decided that no longer a requirement for sub committees, One Trustee has been designated to perform treasurer duties and work more closely with the Head of Finance and Chair of Trustees to review and monitor all financial arrangements on a quarterly basis.

The Chief Executive Mr C N Jones and other senior personnel have been appointed by the trustees to manage the day to day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within the terms of delegation approved by the trustees, for operational matters including finance, employment, and fundraising.

Induction and training of new trustees

New trustees will undergo an induction day to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making process, the business plan and the recent financial performance of the charity. During the induction process they will meet key employees and other trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
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**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2018**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Key management pay

All pay is currently established through reference to the Croner Pay Review system. This system benchmarks UK charities against a variety of reference points including charity sector, charity size by turnover and numbers of employees, geographical location, job title, job specification and level of management responsibility. The system also provides a formulaic basis for determining the grading and pay level for any created job.

Cerebra has utilised the Croner system to grade every single job within the charity. We did so by benchmarking pay awards against a median value. Thereafter, on an annual basis, we assess pay levels against those calculated median values in order to remain re-assured of the broad consistency of our pay grades. We do not however amend pay levels on this basis. Having established, through Croner, the baseline pay grade for each job, we thereafter (subject to prevailing economic circumstances) apply a percentage annual uplift to reflect inflation levels. In three of the last number of years we have applied no uplift at all as we have judged that economic circumstances were such that we could not afford to do so. However, Croner is continually referenced in order to determine how far from the National median we may have moved. There has as yet been no re-working of the Croner assessment across the charity's jobs but the more often we choose to not apply any annual award then the more likely it is that we will become so out of kilter with the Croner benchmark that we will need to review salary levels accordingly. When this happens we will use the Croner system to re-establish the baseline once again.

In 2019 the charity will be under-going an external assessment to determine if the Croner is the most appropriate method of calculating salary arrangements across the charity. This external review will also be examining some of the 'other' employment policies including the current sickness and redundancy policies.

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REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk management

Key Risks

As was reported in the previous year's accounts, the single biggest risk confronting the charity at this time is a declining income profile. Having achieved an exponential growth in income over many years the challenge now is not so much to maintain the previous levels achieved but to stem the downward trend of income that has resulted from what appears a systemic, pervasive and geographically widespread pattern across the UK. In 2018 we appointed a new Head of Income Generation and have expanded the income generation team. The board has set a target of March 2019 where they will approve a defined Income strategy for the charity, which will set down the future goals of how we will expand our income channels for future years. Cerebra has also been adapting to changes in the industry. The charity is continuing to develop the way we fundraise and strategies and our prior plans are to some extent beginning to develop. We have separated our fundraising operation into 3 areas. In the first area, we have compartmentalised the traditional call centre base. This still generates the majority of the charity's income but the percentage represented is planned to decline over the ensuing number of years until it ceases to form the majority percentage of income generated.

Cerebra recognises, appreciates and endorses the tighter regulations being applied to charities in response to public concerns about the integrity and legitimacy of certain fundraising practices. This in particular has focussed on certain methods of fundraising - call centre based, mass data cold calling. This has a particular effect on Cerebra as the charity's core income base has been heavily reliant on its large database of telephone numbers and our ability to exploit application of that data. Income levels are declining in response to the tighter regulation that applies to these methods.

The subsidiary trading company of Boundless Inspiration Limited did operate a small call centre operation in the early part of 2018. All inflatables were disposed of in 2018 as reported in the previous years it was felt that this income generation was not the way the Board of Trustees had felt was the correct way to proceed. It is anticipated that a further review will be undertaken in 2019 to determine if Boundless can be utilised in a different approach. Will be examining if all certain costs of fundraising and income should be better placed within Boundless as the trading company. Plus it is still our intention to offer a contact centre as an additional income stream.

In summary, the message as in the previous years is the same. The contact centre will continue to form the majority of our income in the short term. In the medium term we look to develop and continue with our commercial trading activity, through outsourcing a call centre operation. In the longer term (next 3 years minimum) we are still planning to develop our corporate, trust and legacy strategy to form the majority of our income. It is our intention to start preparing a more formal Income strategy now that the team are in place and is being steered by a key member of the SMT team.

The trustees have a risk management strategy, which comprises :

- an annual review of the risks the charity may face;
- the establishment of systems and procedures to mitigate those risks identified in the plan; and
- the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

The Board have examined the major strategic, business and operational risks which Cerebra faces and confirm that the above systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen the risks. Particular attention has also been focussed on non-financial risks arising from fire, and the health and safety of staff. A key element in the management of financial risk is the setting of a reserves policy and its regular review by trustees.

