

# Empowering individual choice



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REGISTERED CHARITY NO. 218186  
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**Cover story:**

In its second year, Change 100 is our flagship employment programme which brings together the UK's top employers and talented disabled students. It offers three-month paid summer work placements helping young people and recent graduates find work. The cover shows some students from our 2015 intake.

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# About us





## WHAT WE DO AND WHY IT MATTERS

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Every year, we support many thousands of people worldwide to live the lives they choose. Wherever and however we work, we always focus on one thing: the individual. By listening to what each person needs, we can support them in a way that's right for them.

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We know everyone wants different things – what's right for one person may not be right for another. When our founder launched our manifesto nearly 70 years ago, he was ambitious for change, to help create a society in which everyone can contribute fully. And today, we remain just as aspirational. There has never been a greater need for us to do the work we do, because it is just as relevant today as it was then. With social care and welfare seeing continued cuts, now more than ever, people need care and support that they can rely on. That's why we campaign to end 15-minute care visits, which force people to make choices they shouldn't have to make. That's why what we do is so vital, in the UK, and internationally.

In the UK, we are one of the largest voluntary sector providers of social care services for disabled people. We continue to make sure people's needs are at the heart of what we do. Through programmes like Future Choices, we listen to every single person who uses our services, to find out how we can support people to fulfil their ambitions.

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We also do this through Can Do, our flagship volunteering programme, funded thanks to the generous support of our donors and volunteers. By creating exciting new opportunities for young disabled people to volunteer in their community, we aim to reach an even wider audience.

And internationally, we have developed a new five-year strategy that seeks to double our impact, enrich lives and promote independence for more than 100,000 people with disabilities across Africa and Asia.

In these challenging times, our work will continue to adapt and grow, according to what people tell us they need – whether it's suitable housing, accessible transport, appropriate benefits or jobs. Because it's only by understanding and listening to the needs of each person as an individual that we'll achieve our goal: a society in which every person is equally valued.







## MESSAGE FROM THE CHAIR



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It is a great honour to have been appointed as the new Chair of Leonard Cheshire Disability and I am looking forward enormously to working with fellow trustees and our dedicated staff in the coming years. Our manifesto is as relevant today as the day we were founded, to work for a society in which every person is equally valued. We will continue to work tirelessly to create a fairer society for disabled people where the individual has the freedom to choose the life they want to live.



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First of all, I would like to thank our previous Chair, Ilyas Khan, for his immense contribution to this organisation and to disabled people around the world. I would also like to thank our outgoing Chief Executive, Clare Pelham who has steered Leonard Cheshire Disability for over five years. During this time, she has campaigned to end 15-minute home care visits, initiated our ground-breaking Future Choices programme, which aims to put disabled people's views at the heart of what we do, and developed our international presence and capabilities.

We will build on these foundations during this time of transition in social care. The year has seen the introduction of the National Living Wage, which we support. But this also brings challenges when there are so many demands on the public purse. The good thing is that this debate is much higher than before on the agenda of politicians and decision-makers and we will work with all groups to find the right solution, which gives choice and opportunity to disabled people.

Given this difficult financial climate, I am pleased to report that the organisation has ended the year in a satisfactory financial position, due in no small part to the hard work of our staff, but also to the continued generosity of our wonderful donors. To maintain this position for the coming year, we will need to re-double our efforts both in examining every cost item, while maintaining levels of care, but also in inspiring even more people to join our campaigns and fund our ground-breaking programmes.

So, in this my first year as Chair, I will be working with fellow trustees and our experienced and dedicated management team to develop a strategy which will sustain and grow our organisation over the next five years. Our Future Choices programme, which we aim to complete in the coming year, will provide extraordinarily valuable input to help us define and shape the way we need to develop our services.

**"I believe there is a great opportunity to work towards a more inclusive society, where each individual can be valued on their own terms."**

We will also be gathering input from the wider community, so that our services and programmes can truly reflect the needs of current and future generations of disabled people. We will continue to work both in the UK and internationally to improve the chances of employment for disabled people, through our flagship work-based programmes.

This is a time of great change, but also, I believe, there is a great opportunity to work towards a more inclusive society, where each individual is valued on their own terms. Leonard Cheshire Disability will continue to campaign and seek support for this vision, and encourage contributions, both in volunteering and donations, from a broad swathe of people, as we prepare to celebrate the centenary of the birth of our founder in 2017.

Finally, I would like to thank the trustees, for giving me the opportunity to lead this extraordinary organisation and the staff for their continued commitment, dedication and passion to deliver our mission.



**Sally Davis**  
Chair

## MESSAGE FROM THE ACTING CHIEF EXECUTIVE

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It was a great privilege to be asked by new chair, Sally Davis, to step up to the senior leadership role of acting chief executive for a short period of time at our wonderful charity.



Like Sally, I would also like to take this opportunity to thank our previous Chief Executive, Clare Pelham, for passionately leading the charity for the past five years, and I am working with the rest of the senior leadership team to continue to deliver on our manifesto going forward.

Internationally, I am extremely proud that we continue to work with projects in Africa and Asia which get more children into school and programmes which help people learn new skills. This vital work helps to support over 19,000 people live more fulfilling lives. We also continue our collaboration with the Cheshire Global Alliance, a network of over 200 organisations across 54 countries, advocating disability rights.



**"The basic key is people.  
If you have the right  
people, the rest will  
follow."**

In the United Kingdom, reflecting on the year gone by, with cuts to social care and welfare, the costs of the new National Living Wage, pressures on fees, and the need to recruit and retain the right staff, times remain difficult for social care providers. This is why we have been developing our five-year strategy to make sure the charity is best placed to continue to offer support and choice to disabled people. This will also make us more resilient for the future, which Sally talks more about elsewhere in this report.

However, it's not all been difficult as we have also enjoyed celebrating some fantastic achievements over the last year too. This included opening our doors to local communities to mark National Care Home Open Day and celebrating the work of our young global campaigners, who received a Young Leaders Award for Young Voices from our Patron, the Queen, following their speaking up for the rights of disabled people worldwide. We also launched the third year of Change 100, our flagship employment programme which brings together the UK's top employers and talented disabled students, as well as celebrating our ninth year of working with business leader Stelios Haji-Ioannu, by launching our Stelios Award for Disabled Entrepreneurs 2015. The event this year included yachtsman, Geoff Holt MBE, accepting an award for his business WetWheels, which will undoubtedly inspire other disabled people to consider similar ventures of their own.

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Not forgetting of course, our work to mark the International Day of Persons with Disabilities at events at the House of Lords and at the United Nations. Each and every one of these achievements makes me proud to be part of the team that makes up this inspiring organisation.

In the coming year, I am delighted that we will be partnering with The World Bank to help the adoption of successful models of inclusion. We will do this through joint research and capacity-building initiatives to improve disabled people's access to employment and education.

Next year we will also have a new Chief Executive, and I very much look forward to welcoming him or her to take our charity into an even more successful future.

I would like to end by thanking all our wonderful staff and volunteers, who are the absolute lifeblood of what we do. It is quite humbling to consider how much they all achieve, putting the needs of the individual first, 365 days a year, 24 hours a day, all around the world.

As Leonard Cheshire said, 'The basic key is people. If you have the right people, the rest will follow.'



**Rosemarie Pardington**

Acting Chief Executive



# Trustees' Report





## EMPOWERING PEOPLE

### What we do

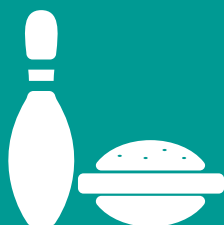
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We are one of the UK's biggest providers of adult social care services for disabled people. Every year we support around 7,000 people offering:

- Over 180 services which aim to provide people with the very best support. We support people in their own homes, residential homes, supported living services and in specialist services like rehabilitation centres for people with brain injuries.
- 20 social and leisure services help people to be part of the community. This includes transport services and accessible holidays.

The last year hasn't been easy with pressure on public funding, changes to the employment market, introduction of the new National Living Wage, and changes to the way some of our services are regulated. We have responded positively to make sure that we are in a strong position to continue to support as many people as possible and grow our services over the coming years.