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
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**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2018**

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
04336208 (England and Wales)

Registered Charity number
01089812

Registered office
2nd Floor
Lyric Building
King Street
Carmarthen
Carmarthenshire
SA31 1BD

Trustees

| | |
|-------------------------|---------------------|
| Mr J M Imperato | - resigned 21.6.18 |
| Professor F D Rose | - resigned 31.8.18 |
| Mrs E M Fleming | - resigned 15.3.18 |
| Mr D J Beattie | |
| Dr M E I Morgan | |
| Dr R Al-Samsam | |
| Mr J Crosby | |
| Ms S Howe | |
| Mr R Gooding | |
| Ms S Taylor | - appointed 15.3.18 |
| | - resigned 10.1.19 |
| Mr S Taggart - Chairman | - appointed 1.9.18 |

Company Secretary
Mr C N Jones

Auditors

Clay Shaw Butler Limited
Statutory Auditors and Chartered Accountants
24 Lammas Street
Carmarthen
Carmarthenshire
SA31 3AL

Solicitors

Stone King
13 Queen Square
Bath
BA1 2HJ

Redkite

14-15 Spilman Street
Carmarthen
Carmarthenshire
SA31 1SR

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
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**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2018**

REFERENCE AND ADMINISTRATIVE DETAILS

Banks

Barclays Bank Plc
9 - 10 Guild Hall Square
Carmarthen
Carmarthenshire
SA31 1PW

Caf Bank Limited
PO Box 289
West Malling
Kent
ME19 4TA

This report is the Report of the Trustees and the Report of the Directors.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Cerebra - For Brain Injured Children and Young People for the purposes of company law) are responsible for preparing the Report of the Trustees 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 those financial statements, the trustees are required to

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to 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 auditors are unaware; and
- 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 auditors are aware of that information.

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
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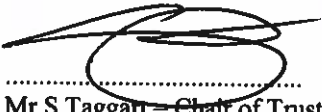
**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2018**

AUDITORS

The auditors, Clay Shaw Butler Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Clay Shaw Butler Limited have indicated their willingness to continue as auditors, subject to reappointment at the next Annual General Meeting.

Approved by order of the board of trustees on 19th March, 2019 and signed on its behalf by:



.....
Mr S Taggart – Chair of Trustees

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CEREBRA - FOR BRAIN INJURED CHILDREN AND YOUNG PEOPLE

Opinion

We have audited the financial statements of Cerebra - For Brain Injured Children and Young People (the 'charitable company') for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 (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 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors 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 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 Report of the Independent Auditors 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees 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 Report of the Trustees.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CEREBRA - FOR BRAIN INJURED CHILDREN AND YOUNG PEOPLE

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, 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.

Our 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 a Report of the Independent Auditors 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 Report of the Independent Auditors.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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.



Mr Mark Jones FCA CTA (Senior Statutory Auditor)
for and on behalf of Clay Shaw Butler Limited
Statutory Auditors and Chartered Accountants
24 Lammas Street
Carmarthen
Carmarthenshire
SA31 3AL

Date: 26/3/2017

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
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**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Notes | Unrestricted fund £ | Restricted fund £ | 31.12.18 Total funds £ | 31.12.17 Total funds £ |
|------------------------------------|-------|---------------------------|-------------------------|------------------------------|------------------------------|
| INCOME AND ENDOWMENTS FROM | | | | | |
| Donations and legacies | 2 | 2,836,112 | 61,288 | 2,897,400 | 3,069,190 |
| Charitable activities | 5 | | | | |
| Research projects | | 43,423 | 87,695 | 131,118 | 62,330 |
| Other trading activities | 3 | 8,183 | 31 | 8,214 | 51,568 |
| Investment income | 4 | 2,055 | - | 2,055 | 174 |
| Total | | 2,889,773 | 149,014 | 3,038,787 | 3,183,262 |
| EXPENDITURE ON | | | | | |
| Raising funds | | 1,239,198 | - | 1,239,198 | 1,335,978 |
| Charitable activities | 6 | | | | |
| Parent support | | 254,281 | 1,400 | 255,681 | 393,601 |
| Research projects | | 1,382,861 | 134,294 | 1,517,155 | 1,726,518 |
| Total | | 2,876,340 | 135,694 | 3,012,034 | 3,456,097 |
| NET INCOME/(EXPENDITURE) | | 13,433 | 13,320 | 26,753 | (272,835) |
| RECONCILIATION OF FUNDS | | | | | |
| Total funds brought forward | | 458,465 | - | 458,465 | 731,300 |
| TOTAL FUNDS CARRIED FORWARD | | 471,898 | 13,320 | 485,218 | 458,465 |