**20**

Total number of services for social and leisure activities.



**36%**

36% of people who use our services took part in Future Choices.



**180**

Total number of services.



**97%**

97% of residents happy with the service we provide.



**8**

8 pilot services took part in Future Choices in 2015/16.

WHAT WE ACHIEVED LAST YEAR

We aimed to:  
**1. Launch the Future Choices pilot in a group of homes with care**

Future Choices is one of our most ambitious programmes yet. We are aiming to speak to every single person using our services, so that we can understand better what individuals most want, now, and in the future.

Following the successful appointment of our Future Choices strategic lead, we launched our pilot in September 2015, starting with workshops in Godfrey Robinson House, a residential service just outside Hull. This was followed by workshops across Yorkshire, the East Midlands and in Inverness.

THOUGHTS ON FUTURE CHOICES

**‘I found it a worthwhile experience to see the residents working together with staff to try to solve some of the problems themselves, and to offer their own support to residents new to the home.’**  
Carole Davies – White Windows, Yorkshire



The feedback from these workshops will help us roll out the programme across all our residential services. Over the coming year, we will be learning a lot more and working with our residents to ensure better outcomes and better services.

**2. Look for new opportunities to support more disabled people**

Across the UK, we work with regulators to make sure that we support every single person that uses our services. In England, the Care Quality Commission (CQC) implemented a new way of inspecting services. We worked closely with them in their new market oversight scheme and our head of quality improvement has been looking at the way the CQC regulates and carries out inspections.

In Scotland, we have been working with the Care Inspectorate, taking part in a pilot inspection about improved reporting.

The Care and Social Services Inspectorate Wales (CSSIW) has begun to change the way they work. We sat on a working group with them as part of the consultation on these changes and we have participated in discussions about the implementation of the Social Services and Well-being (Wales) Act.

In Northern Ireland, we have achieved accreditation with Investors in Volunteers, and we have been working with the Regulation and Quality Improvement Agency (RQIA) as part of their pilot for developing a new inspection model.

To help our services keep up to speed, we are working on a brand new quality assurance framework. This will look at improving how we manage our frontline care and clinical governance while bringing our internal auditing in line with our regulators.





We are improving our care and clinical practice, including our

- personalised care planning tools
- policies and procedures
- customer surveys

We have continued to implement care plans tailored to the individual’s needs and aspirations. We have been working to make sure that we take the learnings from our Future Choices programme to shape how we develop these plans. This means we are continuing to improve how we evidence

the effectiveness of our services and the impact they are having on the lives of the people who use them.

We have also continued to host the Voluntary Organisations Disability Group Personalisation Network and we have welcomed speakers from CQC and Think Local Act Personal, to share information about topics, including value-based recruitment and communicating with people who don’t use words. We take part in all of this activity because it helps us focus on the needs of the individual.







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### **3. Work hard to improve the physical environment of our properties**

For the third year running, we have stepped up our property capital investment programme by completing the refurbishment of some of our care homes and adding capacity. This year, we invested over nine and a half million pounds to improve the standard of accommodation in our residential services. For example, at St Anthony's care home with nursing in Wolverhampton, we carried out a project which included upgrading the ensuite bathrooms and creating a new activities room.

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### **4. Enhance our clinical leadership**

We are delighted to have appointed a practising GP, Judith Dawson, as our clinical lead. Building on our existing clinical care expertise, this new post will chair our new clinical forum. The forum will work with fellow providers to help us develop further our clinical expertise.

## **OUR GOALS FOR NEXT YEAR**

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### **NEXT YEAR WE WILL**

- **Roll out our Future Choices programme to all our residential services across the UK. We'll use this feedback to inform our business plans across the whole organisation**
- **Set up our new clinical forum. This will allow us to build stronger partnerships with other organisations who support disabled people**
- **Refresh our quality assurance framework to make sure our services are meeting the needs of disabled people in the best way possible**
- **Continue investing in our properties, finding new ways to use the spaces well, and building extra capacity based on what people need**
- **Improve our recruitment, retention and support for our most valuable asset: our staff team**

## DEVELOPING LIFE AND WORK SKILLS

### What we do

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Employment is a key part of being independent.

That's why we run training and employment programmes which help people who need support to learn new skills, grow in confidence and find fulfilling jobs.

We support businesses too. Our disability equality training workshops help employers support disabled staff and make the most of every individual's talents.



## Change 100



**368**

368 applications, 110 universities, placed 51 students with 24 employers.



**450%**

Increased placements by 450%.



**1,300**

1,300 students providing over 6000 volunteering opportunities.



**100%**

100% of students said that the experience had improved their confidence.



**100%**

100% of responding employers said that they would recommend the programme.



**15,000**

15,000 hours with every hour helping someone enjoy a hobby or socialise.



## WHAT WE ACHIEVED LAST YEAR

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### We aimed to:

#### **1. Make sure the Change100 scheme reaches at least 50 students and 25 major international companies**

Change100 is our flagship work programme. It offers three-month paid summer work placements with some of the UK's leading employers, helping young disabled students and recent graduates find work.

Last year was the programme's second year. We had 368 applications from disabled graduates at over 110 universities. After shortlisting and assessing 240 of them, we placed 51 students with 24 employers including: Barclays; the BBC; the Department of Health; and SAB Miller. We also placed some students within our own teams. We increased placement numbers by 450% on our pilot year.

Best of all, participants on both sides benefited. 100% of disabled students said that their experience has improved their confidence and strengthened their CV, and 92% said it helped them to understand their disability in the context of work. And 100% of employers said they would recommend the programme.

#### **2. Develop inclusive social care apprenticeships within Leonard Cheshire Disability, and work with businesses to test an apprenticeship scheme (Science, Technology, Engineering and Mathematics)**

Developing Science, Technology, Engineering and Mathematics (STEM) apprenticeships proved harder than expected and we made the decision to scale back our activity. However, we're still actively looking for funding to support this. Our work to develop social care apprenticeships internally was overtaken by the announcement in the summer Budget about the Apprenticeship Levy. Payable by organisations with a wage bill of £3million or more, this levy is designed to fund and deliver new apprenticeships and support quality training to develop vocational skills.





3. Pilot new high street retail operations, with opportunities for disabled people

We created a detailed business plan to show how we might develop a network of Leonard Cheshire Disability charity shops on the high street. Due to the general economic climate, we felt it was prudent to put this on hold.



Going beyond our goals

We also continued with Can Do, our programme that helps disabled people between 16-35 into volunteering.

By volunteering through our flagship programme, Can Do, disabled people can learn new skills, build their confidence, and make a great contribution to their community. Last year we expanded the programme and it is now available in 12 locations across the UK, thanks to increased funding from the Cabinet Office and The Pears Foundation.

OUR GOALS FOR NEXT YEAR

NEXT YEAR WE WILL:

- Grow and diversify our life and work skills programmes to deliver sustainable projects – for example, our Can Do volunteering programme to support young disabled people in more areas across the UK
- Develop new programmes – for example, our mentoring programme for young people in mainstream education to support them on their journey to employment
- Ensure all life and work skills programmes help create more choice for the individual



## **‘FOR THE FIRST TIME I FEEL LIKE I CAN HAVE WORTH AFTER UNIVERSITY.’**

Maisie Golding is a student at the University of Kent. She’s studying for a BA in Drama and Multimedia.

Maisie did a Change100 placement at the media company Wall to Wall, where she worked on everything from archive research and location sourcing to PR and props.

‘I was able to see a production develop and begin to understand the professional process,’ she says. ‘I feel I could enter the media production industry with the skills I have gained and I also know this is now the career I definitely want.’

Maisie was particularly pleased that the Wall to Wall team was so supportive.

‘They have been so committed to my personal development, allowing me to discuss career paths with many media professionals and gain skills in as many roles as possible.’

It’s had a huge impact. ‘My confidence has shot up. I was able to talk about my disability openly and learnt it was OK to talk about it. For the first time I feel like I can have worth after university.’

## RAISING AWARENESS AND INFLUENCING POLICY

### What we do

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We work hard to raise awareness of the issues that are important to every disabled individual.