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
YOUNG PEOPLE**

**CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2018**

| | Notes | Unrestricted fund £ | Restricted fund £ | 31.12.18 Total funds £ | 31.12.17 Total funds £ |
|--|-------|---------------------------|-------------------------|------------------------------|------------------------------|
| FIXED ASSETS | | | | | |
| Intangible assets | 14 | 22,027 | - | 22,027 | 34,363 |
| Tangible assets | 15 | <u>36,965</u> | <u>-</u> | <u>36,965</u> | <u>104,578</u> |
| | | 58,992 | - | 58,992 | 138,941 |
| CURRENT ASSETS | | | | | |
| Stocks | 16 | 1,758 | - | 1,758 | 2,610 |
| Debtors | 17 | 55,136 | - | 55,136 | 59,224 |
| Cash at bank and in hand | | <u>991,283</u> | <u>13,320</u> | <u>1,004,603</u> | <u>915,976</u> |
| | | 1,048,177 | 13,320 | 1,061,497 | 977,810 |
| CREDITORS | | | | | |
| Amounts falling due within one year | 18 | <u>(635,271)</u> | <u>-</u> | <u>(635,271)</u> | <u>(658,286)</u> |
| NET CURRENT ASSETS | | | | | |
| | | <u>412,906</u> | <u>13,320</u> | <u>426,226</u> | <u>319,524</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | | | |
| | | <u>471,898</u> | <u>13,320</u> | <u>485,218</u> | <u>458,465</u> |
| NET ASSETS | | | | | |
| | | <u>471,898</u> | <u>13,320</u> | <u>485,218</u> | <u>458,465</u> |
| FUNDS | | | | | |
| Unrestricted funds | 19 | | | 471,898 | 458,465 |
| Restricted funds | | | | <u>13,320</u> | <u>-</u> |
| TOTAL FUNDS | | | | | |
| | | | | <u>485,218</u> | <u>458,465</u> |

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to charitable small companies.

The financial statements were approved by the Board of Trustees on 19th March, 2019 and were signed on its behalf by:



Mr S Taggart - Trustee

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
YOUNG PEOPLE**

**CHARITY BALANCE SHEET
AT 31 DECEMBER 2018**

| | Notes | Unrestricted fund £ | Restricted fund £ | 31.12.18 Total funds £ | 31.12.17 Total funds £ |
|--|-------|---------------------------|-------------------------|------------------------------|------------------------------|
| FIXED ASSETS | | | | | |
| Intangible assets | 14 | 22,027 | - | 22,027 | 34,363 |
| Tangible assets | 15 | <u>36,965</u> | <u>-</u> | <u>36,965</u> | <u>37,880</u> |
| | | 58,992 | - | 58,992 | 72,243 |
| CURRENT ASSETS | | | | | |
| Stocks | 16 | 1,758 | - | 1,758 | 2,610 |
| Debtors | 17 | 158,319 | - | 158,319 | 125,309 |
| Cash at bank and in hand | | <u>991,283</u> | <u>13,320</u> | <u>1,004,603</u> | <u>915,976</u> |
| | | 1,151,360 | 13,320 | 1,164,680 | 1,043,895 |
| CREDITORS | | | | | |
| Amounts falling due within one year | 18 | (635,271) | - | (635,271) | (637,815) |
| NET CURRENT ASSETS | | <u>516,089</u> | <u>13,320</u> | <u>529,409</u> | <u>406,080</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | | | |
| | | <u>575,121</u> | <u>13,280</u> | <u>588,401</u> | <u>478,323</u> |
| NET ASSETS | | <u><u>575,121</u></u> | <u><u>13,280</u></u> | <u><u>588,401</u></u> | <u><u>478,323</u></u> |
| FUNDS | | | | | |
| Unrestricted funds | 19 | | | 575,081 | 478,323 |
| Restricted funds | | | | <u>13,280</u> | <u>-</u> |
| TOTAL FUNDS | | | | <u><u>588,401</u></u> | <u><u>478,323</u></u> |

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to charitable small companies.

The financial statements were approved by the Board of Trustees on 19th March, 2019 and were signed on its behalf by:


.....
Mr S Taggart - Trustee

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
YOUNG PEOPLE**

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Notes | 31.12.18 £ | 31.12.17 £ |
|---|-------|------------------|----------------|
| Cash flows from operating activities: | | | |
| Cash generated from operations | 1 | <u>63,630</u> | <u>9,382</u> |
| Net cash provided by (used in) operating activities | | <u>63,630</u> | <u>9,382</u> |
| Cash flows from investing activities: | | | |
| Purchase of intangible fixed assets | | - | (1,630) |
| Purchase of tangible fixed assets | | (18,340) | (81,617) |
| Sale of tangible fixed assets | | 41,282 | 305,864 |
| Interest received | | <u>2,055</u> | <u>174</u> |
| Net cash provided by (used in) investing activities | | <u>24,997</u> | <u>222,791</u> |
| Change in cash and cash equivalents in the reporting period | | 88,627 | 232,173 |
| Cash and cash equivalents at the beginning of the reporting period | | <u>915,976</u> | <u>683,803</u> |
| Cash and cash equivalents at the end of the reporting period | | <u>1,004,603</u> | <u>915,976</u> |

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
YOUNG PEOPLE**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

**1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM
OPERATING ACTIVITIES**

| | 31.12.18 | 31.12.17 |
|---|-----------------|----------------|
| | £ | £ |
| Net income/(expenditure) for the reporting period (as per the statement of financial activities) | 26,763 | (272,835) |
| Adjustments for: | | |
| Depreciation charges | 49,782 | 44,320 |
| Loss on disposal of fixed assets | 7,215 | 30,640 |
| Interest received | (2,055) | (174) |
| Decrease/(increase) in stocks | 852 | (490) |
| Increase in debtors | 4,088 | (58,009) |
| (Decrease)/increase in creditors | <u>(23,015)</u> | <u>265,930</u> |
| Net cash provided by (used in) operating activities | <u>63,630</u> | <u>9,382</u> |

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
YOUNG PEOPLE**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

INCOME

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

EXPENDITURE

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Grants offered subject to conditions which have been met at the year end date are included as accrued expenditure.

Grant expenditure is accounted for as soon as an application is approved at a Senior Management Team meeting.

REBRANDING

During 2015, a Rebranding project was undertaken. The Trustees agreed that this would be capitalised and released to the statement of financial activities over a period of 5 years.

TANGIBLE FIXED ASSETS

The charity capitalises assets over £500

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows :-

| | |
|------------------------------------|--|
| Improvements to leasehold premises | - straight line over the life of the lease |
| Computer equipment | - 33% straight line |
| Fixtures and fittings | - 20% straight line |
| Office equipment | - 20% straight line |

STOCKS

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
YOUNG PEOPLE**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. ACCOUNTING POLICIES - continued

TAXATION

The charity is exempt from corporation tax on its charitable activities.

FUND ACCOUNTING

Unrestricted funds can be used in accordance with the charitable objects at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

HIRE PURCHASE AND LEASING COMMITMENTS

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
YOUNG PEOPLE**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. ACCOUNTING POLICIES - continued

INVESTMENTS

To ensure the most efficient use of the client cash balances they are transferred periodically into high interest or treasury deposit accounts. These balances are disclosed within the cash at bank and in hand figure.

LOTTERY PRIZES

All lottery prizes will be paid out in full after each draw. The outstanding cheques are regularly reviewed for unrepresented cheques. Any lottery prizes unclaimed after six months will be treated as unrestricted donations.

RESEARCH PROJECTS

Research project funding is paid as charitable donations as and when funds are available and approved to be paid over subject to each project already having been approved as a worthwhile research project. Payments made in this way will be accounted for on a payments basis. Any commitments agreed in writing prior to the year end have however been accrued for.

ACADEMIC CHAIRS

There were 7 academic contracts in place during last year which commenced 1 January 2014, one of these ended in the year. These in essence are contracted research donations with individual Universities. All 6 remaining contracts are set over a six year term. The contract states defined payment tranches of the agreed funding amount with both parties having to adhere to set criteria to fulfil their side of the contract.

All contracts are operating on the basis of the original contracts, payment terms and any amounts unpaid are accrued on the basis of the contract.

SPEECH AND LANGUAGE THERAPY

Where an application is approved by Cerebra to pay costs on behalf of an individual up to a certain limit, in respect of these schemes, the whole of the amount committed is accounted for immediately upon approval.

CENTRAL SUPPORT COSTS

The central costs are re-apportioned between the departments of the charity in the following proportions :

| | 2018 | 2017 |
|------------------------|------|------|
| Fundraising | 28% | 28% |
| Research | 32% | 32% |
| Parent Support | 32% | 32% |
| Management and Support | 8% | 8% |

The allocations of costs are deemed fair and reasonable under the regulations of the SORP.

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
YOUNG PEOPLE**

**NOTES TO CONSOLIDATED THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. DONATIONS AND LEGACIES

| | 31.12.18 | 31.12.17 |
|------------------------|------------------|------------------|
| | £ | £ |
| Donations and legacies | <u>2,897,399</u> | <u>3,069,190</u> |

Income included in donations and legacies consist of:

| | 2018 | 2017 |
|-----------------------------|------------------|------------------|
| | £ | £ |
| General donations | 38,604 | 33,659 |
| Legacies | 51,291 | 27,860 |
| Coincard and regular giving | 591,209 | 593,583 |
| Boxes income | 49,016 | 54,240 |
| Raffle | 288,927 | 312,429 |
| Lottery | 1,614,533 | 1,757,498 |
| Gift aid receipts | 148,967 | 91,127 |
| Community fundraising | 24,491 | 117,254 |
| Regional offices | 90,361 | 79,178 |
| Grant scheme | - | 2,362 |
| | <u>2,897,399</u> | <u>3,069,190</u> |

3. OTHER TRADING ACTIVITIES

| | 31.12.18 | 31.12.17 |
|----------------------|--------------|---------------|
| | £ | £ |
| Miscellaneous income | 31 | 204 |
| Boundless income | <u>8,193</u> | <u>51,364</u> |
| | <u>8,224</u> | <u>51,568</u> |

4. INVESTMENT INCOME

| | 31.12.18 | 31.12.17 |
|--------------------------|--------------|------------|
| | £ | £ |
| Deposit account interest | <u>2,055</u> | <u>174</u> |

5. INCOME FROM CHARITABLE ACTIVITIES

| | 31.12.18 | 31.12.17 |
|--------------------------------------|----------------|---------------|
| | £ | £ |
| Research income | <u>131,118</u> | <u>62,330</u> |
| Activity Research projects | 131,118 | 62,330 |