We focus particularly on social care, health and housing, working closely alongside disabled people and partners, such as other charities. By influencing businesses, governments and the wider public, we can help make sure that everyone gets the support they need to live an independent and fulfilling life.





**400,000**

400,000 visitors to our website during 2015/16 – that's over 1,000 visitors a day.



**80%**

Facebook fans increased by over 80%.



**30%**

Gained 30% more Twitter followers.



**15**

30% of councils have committed to changing their policies on 15-minute care visits.



**30**

30% of councils have committed to no visit being less than 30 minutes.



## WHAT WE ACHIEVED LAST YEAR

### We aimed to:

#### **1. Continue to monitor how councils use 15-minute care visits and keep up the pressure to stop councils using them inappropriately**

Our 'End 15-Minute Care' campaign was a great success in 2014. It highlighted the problem of councils arranging care visits lasting less than 15 minutes – nowhere near long enough for carers to provide care with dignity and respect.

NICE guidelines also emphasised that visits should rarely be less than 30 minutes. Last year, we continued to push councils to change their policies and 30% have now committed to do this. Our campaigning in Wales also led to a new clause in the Regulation and Inspection Social Care Act, which states that no care visit will be less than 30 minutes, unless in exceptional circumstances.

#### **2. Be heavily involved in monitoring the implementation of the Care Act, to create real change**

The Care Act 2014 is a law designed to consolidate social care laws to bring them up to date. To make sure its vision becomes a reality, we campaigned with 80 health and social care charities as part of the Care and Support Alliance.

Last year, the Alliance worked to make sure that the thousands of individuals who are locked out of the system can get the support they need to live independently. Ahead of the Spending Review, we campaigned for the government to invest more in the Better Care Fund, which will help councils and NHS organisations to deliver better results. We also campaigned for councils to have new powers to raise funding for social care.

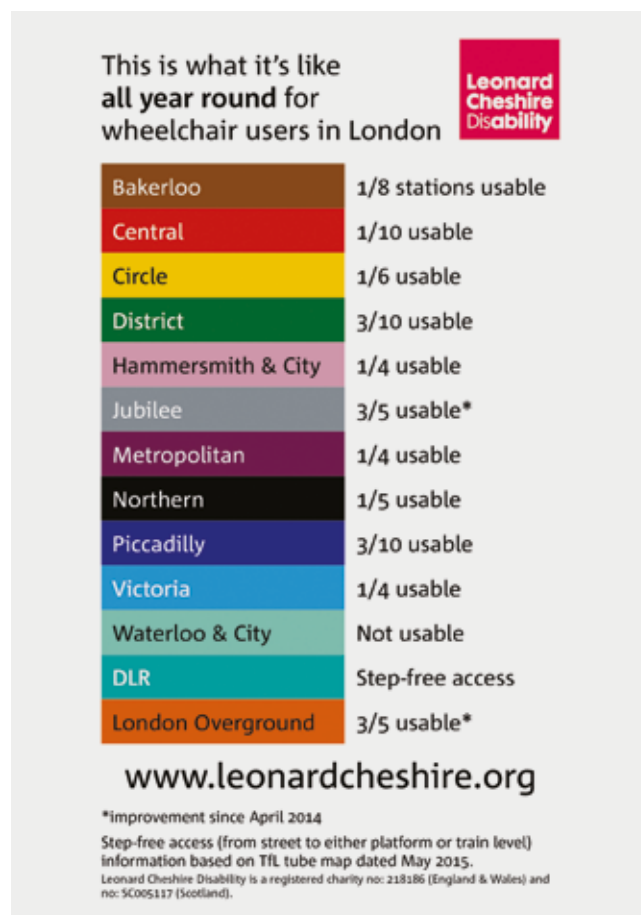
We were pleased that the Government announced new powers for councils to raise council tax to invest directly back into social care for disabled and older people.



### 3. Continue our Home Truths campaign, to improve accessible housing for disabled people and campaign for them to become basic minimum standards

Since 2014, our Home Truths campaign has highlighted the problems disabled people face in finding accessible housing.

Last year, we published new research showing that the number of disabled people on council house waiting lists has increased. We called for councils to push developers to use the Lifetime Home standards when building new homes. In the run up to the Welsh and Scottish elections, we worked with different political parties, hoping to influence their manifestos. As a result, the Welsh Assembly Government has agreed to review accessible housing registers to see what is available.



### 4. Work with the new Government after the General Election to make sure that new policies take disabled people into account

When the Welfare Reform and Work Bill was announced in July 2015, we pushed ministers to re-state their commitment to halving the gap between the proportion of disabled and non-disabled people in employment. As a result, Minister for Welfare Reform, Lord Freud, has committed to deliver an annual progress report, showing how the Government is closing the gap.

#### Going beyond our goals

We've continued to grow our digital presence – our number of Facebook fans increased by 80% and we gained more Twitter users and visitors to our website. Our tube strike infographic, which highlighted the difficulties for wheelchair users travelling in London, was highlighted in the national media.



## OUR GOALS FOR NEXT YEAR

### Next year we will:

- Run a joined-up influencing, media and public presence campaign to improve people's lives by:
- Securing increased public funding for social care, increasing access and improving quality
- Changing employers' attitudes and increasing funding for disability employment support programmes





## SUPPORTING PEOPLE AROUND THE WORLD

### What we do

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There are more than a billion disabled people around the world. Many are among the most disadvantaged and marginalised in society.

Supporting people globally has always been part of what we do. We were founded by Leonard Cheshire from small beginnings to become an international organisation, thanks to his vision to make the world a more equal place for everyone.

We generate research at our inclusive development centre at University College London, to inform our work and other organisations and governments. And we speak against injustice, to make society fairer and more compassionate.

We also work through our Global Alliance: a network of over 200 Leonard Cheshire Disability organisations, managed independently and working in 54 countries across Africa, Asia, the Americas and Europe. The Alliance is a movement that works towards a world where everyone has the chance to live a full and fulfilling life.





**200**

Global Alliance is 200 LCD organisations, working across 54 countries.



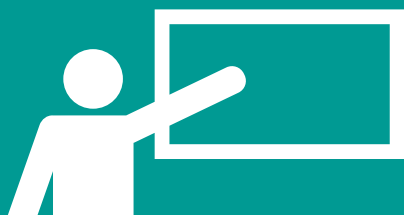
**7,839**

Helped 7,839 children into primary education in 5 countries in Africa and Asia.



**1,500**

We supported 1,500 more children into school.



**11,953**

Trained 11,953 people and helped them into employment.



**100,000**

Over the next four years, we want to enrich the lives of 100,000 disabled people in Africa and Asia.

**‘Many people were suspicious whether integrating disabled children into mainstream education would be wise. But now, everyone knows it is the right thing.’**

Head teacher

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## WHAT WE ACHIEVED LAST YEAR

### We aimed to:

#### **1. Implement our international strategy, promoting independence for more than 100,000 people across Africa and Asia over the next five years.**

This new strategy aims to double our impact by creating more inclusive development programmes, undertaking world-class research, and by calling upon governments to promote greater inclusion. Launched in June, at a prestigious event in the House of Lords, three of our international campaigners greeted guests such as Justine Greening, the Secretary of State for International Development, and representatives from Comic Relief and Accenture.

#### **Our work in education**

Last year, we supported over 7,800 disabled children in primary education in Africa and Asia. As part of this, we ran a project in Zimbabwe that made huge steps to help over 1,500 children get into school.

First, we trained teachers, improved the school building and arranged physiotherapy sessions. We also set up support clubs for parents and children, to help people share their knowledge and experiences. One head teacher told us: ‘Many people were suspicious whether integrating disabled children into mainstream education would be wise. But now, everyone knows it is the right thing.’

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The project has helped people support themselves. Now that parents have respite, they can socialise, work and support the school. By keeping chickens and growing crops, the school can raise enough money to continue the initiatives we’ve started. We also identified low cost sustainable solutions to make it easier for children to get to school and back.