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
YOUNG PEOPLE**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. CHARITABLE ACTIVITIES COSTS

| | Direct costs | Support costs (See note 8) | Totals |
|-------------------|------------------|-------------------------------|------------------|
| | £ | £ | £ |
| Parent support | 222,932 | 19,018 | 241,950 |
| Research projects | <u>1,484,407</u> | <u>19,018</u> | <u>1,503,425</u> |
| | <u>1,707,339</u> | <u>38,036</u> | <u>1,745,375</u> |

7. GRANTS PAYABLE

| | | |
|----------------|----------|---------------|
| | 31.12.18 | 31.12.17 |
| | £ | £ |
| Parent support | <u>-</u> | <u>28,745</u> |

8. SUPPORT COSTS

| | Management | Governance costs | Totals |
|--------------------------------|---------------|---------------------|---------------|
| | £ | £ | £ |
| Raising donations and legacies | 19,664 | 11,768 | 31,432 |
| Parent support | 19,018 | 13,729 | 32,747 |
| Research projects | <u>19,018</u> | <u>13,729</u> | <u>32,747</u> |
| | <u>57,700</u> | <u>39,226</u> | <u>96,926</u> |

Support costs, included in the above, are as follows:

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
YOUNG PEOPLE**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. SUPPORT COSTS - continued

Management

| | | | | 31.12.18 | 31.12.17 |
|------------------------------------|--------------------------------------|----------------|----------------------|---------------------|---------------------|
| | Raising donations and legacies | Parent support | Research projects | Total activities | Total activities |
| | £ | £ | £ | £ | £ |
| Wages | 9,137 | 10,658 | 10,658 | 30,453 | 36,563 |
| Social security | 919 | 1,073 | 1,073 | 3,065 | 3,685 |
| Pensions | 459 | 534 | 534 | 1,527 | 1,733 |
| Hire of plant and machinery | 41 | 48 | 48 | 137 | 142 |
| Rent, rates and service charges | 2,219 | 2,590 | 2,590 | 7,399 | 8,745 |
| Insurance | 313 | 366 | 366 | 1,045 | 1,051 |
| Light and heat | 173 | 202 | 202 | 577 | 602 |
| Telephone | 476 | 554 | 554 | 1,584 | 1,691 |
| Postage and stationery | 1,189 | 143 | 143 | 1,475 | 771 |
| Sundries | 204 | 239 | 239 | 682 | 425 |
| Staff training | 27 | 31 | 31 | 89 | 243 |
| Cleaning | 325 | 380 | 380 | 1,085 | 1,167 |
| Repairs and maintenance | 46 | 54 | 54 | 154 | 121 |
| Computer costs | 794 | 928 | 928 | 2,650 | 9,692 |
| Travelling | 773 | 229 | 229 | 1,231 | 1,370 |
| Subscriptions | 84 | 99 | 99 | 282 | 265 |
| Recruitment costs | 6 | 8 | 8 | 22 | 116 |
| Advertising | 1,658 | - | - | 1,658 | 656 |
| Bank charges | 64 | - | - | 64 | - |
| Depreciation | 757 | 882 | 882 | 2,521 | 3,182 |
| | <u>19,664</u> | <u>19,018</u> | <u>19,018</u> | <u>57,700</u> | <u>72,220</u> |

Governance costs

| | | | | 31.12.18 | 31.12.17 |
|--|--------------------------------------|----------------|----------------------|---------------------|---------------------|
| | Raising donations and legacies | Parent support | Research projects | Total activities | Total activities |
| | £ | £ | £ | £ | £ |
| Trustees' expenses | 2,521 | 2,942 | 2,942 | 8,405 | 9,062 |
| Auditors' remuneration | 4,536 | 5,292 | 5,292 | 15,120 | 9,300 |
| Internal audit fee | - | - | - | - | 4,200 |
| Legal and professional fees | 4,686 | 5,469 | 5,469 | 15,624 | 4,302 |
| Board meetings | 23 | 27 | 27 | 77 | 261 |
| Loss on sale of tangible fixed assets | - | - | - | - | 2,451 |
| | <u>11,766</u> | <u>13,730</u> | <u>13,730</u> | <u>39,226</u> | <u>29,576</u> |

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
YOUNG PEOPLE**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

| | 31.12.18 | 31.12.17 |
|------------------------------------|---------------|---------------|
| | £ | £ |
| Auditors' remuneration | 15,120 | 9,300 |
| Internal audit services | - | 4,200 |
| Depreciation - owned assets | 37,445 | 25,975 |
| Hire of equipment | 1,708 | 1,772 |
| Deficit on disposal of fixed asset | 7,215 | 30,640 |
| Rebranding costs amortisation | <u>12,336</u> | <u>12,282</u> |

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2018 nor for the year ended 31 December 2017.

TRUSTEES' EXPENSES

| | 31.12.18 | 31.12.17 |
|--------------------|--------------|--------------|
| | £ | £ |
| Trustees' expenses | <u>8,405</u> | <u>9,062</u> |

During the year 8 trustees received expenses for travel and accommodation, subsistence, subscriptions, training and development. These costs are claimed by all trustees.

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
YOUNG PEOPLE**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. STAFF COSTS

| | 31.12.18 | 31.12.17 |
|-----------------------|-------------------------|-------------------------|
| | £ | £ |
| Wages and salaries | 1,478,693 | 1,689,194 |
| Social security costs | 110,764 | 126,394 |
| Other pension costs | <u>54,188</u> | <u>50,709</u> |
| | <u><u>1,643,645</u></u> | <u><u>1,866,297</u></u> |

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

| | 31.12.18 | 31.12.17 |
|-------------------------------|------------------|------------------|
| Charitable activities | 15 | 12 |
| Cost of generating funds | 69 | 76 |
| Management and administration | <u>9</u> | <u>8</u> |
| | <u><u>93</u></u> | <u><u>96</u></u> |

Key management personnel consists of 8 members of the Senior Management Team and the Chief Executive. The total employee benefits of the key management personnel of the Charity was £331,309.

One employee received emoluments of between £80,001 and £90,000 per annum. In addition to their salary, the charity paid pension contributions of £4,959 (2017: £4,959) into a money purchase scheme.

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

| | Unrestricted fund £ | Restricted fund £ | Total funds £ |
|-----------------------------------|---------------------------|-------------------------|------------------|
| INCOME AND ENDOWMENTS FROM | | | |
| Donations and legacies | 2,951,410 | 117,780 | 3,069,190 |
| Charitable activities | | | |
| Research projects | 49,430 | 12,900 | 62,330 |
| Other trading activities | 51,364 | 204 | 51,568 |
| Investment income | <u>174</u> | <u>-</u> | <u>174</u> |
| Total | 3,052,378 | 130,884 | 3,183,262 |
| EXPENDITURE ON | | | |
| Raising funds | 1,335,978 | - | 1,335,978 |
| Charitable activities | | | |
| Parent support | 393,601 | - | 393,601 |
| Research projects | <u>1,567,353</u> | <u>159,165</u> | <u>1,726,518</u> |
| Total | 3,296,932 | 159,165 | 3,456,097 |

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
YOUNG PEOPLE**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018**

| 12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued | Unrestricted fund £ | Restricted fund £ | Total funds £ |
|---|---------------------------|-------------------------|------------------|
| NET INCOME/(EXPENDITURE) | (244,554) | (28,281) | (272,835) |
| RECONCILIATION OF FUNDS | | | |
| Total funds brought forward | 703,019 | 28,281 | 731,300 |
| TOTAL FUNDS CARRIED FORWARD | <u>458,465</u> | <u>-</u> | <u>458,465</u> |

13. RESEARCH PROJECTS - CHARITABLE ACTIVITIES

The amounts payable in the year comprises :-

| | |
|-------------------------------------|----------------|
| | £ |
| Swansea R & D | 45,000 |
| CIC Royalties | 9,072 |
| Academic Chair - Barcelona | 146,680 |
| Academic Chair - Birmingham | 106,806 |
| Academic Chair - Exeter | 117,433 |
| Academic Chair - Leeds | 81,268 |
| Academic Chair - Leeds (LEAP) | 45,000 |
| Academic Chair - Birmingham (Sleep) | 58,968 |
| Academic Chair - Warwick | 45,000 |
| Restricted Expenditure | -30 |
| Research Toolkits | 3,462 |
| Student Scholarship | 700 |
| | <u>659,359</u> |

The balance between Research charitable activities as above and the total of Research resources expended is as a result of the reallocation of support costs.

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
YOUNG PEOPLE**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. INTANGIBLE FIXED ASSETS

| | Rebranding costs £ |
|-----------------------|--------------------------|
| COST | |
| At 1 January 2018 | <u>61,683</u> |
| AMORTISATION | |
| At 1 January 2018 | 27,320 |
| Charge for year | <u>12,336</u> |
| At 31 December 2018 | <u>39,656</u> |
| NET BOOK VALUE | |
| At 31 December 2018 | <u>22,027</u> |
| At 31 December 2017 | <u>34,363</u> |