#### **Sustainable employment**

We continued our livelihoods programme, which focuses on helping disabled people in developing countries play a valuable part in their economies. As well as helping people learn new skills, the programme challenges local employers, policy makers and media to change their negative perceptions of disability and support us in our work.

This year, we supported nearly 12,000 disabled people in eight countries across Africa and Asia, and helped them on their path into employment. This is twice as many as the previous year. Now, over 100 employers have embraced our inclusive employment approach.

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**2. Raise our profile as a partner of choice in disability matters – and play a significant part as the agenda for the Sustainable Development Goals is finalised and launched by governments, donors and other organisations**

Last year we played a bigger part in important coalitions. We co-chaired the Global Campaign for Education policy groups, as well as the Bond Disability and Development Group. We were also a Board member of the International Disability and Development Consortium.

We took part in many other coalitions, including Beyond 2015, the UN's International Disability and Development Consortium and Inclusive Education. And we used our position in these networks to make the voices of disabled people heard on the national and global policy stage. We also spoke at an inter-governmental negotiation on the Sustainable Development Goals, and at high level conferences organised by the UN Department of Economic and Social Affairs.

We've continued this work by partnering with the World Bank and UNESCO, strengthening our links with UNICEF, the International Labour Organisation and the international development sector. All of this is helping influential people to create a world that understands disabled people and helps them to thrive.

And our work with Accenture has resulted in their helping us support 13,000 people in over 20 countries. This vital work will help thousands of people access employment or training in the future.





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**3. Increase our research and learning capabilities. This will give us the evidence we need to influence policy and improve our programmes**

We launched new research in Kenya, Sierra Leone, Uganda, and Zambia. This explores the extent to which disabled people, when they are not included in development efforts, fall increasingly into extreme poverty and experience increased exclusion. This research has the potential to influence the approaches of governments, donors and development stakeholders, by developing understanding of how this happens. It will also help us identify what can be done to bridge or avoid this.

Rathna Menike lives in Thimbirsgasgatuwa, Sri Lanka. She has erythroderma, an inflammatory skin disease, and is partially blind. Her husband Peter Fernando is also visually impaired. When we met them, money was tight – although Peter worked weaving cane wires and repairing furniture, his lack of vision hampered his movement. The couple struggled to earn enough to support themselves and their two children.

Through Access to Livelihoods, Rathna and Peter did some basic business development training. They were taught to make eakle broomsticks – something there's demand for in their local area. The couple also received tools, so they could start making the broomsticks immediately.

Now, Rathna earns a good income. She and Peter can earn enough to cover their household expenses, and are even saving some of her profits to pay for urgent family needs. They're extremely grateful to everyone who supported them through Access to Livelihoods.

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**OUR GOALS FOR NEXT YEAR**

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**Next year we will:**

- **Work with the Leonard Cheshire Global Alliance partners to support 25,000 disabled people in Africa and Asia become more independent, through education, youth leadership and employment**
- **Raise our profile as a partner of choice in disability matters as the United Nations' Sustainable Development Goals are implemented**
- **Create a culture of learning from our work and research, so we can continue promoting inclusion across Africa and Asia**
- **Over the next four years, we want to enrich the lives of more than 100,000 disabled people in Africa and Asia.**





## RAISING MONEY TO SUPPORT THE INDIVIDUAL

### What we do

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We believe disabled people should be able to live their lives the way they choose. But in many, many cases this can only be achieved thanks to the commitment of our incredible supporters.

Individual choice shapes what we do and the programmes that we fund. And the money we raise helps make sure that people's lives are defined by their abilities, not confined by their disabilities. Because it's vital that everyone has equal opportunities. Whether it's having the chance to increase skills and self-esteem through volunteering or employment schemes, or supporting people to become more independent, we focus on the choice of the individual.

That's why we raise money, so that we can enhance the lives of the people we support.





**£210,000**

79 people took part in the London marathon raising £210k.



**173**

Gifts in wills last year accounted for £7.3m from 173 supporters.



**£7.7m**

In the last year, we received £7.7m in donations.

## WHAT WE ACHIEVED LAST YEAR

### We aimed to:

#### 1. Work with local services to fundraise for better facilities and opportunities for the disabled people they support

In the last year, we received £7.7m in donations from individuals, companies, lottery distributors and charitable trusts, which helped us fulfil the hopes of thousands of disabled people.

These vital funds provide a wide range of opportunities for disabled people across the UK. People's ambitions come in many different forms, but it is the generosity of supporters that makes it possible to achieve them.

Some of this money pays for IT services to connect disabled people and help them become more independent.

Everyone has a different passion and we work hard to help people achieve their goals. For some people, that's being able to take part in sport. Greenhill House in Somerset raised £9,000 for their fishing and Boccia project, so that the people who use the service can enjoy games and sports.

Other people want to get creative in the kitchen, so we were extremely grateful to Howdens Joinery, who donated and installed more than ten inclusive kitchens in our services, from Worthing to Inverness. This was complemented by cooking classes and competitions.

And thanks to an innovative partnership with the London Philharmonic Orchestra, the Royal Academy of Arts, the British Museum and JTI, disabled people have been able to take part in over 100 cultural workshops, as well as day trips to exhibitions and concerts.







## MARK'S STORY

Although Mark is no longer able to use his hands, special Eyegaze technology enables him to use the computer just by using his eyes.

He really looks forward to his sessions. Mark told us 'It's very satisfying and interesting,' he says. 'I have definitely improved with practice. I am quicker and more precise.' Playing computer games has helped Mark to develop a level of eye control that enables him to type emails using his eyes. Mark told us, 'It's amazing to think that one day I will type my emails for myself rather than dictate them.'





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The way we raise money is as diverse as the activities that we support. Funds from the National Youth Social Action Fund, granted by the Cabinet Office and The Pears Foundation, meant that young disabled people aged between 10 to 25 could take part in volunteering opportunities in Yorkshire and Gloucestershire.

We also raise money from events like the London Marathon, where this year we had 90 runners, including newly-weds Jessica and Danny Jacobs, who raised over £12,000 for one of our care homes with nursing, Symonds House, in Hitchin. Many people have been raising funds from Give and Bake, our community fundraising event which brings people together to raise money for the organisation.

Others donated money, set up direct debits, or filled in gift aid forms, so that we could claim the tax back on their previous donations. Thank you to every single individual, partner and supporter: we couldn't do any of this without you.

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## 2. Expand our international fundraising

Internationally, we help disabled children get a primary education and disabled adults acquire skills to get them into work.

We were delighted that Comic Relief agreed to support a new three year international programme. This will improve the lives and job prospects of 800 adults with disabilities in Moyo District, Northern Uganda. It will also tackle the social exclusion that disabled people around the world often experience.

We continued, too, with our partnership with Accenture on their Skills to Succeed initiative. As part of their goal to help three million people become fit for employment or entrepreneurship by 2020, they agreed to fund the third phase of our Access to Livelihoods programme. This will help us support 13,400 disabled people in 23 locations across India, Sri Lanka, the Philippines, Bangladesh, Pakistan and South Africa.



**‘I really love coming to the sessions because they make them fun and you feel happier. If you are having a bad day it gives you a lift, makes you feel more like other people, and gives you joy.’**  
Marvin, at Randall Close,  
on an art and music project.

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**3. Promote giving a gift through a will, as a way of extending the legacy of people who have supported us throughout their lifetimes**

Today we directly support thousands of disabled people in the UK, and globally, through our services and programmes. We also create opportunities for many others.

But there is much more to do. Soon there will be a new generation of disabled people who will need us and that’s why we ask for support through gifts in wills.

A gift in one will has transformed the lives of residents at Danybryn, our care home near Cardiff. It paid for a specialist exercise bike that can work both arms and legs and has different levels of resistance to match different abilities.

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**GOALS FOR NEXT YEAR**

- Celebrate the hundredth anniversary of the birth of Leonard Cheshire
- Raise more money to help change the lives of more disabled people
- Create ongoing opportunities to listen to the views and suggestions of our supporters up and down the country. We do this through initiatives like the supporter promise, which is our commitment to actively ask for feedback, about what we do, whether that’s a suggestion or a complaint

## WORKING WITH VOLUNTEERS

### What we do

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Volunteers are the lifeblood of our organisation.

We're extremely grateful to every single one of them for giving their time so generously.

Thanks to them, the people who use our services can enjoy better social lives and be part of their own community.





**22,408**

22,408 hours by 350 drivers.



**330,000**

Last year, volunteers gave over 330,000 hours of their time, which is worth around £2.5m.



**1,229**

1,229 individual volunteers.

## WHAT WE ACHIEVED LAST YEAR

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### We aimed to:

#### **1. Engage younger volunteers. Launch a new UK-wide volunteering partnership with a youth charity**

In October 2015, the Scout Association launched A Million Hands – a project where scouts explore disability to earn a community badge. We created a resource pack to help them take part in the programme and last year, over 150 scouts volunteered in our services. This partnership is helping young people to remove social barriers, connect communities and improve lives. For example, residents at Chiltern House in Buckinghamshire enjoyed taking part in campfire songs thanks to the Littlewick Green Cubs.

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#### **2. Expand our GoIT! Project to Scotland which will allow volunteers aged 16-25 to support disabled people to use enabling technologies**

In June 2015, we launched GoIT! in Inverness. The project helps people to enjoy technology, from sophisticated assistive technology to smartphones, with the help of our young volunteers. Leanne, 21, supports two residents at Cheshire House, Inverness, to use social media and to make videos. Colin and Andrew are now looking forward to uploading their films to YouTube thanks to her support.

#### **3. Recruit more volunteer drivers, so that the people who use our services can take part in more activities of their choice**

Volunteer drivers make a huge difference to disabled people. But finding them is challenging. So we created leaflets for our services, giving tips on how to recruit these vital supporters. By doing this we found people like Bernie, who's been a driver for over ten years. Bernie gets huge satisfaction from helping out at the Orchard in Liverpool. We'll continue this campaign next year.





## RODDY'S STORY

'The thought of making a difference in someone's life is the greatest feeling that one can have.'

Roddy Mackenzie volunteers at our Inverness and Newhaven (Edinburgh) services, doing a range of activities and day trips with three different residents.

'I have gained more from volunteering than I thought I would,' he says. "I originally volunteered for my CV, but it has been so much more than just an experience. I have gained friends and the thought of making a difference in someone's life is the greatest feeling that one can have.

I know they look forward to seeing me and I definitely look forward to seeing them. It has been the best thing I have ever done!'

And Newhaven support worker, Rose, says about Roddy's impact on one of the people who use our services:

'T has really enjoyed having Roddy as volunteer. He was initially shy but soon came out of his shell. Roddy would call and check if T was still okay for his visit each week. He and Roddy did lots of activities including going on the trams and a visit to the airport. Roddy has made a great difference to T's life.'







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#### **4. Improve the ways we measure the impact of our volunteering**

At the end of 2015, we launched Volunteer Vision, a research project to help us develop a five-year volunteering strategy. Disabled people, staff and volunteers from 50 of our services took part to help shape the plan.

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#### **OUR GOALS FOR NEXT YEAR**

**We aim to recruit 20% more volunteers aged under 25, by:**

- **continuing our work in A Million Hands and GoIT!**
- **taking part in Disability Action Wales, where young people organise and run awareness raising events**
- **We'll support Future Choices by running projects like Opening Doors in the East of England. These will look at what social and leisure opportunities are available, and how we can recruit new volunteers**
- **We'll develop a new system of quality assessment for our volunteering programme, to make sure it delivers maximum impact for the people we support**

## WORKING WELL AND BECOMING MORE EFFECTIVE

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We're always looking for ways to improve the way we work. After all, the more efficiently we work, the better we can support the people who need us most.





## WHAT WE ACHIEVED LAST YEAR

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### We aimed to:

#### **1. Develop a plan to deliver our social care development strategy, including finding ways to improve our existing service and extending our activities to reach more people**

We've created a development strategy, which over the next four years, aims to enable an extra 500 people to use our residential and supported living services. By listening to what people want, we will create the services they have told us they most need.

To reach more people, we will continue to develop the capacity and quality of our buildings, through a targeted programme of capital expenditure. We also aim to grow our services to offer high quality residential care and supported living, and offer transitional services to support people to live more independently.

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#### **2. Continue to manage staff more efficiently. This will include a review of staff rostering to ensure that we are providing the right level of support to people**

One of our biggest priorities is to make sure we have the right people to do what is a very important, fulfilling and sometimes difficult job. Our people are our greatest asset and making sure we manage our workforce in the right way is essential. As a part of this, we are developing a new people strategy that will enable us to attract, recruit, retain, reward and develop the right people. In conjunction with this, we have started a pilot project for a 'right people, right place' programme that will implement standardised processes. This will make sure we roster and deploy our staff in an effective way that also works for them.

**3. Review our information governance systems, so that we can evidence good practice in data management across all areas of our work**

Last year, we began an organisation-wide information governance project. We've made good progress towards achieving the standards set out in level 2 of the NHS Information Governance toolkit. We expect to achieve this milestone in 2016/17. This work includes communicating with our staff and volunteers and offering training, to help them learn more about information governance. During the year, we've also taken a number of steps to strengthen our IT security. This will help us to protect ourselves from cyber-attacks.

**Going beyond our goals**

In November 2015, we held our annual conference for our senior leadership team. Over 170 managers came together from across the UK and from our international offices in Kenya and Sierra Leone. The conference was a great opportunity for our senior leaders to meet face to face to discuss the organisation's plans and future direction.

We were honoured that Jane Hutt, Welsh Assembly Member, Cabinet Member for Finance and Government Business, joined us to speak about her role in our Home Truths campaign, where she's been working with us to make sure that disabled people get all the support they need. The conference set us up for looking ahead to 2016, feeling united in our mission to support people all over the world.

**OUR GOALS FOR NEXT YEAR**

We aim to:

- Achieve the standards set out in level 2 of the NHS Information Governance toolkit, continue to improve cyber security and review our approach to paper records management
- Develop and implement our people strategy with particular focus on three areas: attracting and recruiting the right people; reward and recognition; and empowering and developing our service managers
- Conclude our pilot of the 'right people, right place' project and start its roll out across our services









## FINANCIAL REVIEW

### HEADLINE RESULTS

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**Net income: £2.6m (2014/15: £7.9m)**

— **Net income excluding gains/losses on the disposal of fixed assets and investments: £3.0m (2014/15: £5.7m)**

— **Total incoming resources: £159.1m (2014/15: £162.3m)**

— **Total resources expended: £156.6m (2014/15: £154.8m)**

— **Net cash inflow from operating activities: £5.6m (2014/15: £8.3m)**

**We achieved net income of £2.6m, £5.3m lower than last year due to a combination of lower voluntary income and higher spend on social care activities, and the presence of a one-off gain on disposal in the prior year. Excluding gains/losses on the disposal of fixed assets and investments, we achieved net income of £3.0m which is £2.7m lower than last year. This is a satisfactory result in a challenging operating environment.**

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### Charitable activities

We provide services and develop new models of care to support disabled people to live independent lives, in line with the charity's manifesto. Fees and grants for delivering our social care services remain our major source of income.

This income increased from £142.7m in 2014/15 (87.9% of total income) to £143.4m this year (90.1% of total income). This reflects a small increase in fees, offset by lower occupancy in our services. We also, sadly, decided to withdraw from some loss-making services and contracts. We regret that despite considerable effort, we were unable to achieve a sustainable model.

Expenditure on social care activities increased from £144.7m in 2014/15 (93.5% of total expenditure) to £147.0m this year (93.9% of total expenditure), as a result of continued focus on efficiency, partly offset by higher agency staff costs and increased expenditure on improvements to our properties, to ensure that we continue to provide a safe and vibrant living environment in our services.

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**Donations and legacies**

Donations and legacies decreased from £16.7m to £15.0m this year. This reflects a small increase in legacy income, offset by lower donations. Expenditure on raising funds has decreased from £2.6m to £2.3m, as we continually refine our fundraising approach to balance diversification in our sources of donations and legacies with our return on investment. Our ratio of our donations and legacies to the cost of generating voluntary funds increased from 6.4:1 to 6.5:1, mainly due to lower fundraising costs.