15. TANGIBLE FIXED ASSETS

| | Improvements to property £ | Office equipment £ | Fixtures and fittings £ | Computer equipment £ | Totals £ |
|------------------------|----------------------------------|--------------------------|-------------------------------|----------------------------|------------------|
| COST | | | | | |
| At 1 January 2018 | 56,440 | 120,963 | 151,539 | 764,394 | 1,093,336 |
| Additions | - | - | - | 18,340 | 18,340 |
| Disposals | - | - | <u>(72,761)</u> | - | <u>(72,761)</u> |
| At 31 December 2018 | <u>56,440</u> | <u>120,963</u> | <u>78,778</u> | <u>782,734</u> | <u>1,038,915</u> |
| DEPRECIATION | | | | | |
| At 1 January 2018 | 41,440 | 119,955 | 82,833 | 744,530 | 988,758 |
| Charge for year | 1,375 | 422 | 19,616 | 16,033 | 37,446 |
| Eliminated on disposal | - | - | <u>(24,254)</u> | - | <u>(24,254)</u> |
| At 31 December 2018 | <u>42,815</u> | <u>120,377</u> | <u>78,195</u> | <u>760,563</u> | <u>1,001,950</u> |
| NET BOOK VALUE | | | | | |
| At 31 December 2018 | <u>13,625</u> | <u>586</u> | <u>583</u> | <u>22,171</u> | <u>36,965</u> |
| At 31 December 2017 | <u>15,000</u> | <u>1,008</u> | <u>68,706</u> | <u>19,864</u> | <u>104,578</u> |

16. STOCKS

| | 31.12.18 £ | 31.12.17 £ |
|--------|---------------|---------------|
| Stocks | <u>1,758</u> | <u>2,610</u> |

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018**

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.12.18 | 31.12.17 |
|---------------|---------------|---------------|
| | £ | £ |
| Trade debtors | - | 4,969 |
| Other debtors | 7,870 | 2,515 |
| Prepayments | <u>47,266</u> | <u>51,740</u> |
| | <u>55,136</u> | <u>59,224</u> |

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.12.18 | 31.12.17 |
|---------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 5,011 | 23,590 |
| Social security and other taxes | 19,955 | 28,508 |
| Other creditors | 75 | 2,368 |
| Deferred lottery income | 84,517 | 91,148 |
| Research accruals | <u>525,713</u> | <u>492,201</u> |
| | <u>635,271</u> | <u>637,815</u> |

The charity operates a lottery scheme and income is received in advance from some participants. This is deferred until the lottery is drawn each week. As at 31 December 2018 there was an amount of £84,517 included in deferred lottery income. (2017 - £91,148).

19. MOVEMENT IN FUNDS

| | At 1.1.18 | Net movement in funds | At 31.12.18 |
|--|----------------|--------------------------|----------------|
| | £ | £ | £ |
| Unrestricted funds | | | |
| General fund | 458,465 | 13,443 | 471,898 |
| Restricted funds | | | |
| Blevins Franks | - | - | - |
| Other research projects and parent support | - | 13,320 | 13,320 |
| | <u>458,465</u> | <u>26,753</u> | <u>485,218</u> |
| TOTAL FUNDS | <u>458,465</u> | <u>26,753</u> | <u>485,218</u> |

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
YOUNG PEOPLE**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018**

19. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

| | Incoming resources £ | Resources expended £ | Movement in funds £ |
|--|----------------------------|----------------------------|---------------------------|
| Unrestricted funds | | | |
| General fund | 2,889,773 | (2,876,340) | 13,433 |
| Restricted funds | | | |
| Blevins Franks | 66,545 | (66,545) | - |
| Other research projects and parent support | 82,469 | (69,149) | 13,320 |
| TOTAL FUNDS | <u>3,038,787</u> | <u>(3,012,034)</u> | <u>26,753</u> |

Blevins Franks

In 2018 Cerebra received a donation from Blevins on behalf of a person (for confidentiality reasons, donor name was not given), but they did confirm that the donor is referred to as 'The Myles Trust'. On the 22nd June 2018 Cerebra was given the great news that "on the basis that the monies can be used to fund local causes, smaller projects which benefits the individual directly, rather than going to an overall project, then the Trustees are happy to distribute an amount to you, subject to their due diligence requirements being met (as they are a regulated corporate trustee, they undertook all possible checks to ensure Cerebra is a legitimate charity)"

The actual donation received was for £66,545 that went 100% to support all of the projects of the Swansea Innovation Centre (CIC). Blevins Franks also visited the CIC in early 2019 to see all the projects that the CIC had completed, and they were extremely satisfied with their findings, even to agree, to suggest that a further application could be made in 2019

Comparatives for movement in funds

| | At 1.1.17 £ | Net movement in funds £ | At 31.12.17 £ |
|--------------------------------------|----------------|-------------------------------|------------------|
| Unrestricted Funds | | | |
| General fund | 703,019 | (244,554) | 458,465 |
| Restricted Funds | | | |
| Research projects and parent support | 28,281 | (28,281) | - |
| TOTAL FUNDS | <u>731,300</u> | <u>(272,835)</u> | <u>458,465</u> |

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
YOUNG PEOPLE**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018**

19. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

| | Incoming resources £ | Resources expended £ | Movement in funds £ |
|--------------------------------------|----------------------------|----------------------------|---------------------------|
| Unrestricted funds | | | |
| General fund | 3,052,378 | (3,296,932) | (244,554) |
| Restricted funds | | | |
| Research projects and parent support | 130,884 | (159,165) | (28,281) |
| TOTAL FUNDS | <u>3,183,262</u> | <u>(3,456,097)</u> | <u>(272,835)</u> |

20. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 December 2018 or 31 December 2017.