Leonard Cheshire Disability is a member of the Fundraising Standards Board and operates in line with best practice guidance from the Institute of Fundraising.

**Total expenditure**

Total expenditure increased from £154.8m to £156.6m this year. Our expenditure on activities that directly relate to delivering charitable activities increased from £152.2m to £153.9m. At the same time our expenditure on support costs increased from £12.5m to £13.1m. This reflects the investment made in our people function to ensure that we continue to support our staff in the best possible way.

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**Net movement in funds**

This year's actuarial loss on our defined benefit pension scheme decreased by £38,000, due to changes in actuarial assumptions. There was an overall net increase in funds from £111.7m to £114.2m.

**Reserves**

We regularly review our reserves position to ensure that we have adequate funds to support the work of the charity. As a minimum, this review is completed annually. In doing this, we take into consideration the assets required to provide long-term care and support to disabled people, reasonable working capital, planned development projects and unforeseen circumstances. This year, our total funds increased from £111.7m to £114.2m. This includes a net pension deficit of £15.0m. The pension deficit is excluded from our calculation of free reserves as we plan to eliminate the deficit through future contributions to the pension scheme.

## FINANCIAL REVIEW

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On 31 March 2016 £12.4m of these funds were legally restricted by donors, which means that we have £101.6m unrestricted funds (net of £15.0m pension deficit). £104.6m of our unrestricted funds is designated in the form of properties and other assets for the provision of long-term social care services. We prioritise spending these funds, based on our rolling 12 month capital expenditure programme which is reviewed quarterly by trustees. This means that we have £10.4m unrestricted funds ('free reserves'). Notwithstanding the pension deficit, we believe that there is sufficient flexibility in the reserves to maintain the charity's operations.

### Cash flow

Our net cash inflow from operating activities decreased from £8.3m to £5.6m this year. We also received £0.7m cash from the sale of property, plant and equipment and £0.3m cash from investment returns. We invested £10.2m of cash in fixed assets. The charity has no external debt. On 31 March 2016 we had £18.8m cash which is held in retail bank accounts (which includes £0.7m held on behalf of disabled people who use our services).

### Financial impact of significant events

There have been no significant events that have materially affected the financial performance and position of the charity in the last financial year. Looking ahead, we welcome both the introduction of the National Living Wage from 1 April 2016 and the commitment of many commissioners to ensure that this increase is reflected in fees paid for the delivery of social care services.

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### Future plans

Leonard Cheshire Disability plans for the long term. We review and reconfirm our future direction at regular intervals to ensure that we remain on track to support disabled people to live their lives the way they choose. During 2015/16 we reaffirmed our commitment to our manifesto and recognised the challenges in our operation environment. We prepared our 2016/17 business plan and budget across four themes

- social care delivery
- public presence & programmes
- international
- people, effectiveness & efficiency

Our goals for next year are centred around these four themes. We position 2016/17 as a transitional year that focuses on social care delivery and financial sustainability, whilst we develop plans for a greater public presence and for more ambitious programmes in both the UK and internationally. In order to achieve this aim we aim to transform how we think, feel and talk about Leonard Cheshire Disability.



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**Investment policy**

The charity does not knowingly invest in an organisation whose primary purpose conflicts with our objects. Furthermore, we do not knowingly invest in an organisation that is unable to demonstrate their commitment to supporting people with disabilities.

The charity's investments and external debt arrangements are designed to ensure that that we have adequate access to liquid funds at all times. Our arrangements aim to achieve a net return that protects the purchasing power of our treasury investments and demonstrates strong financial management. In doing so, the trustees seek to balance ethical and financial considerations. We take advice from external advisers when required.

At present, the charity has not made any social investments.

**Ethical policy**

We have an Ethical Policy which governs the charity's interactions with third parties, including, but not limited to, corporate and individual donors, local and national governments, other charities, public sector agencies, commercial suppliers and the media. By engaging with third parties, we increase awareness and understanding of issues facing disabled people and can change attitudes so that disabled people have the freedom to lead the lives they choose.

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The trustees have ultimate responsibility for governing our ethical position and delegate the day-to-day monitoring of risks to the Ethical Assessment Committee, a sub-group of the Management Board. In doing so, we seek to optimise the ability of the charity to fulfil its manifesto while ensuring that the best interests of the charity are maintained. Such interests include avoiding conflict with the charity's objects and protecting our reputation.

**Subsidiaries**

The Leonard Cheshire Foundation (Isle of Man) Ltd operates our care and support services on the Isle of Man and is a registered Company and charity with the Manx Government. This year, incoming resources stayed at £0.6m and total expenditure remained at £0.5m. This means that the Isle of Man services recorded net incoming resources of £0.1m this year, the same as last year.

The charity also has the following dormant subsidiaries:

- Fundability Ltd;
- The Leonard Cheshire Foundation Ltd;
- Beyond Disability Ltd;
- Ability Media Ltd;
- Leonard Cheshire Trading Ltd; and
- Leonard Cheshire Trading Ltd (IOM)

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**Change in financial reporting standards**

A new Statement of Recommended Practice (SORP) was issued by the Charity Commission in July 2014 to incorporate the changes required by the latest Financial Reporting Standard (FRS 102). As both a charity and a company, Leonard Cheshire Disability has complied with the requirements of the SORP and FRS 102 when compiling the annual report and accounts. This has included restatement of comparatives for the financial year ended 31 March 2015, which was reviewed by the external auditors during the year. Note 28 to the financial statements provides more detail.

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**Modern Slavery Act**

Leonard Cheshire Disability has a large and complex supply chain with a variety of commercial relationships with third parties. The charity recognises the importance of its role in implementing the guidance of the Modern Slavery Act and the consequences of its implications. We are currently reviewing our processes nationally and internationally to ensure a zero tolerance approach to slavery and human trafficking.

The charity has a centralised professional procurement team. The team is scheduled to complete an industry standard training on the Modern Slavery Act in 2016. We are currently developing a targeted charity wide programme in response to the Act and it is our intention that the charity's employees and volunteers will have access to the necessary information and training.

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The charity recognises the risks related to slavery and human trafficking within the organisation. An initial risk assessment of our supply chain has been completed. As part of our initiative to identify and mitigate the risk of slavery and human trafficking in our supply chain, we are now, looking at targeting those high risk categories.

The procurement team is reviewing the current procurement process to embed the Modern Slavery Act into the end-to-end process.

In order to measure our effectiveness in tackling Modern Slavery, Leonard Cheshire Disability will be monitoring the following Modern Slavery Key Performance Indicators during the financial year 2016-2017:

- % of centralised procurement contract suppliers with Modern Slavery Act Statements.



# PRINCIPAL RISKS & UNCERTAINTIES

**Working to support disabled people entails taking risks. The trustees are ultimately responsible for risk management and they are satisfied that that appropriate internal control systems and risk management processes are in place. The trustees consider that the following framework provides the charity with adequate measures to reduce the impact of identified risk.**

- **At each meeting the Trustee Board reviews the charity’s risk register, serious incidents report and health & safety.**
- **At each meeting, the Audit & Risk Committee also reviews the charity’s risk register plus departmental risk registers on a rotational basis. The Committee also approves the annual risk-based internal audit plan, receives regular internal audit reports and progress updates.**

- **Senior management review key strategic and operational risks on a regular basis. They consider progress on mitigating actions, new and emerging risks and opportunities.**

**These trustees are carefully monitoring and assessing the potential implications of the UK exit from the European Union.**

**Our most significant risks and mitigating actions are set out in the table below:**

## POTENTIAL RISK

Labour costs increasing at a higher annual rate than social care fee inflation. If left unchecked, the cost of complying with National Living Wage could adversely affect the financial sustainability of some or all of the charity’s activities.

Physical, emotional or financial abuse and/or neglect of a disabled person in our services.

## ACTION TAKEN TO MITIGATE\*

- Requesting annual fee increases from commissioners to offset the cost of National Living Wage increases.
  - Embedding efficiency into our culture and setting explicit targets to make savings without adversely affecting the level of support we provide.
  - Campaigning to ensure that social care is adequately funded.
  - Strong financial control framework, including regular management board and trustee oversight.
  - Clear policies on budget holder delegated authority.
  - Annual budget and business planning cycle.
- 
- Safeguarding policy and procedures supported by training, support and guidance for our staff.
  - Strong whistleblowing and quality frameworks including regular Management and Trustee Board oversight.
  - Working closely with safeguarding authorities and regulators.

**POTENTIAL RISK**
**ACTION TAKEN TO MITIGATE\***

Unable to recruit & retain suitable and sufficient social care employees to provide a safe service.

- Recruitment & reward policies in place supported by central people processes, a defined pay structure and local recruitment programmes.
- Staff training programme.
- Investors in People accreditation.
- Regular Management and Trustee Board oversight of key metrics.

Impact of increased scrutiny, governance and tighter legislation over charitable activities.

- Processes to ensure compliance with the Institute of Fundraising guidance.
- Robust fundraising policies to carefully govern the nature and extent of contact we have with individuals.
- Diverse donor database.

Financial & reputational loss as a result of weaknesses in the International management systems and control environment.

- Strong risk assessment and financial control environment with regular Management Board and Trustee Board oversight.
- Training and support for overseas staff backed up by regular compliance visits and a rolling three-year programme of internal audit

Preventable death or serious injury to a disabled person in our services or to those who work or volunteer for us or members of the public.

- Strong risk assessment and safety culture with regular Management Board and trustee oversight.
- Extensive training of operational staff, volunteers and management at all levels, with regular audits.

Serious breach of information governance obligations following the loss or disclosure of personal sensitive data.

- Clear data protection, confidentiality and IT security policies in place and communicated to all staff.
- Suite of IT security measures, including hardware encryption.
- Project initiated to enhance information governance across the charity.

Increases in defined pension scheme liabilities create an unaffordable recovery plan.

- Scheme closed to new members.
- Recovery plan in place and reviewed in line with triennial revaluation.
- Annual FRS102 valuation.

*\*not in order of importance*

# STRUCTURE, GOVERNANCE & MANAGEMENT

## Registration & legal status

The registered name of the charity is Leonard Cheshire Disability. The charity is a charitable company limited by guarantee and was incorporated in England and Wales on 3 August 1955. The registered charity number is 218186 and the registered company number is 552847. The charity is also present in Scotland and the Scottish registered charity number is SC005117. The address of the registered office is 66 South Lambeth Road, London, SW8 1RL. It is governed by the Memorandum and Articles of Association, which were last amended on 23 October 2014. The charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

## Objects of the charity

The objects of the charity are to relieve the consequences of physical and/or mental disability by the provision, in the United Kingdom and overseas, of accommodation, services and support for the spiritual, social, physical and mental wellbeing of disabled people, by such means as are charitable, whatever their race, nationality, creed, sex or age.

## Trustees

The names of the trustees, the Chief Executive and other senior officers of the charity as at 6 July 2016 are listed on page 123.

The trustees of the company who were in office during the year and up to the date of signing the financial statements were:

- Ilyas Khan (Chairman, resigned 7 July 2015)
- Sally Davis (Chairman, appointed 1 October 2015)
- Martin Davidson (Vice Chair)
- Susan Douglas-Scott (Vice Chair)
- Paul Baker
- Richard Brooman
- Vicci Chittenden
- Elizabeth Haywood
- Alastair Hignell
- Catriona Rayner
- Rena Shepherd
- Justin Tydeman



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Since 1 April 2015, the following trustees have been re-elected, with effect from the following dates:

- Susan Douglas-Scott was re-elected as Vice-Chair and trustee on 28 October 2015
- Alastair Hignell was re-elected as trustee on 19 February 2016
- Justin Tydeman was re-elected as trustee on 6 June 2016

Since 1 April 2015, the following trustees have retired or resigned, with effect from the following dates:

- Ilyas Khan resigned as Chairman and trustee on 7 July 2015

Alan Cruickshank resigned as Company Secretary on 31 December 2015.

Since 1 April 2015, the following have been appointed trustees or officers, with effect from the following dates:

- Sally Davis was elected as Chairman and trustee on 1 October 2015.
- Philip Reed was appointed as Company Secretary on 15 February 2016.

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### **Principal advisers**

The names and addresses of the principal advisers to the charity are listed on page 125.

### **Appointment and induction of trustees**

All vacancies for trustees are externally advertised. A Nomination Committee of Trustees considers prospective trustees and makes a recommendation to the full trustee body. The trustee body votes on all new appointments of trustees. We place particular emphasis on representation of disabled people, who make up more than half of the current Board of Trustees.

New trustees receive induction material and training as well as additional training throughout their appointment.

We, the trustees, review the composition of the trustee body at regular intervals and decide whether or not there is a need to change the skill base. We are continually seeking to increase the representation of disabled people on the trustee body. Trustees initially serve for a three year period and then may be re-elected for a further term of three years.

## STRUCTURE, GOVERNANCE & MANAGEMENT

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### Governance and operating structure

The trustees meet at least four times a year. Each year, we approve the annual budget and review the strategic plan of the charity. In addition, we have appointed four board committees: Remuneration; Finance; Audit & Risk; and Nominations.

The Remuneration Committee is chaired by Catriona Rayner. The Committee is responsible for:

- making recommendations to the Board on all aspects of the remuneration and terms and conditions of service of the Chief Executive, other members of the Management Board and the person acting as Company Secretary;
- maintaining an overview of policy in relation to other members of staff; and
- ensuring that remuneration is set at a level which is appropriate for a charity that wishes to pay sufficient, without paying more than is necessary, to attract, retain and motivate people in the above roles of the necessary quality and calibre to run the charity successfully in the long term.

The Finance Committee is chaired by Justin Tydeman. The Committee meets at least three times per year and is responsible for:

- recommending to the Board the longer term business plan, the annual budget and business plan, and the quarterly forecasts;
- monitoring the financial performance of the charity and to ensure that significant issues are being appropriately dealt with by management;
- approving those financial transactions that are not within the delegated authority of the Chief Executive, and where appropriate to seek endorsement from the Trustee Board, where the policies of the charity stipulate such approval is needed; and
- recommending financial policies that are reserved to the Trustee Board.

The Audit & Risk Committee is chaired by Richard Brooman. The Committee meets at least three times per year and is responsible for:

- overseeing the appointment, remuneration and effectiveness of the external audit process;
- monitoring the integrity of the required statements to regulators, reviewing significant financial reporting issues and judgements contained therein;
- reviewing the effectiveness of the charity's internal controls; and
- reviewing the effectiveness of the charity's framework for risk management.

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The Nominations Committee is chaired by Martin Davidson. The Committee is responsible for identifying, recruiting and proposing new members of the Board and Chief Executive and for their induction, support and development.

The Trustee Board also benefits from various customer feedback mechanisms that enable us to consider how the charity can provide an improved offering to the people who use our services.

We set the strategic direction for the charity and have delegated authority to the Chief Executive to manage the affairs of the charity within this strategy, reporting against the objectives set. The Chief Executive is supported by a management team, all of whom are officers of the charity. Individual trustees also take reasonable steps to ensure there is regular and direct contact between the trustees, staff and volunteers who are responsible for the people who use our services at a local level.

Internationally, the charity has registered offices in India, Kenya, Sierra Leone, Zambia and Thailand, and each office is led by regional programme managers. Together, they provide training and technical support to partners and projects in the regions.

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## **People**

Aligned to our organisational strategy, our people strategy focuses on developing a performance culture, where every employee is supported and encouraged to be the best that they can be. A new people strategy is being finalised to ensure we attract, retain and develop talented people, at all levels in the organisation, so that we can deliver a strong performance in 2016 and beyond.

Minimising the risk of any safeguarding issues is a top priority for the charity, and we have robust processes and training in place to focus on this vital area of our responsibilities. When any incidents sadly do occur, our staff are supported to be candid about how they can learn from these and to improve practice across the charity.