21. OPERATING LEASE COMMITMENTS

Cerebra have opted to terminate the lease on the premises occupied in Carmarthen. The lease will end in April 2019.

The rental commitment up to termination of the lease is £20,780.

**CEREBRA - FOR BRAIN INJURED CHILDREN AND
YOUNG PEOPLE**

**DETAILED STATEMENT OF CONSOLIDATED FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | 31.12.18 £ | 31.12.17 £ |
|---|----------------|---------------|
| INCOME AND ENDOWMENTS | | |
| Donations and legacies | | |
| Donations and legacies | 2,897,400 | 3,069,190 |
| Other trading activities | | |
| Miscellaneous income | 31 | 204 |
| Boundless income | <u>8,183</u> | <u>51,364</u> |
| | 8,214 | 51,568 |
| Investment income | | |
| Deposit account interest | 2,055 | 174 |
| Charitable activities | | |
| Research income | <u>131,118</u> | <u>62,330</u> |
| Total incoming resources | 3,038,787 | 3,183,262 |
| EXPENDITURE | | |
| Raising donations and legacies | | |
| Wages | 702,579 | 772,523 |
| Social security | 41,240 | 45,130 |
| Pensions | 20,975 | 13,176 |
| Hire of equipment | 478 | 496 |
| Rent, Rates and service charges | 25,898 | 30,608 |
| Insurance | 3,657 | 3,678 |
| Light and heat | 2,021 | 2,106 |
| Telephone | 18,149 | 20,341 |
| Printing, postage and stationery | 32,189 | 37,058 |
| Staff training | 310 | 960 |
| Repairs and maintenance | 4,617 | 5,694 |
| Cleaning | 3,799 | 4,085 |
| Computer costs | 30,668 | 23,781 |
| Motor and travel | 11,439 | 26,099 |
| Advertising | 1,200 | 8,877 |
| Raffle and lottery costs | 85,275 | 90,728 |
| Bank charges | 16,907 | 24,879 |
| Vending machine net cost | 1,344 | 1,543 |
| General expenses | 2,709 | 3,381 |
| Lottery and other prizes | 95,500 | 92,500 |
| Recruitment | 77 | 405 |
| Subscriptions | 2,704 | 4,119 |
| Amortisation of intangible fixed assets | 3,702 | 3,685 |
| Depreciation of tangible fixed assets | 8,823 | 11,992 |
| Loss on sale of tangible fixed assets | - | 8,579 |
| Boundless expenditure | <u>91,508</u> | <u>71,222</u> |
| | 1,207,768 | 1,307,645 |

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**CEREBRA - FOR BRAIN INJURED CHILDREN AND
YOUNG PEOPLE**

**DETAILED STATEMENT OF CONSOLIDATED FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | 31.12.18 £ | 31.12.17 £ |
|---|------------------|------------------|
| Charitable activities | | |
| Wages | 704,572 | 880,108 |
| Social security | 63,399 | 77,579 |
| Pensions | 30,773 | 35,800 |
| Hire of plant and machinery | 1,093 | 1,134 |
| Rent, rates and service charges | 59,195 | 69,962 |
| Insurance | 8,359 | 8,406 |
| Light and heat | 4,619 | 4,813 |
| Telephone | 25,488 | 24,762 |
| Printing, postage and Stationery | 19,885 | 16,119 |
| Advertising | - | 5,247 |
| Sundries | 6,030 | 3,401 |
| Staff training | 7,281 | 16,428 |
| Repairs and maintenance | 12,973 | 13,054 |
| Computer costs | 26,887 | 27,770 |
| Travelling | 24,954 | 28,492 |
| Research charges | 659,359 | 691,870 |
| Cleaning | 8,683 | 9,338 |
| Subscriptions | 3,505 | 2,295 |
| Satellite costs | 11,817 | 30,422 |
| Library | 8,517 | 6,882 |
| Recruitment | 994 | 927 |
| Exhibitions & conferences | 576 | (218) |
| Vallechia sundries | - | 14,585 |
| Satellite office costs | 1,915 | 7,354 |
| Amortisation of intangible fixed assets | 8,635 | 8,597 |
| Depreciation | 7,830 | 13,174 |
| Loss on sale of tangible fixed assets | - | 19,610 |
| Practical assistance grants | - | 28,745 |
| | <u>1,707,339</u> | <u>2,046,656</u> |
| Support costs | | |
| Management | | |
| Wages | 30,453 | 36,563 |
| Social security | 3,065 | 3,685 |
| Pensions | 1,527 | 1,733 |
| Hire of plant and machinery | 137 | 142 |
| Rent, rates and service charges | 7,399 | 8,745 |
| Insurance | 1,045 | 1,051 |
| Light and heat | 577 | 602 |
| Telephone | 1,584 | 1,691 |
| Postage and stationery | 1,475 | 771 |
| Sundries | 682 | 425 |
| Staff training | 89 | 243 |
| Cleaning | 1,085 | 1,167 |
| Repairs and maintenance | 154 | 121 |
| Carried forward | 49,272 | 56,939 |

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