We actively monitor ongoing developments in legislation to ensure best practice in our staff pay structures. We pay the national living wage and ask the commissioners of our services to pay fees that make this possible.

We recognise the very important impact that our volunteers have on assisting in delivering the charities aims, and thank them for their ongoing efforts. Our volunteers help out in our services, in the community, in our shops and by campaigning and fundraising.

## STRUCTURE, GOVERNANCE & MANAGEMENT

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### Staff involvement

We systematically provide employees with information on matters of concern to them, consulting them and their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect them. Employees are encouraged to take an interest in the charity, so that they are aware of any factors affecting us and are better able to deliver the Manifesto. We encourage the involvement of employees by means of a National Staff Association.

### Equal opportunities

Leonard Cheshire Disability believes that diversity across its workforce and volunteers adds value to the charity. The differences in culture and range of life experiences bring creativity, vitality and innovation. We take a positive attitude to encourage a workforce that reflects the diversity of those both in our services and wider society. We particularly encourage applications for both work and volunteering from disabled people. It is our policy that all disabled people who use our services, as well as all staff, volunteers and job applicants shall receive equally favourable treatment, regardless of their disability, age, gender, marriage or civil partnership, pregnancy or maternity, race, religion or belief, gender reassignment, sexual orientation, social class, employment status, political beliefs or trade union membership. Through our people policies, we aim to create a culture and working environment where all employees and volunteers receive equality of opportunity and discrimination is not tolerated.

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### Emoluments to senior staff

Emoluments to senior staff and financial information regarding employees and trustees are shown on page 107.

Staff pay is regularly reviewed by the Remuneration Committee, it ensures that remuneration is set at a level which is appropriate for a charity that wishes to pay sufficient, without paying more than is necessary, to attract, retain and motivate people of the necessary quality and calibre to run the charity successfully in the long term.

Leonard Cheshire Disability provides highly regulated and skilled services for thousands of disabled people, as well as operating in many countries. Strong governance and skilled management are essential components for the continued good operating and reputation of the charity. To that end, 21 senior staff earned more than £60,000 per annum (as defined by the Charity Commission's Statement of Recommended Practice), from a total staff group of more than 6,700. In 2015/16, the total amount of employee benefits received by key management board directors was £0.8m for their services to the charity.

### Emoluments to trustees

In 2015/16 trustees received no emoluments.



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**Financial and operational risk management**

The principal features of our systems of financial control include :

- a strategic plan;
- an annual planning and budgeting process;
- monthly reviews of the management accounts of each operating service and explanation of major variances from budget;
- an effective internal audit service;
- Audit & Risk Committee discussion with external auditors regarding the scope of the annual audit and any matters raised by the external auditors for the attention of management;
- Audit & Risk Committee approval of the risk-based annual internal audit plan and receipt of regular reports and progress updates;
- Finance Committee which seeks advice from the accountancy, investment and legal professions, as appropriate;
- delegation of authority to spend within clearly defined limits;
- segregation of duties wherever possible; where this is not possible alternative internal controls are put into place, and
- identification and management of risk for the charity.

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As regards internal controls, the trustees have:

- considered the type of risk the charity faces.
- considered the level of risk which they regard as acceptable;
- communicated to employees their responsibilities for internal control;
- instituted operating policies and standards that will help to identify and minimise the incidence of risks;
- identified parts of the charity operations that may be of higher risk and focused the attention of management on these areas, and
- reviewed the procedures for reporting failings immediately to the appropriate level of management.

All cash and cash equivalents of the charity are held in the name of the charity and all UK cash is managed centrally.

We manage our credit risk by ensuring that the price of purchased goods and services are subject to contracts with suppliers based on market prices. The charity has no external debt at 31 March 2016.

We manage our liquidity risk through regular review of the working capital. Our standard payment terms are 30 days which is greater than our average days' sales outstanding from customers. We also have sufficient cash reserves on 31 March 2016, and for the foreseeable future, to meet all existing and budgeted activities for the coming year.

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We have minimal exposure to foreign exchange risk due to the low level of international expenditure.

The trustees have also considered the guidance for directors of public listed companies contained in the Combined Code primarily aimed at improving corporate governance. We believe that, although they are not mandatory for the charity, they should ensure their governance procedures continue to be in line with good practice in the private sector.

### **Health, safety and wellbeing**

It's crucial that we provide a healthy, safe environment for the disabled people who use our services and for our staff and volunteers. We operate safe systems of work and provide accredited Health and Safety training. The Management Board, Directors and Heads of Operations and other senior management staff have been provided with externally accredited 'Safety for Senior Executives' which follows the Institute of Directors and HSE's 'Leading Health & Safety at Work' guidance. Service Managers have been provided with externally accredited risk management training. Risk assessments are undertaken and reviewed and all services are audited. Health and Safety continues to be a high priority across the charity. Through regular review we ensure we learn from our mistakes and share good practice.

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### **Directors' indemnities**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision, as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and remains so. The Company also purchased and maintained throughout the financial year trustees', Directors' and officers' liability insurance in respect of itself and its Directors.

### **Auditors**

PricewaterhouseCoopers LLP have indicated that they are willing to continue in office as auditors. A resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the charity to hold office until the conclusion of the next general meeting at which the accounts are laid before the members and authorising the trustees to fix the auditors' remuneration will be submitted to the forthcoming Annual General Meeting.

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**Related parties**

The details of any involvement with related parties is set out in Note 27 of the Financial Statements on page 114.

**Public benefit**

The trustees, in exercising their powers and duties, have complied with their duty in section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission. In preparing the report and accounts, the trustees have complied with the requirements set out in that guidance to report on the significant activities and achievements of the charity in 2015/16. They have reported in a way that both sets out the aims and strategies of the charity and demonstrates how the aims and activities of the charity were carried out for the public benefit.

# STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Leonard Cheshire Disability for the purposes of company law) are responsible for preparing the trustees Annual Report (including the Strategic Report) and the consolidated 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. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charitable company will continue in business.



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The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of 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.

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So far as the trustees are aware, there is no relevant audit information of which the company's auditors are unaware; and they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The financial statements on pages 78 to 118 were approved by the Trustee Board on 6 July 2016 and signed on its behalf on 6 July 2016 by Richard Brooman and Sally Davis.



**Sally Davis**

for and on behalf of the Trustee Board  
6 July 2016



# Auditors' Report





# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LEONARD CHESHIRE DISABILITY

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## REPORT ON THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, Leonard Cheshire Disability's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2016 and of the group's and the company's profit and cash flows 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.

### What we have audited

The financial statements, included within the annual report and accounts (the "Annual Report"), comprise:

- the consolidated and company balance sheets as at 31 March 2016;
- the consolidated statement of financial activities incorporating the consolidated income and expenditure account for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

In our opinion, the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Adequacy of accounting records and information and explanations received. Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors  
As explained more fully in the Statement of Trustee's responsibilities set out on page 70, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.



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Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

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

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

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We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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



### **Clive Everest**

Senior Statutory Auditor  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
11 July 2016

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

# Financial Statements





## SECTION 4: FINANCIAL STATEMENTS

# CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Incorporating the Consolidated Income and Expenditure Account for the year ended 31 March 2016

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Totals 2016 £000	Totals 2015 £000
<b>INCOME AND ENDOWMENTS FROM:</b>						
Donations and legacies	2	9,929	5,055	—	<b>14,984</b>	16,724
Charitable activities		142,412	1,022	—	<b>143,434</b>	142,667
Other trading activities		437	2	—	<b>439</b>	419
Investments	3	259	—	1	<b>260</b>	247
Other; including gains on disposal of assets		—	—	—	<b>—</b>	2,216
<b>Total</b>		<b>153,037</b>	<b>6,079</b>	<b>1</b>	<b>159,117</b>	<b>162,273</b>
<b>EXPENDITURE ON:</b>						
Raising funds	4	2,300	—	—	<b>2,300</b>	2,617
Charitable activities						
Social care	4	145,375	1,646	17	<b>147,038</b>	144,715
International services	4	1,419	3,245	—	<b>4,664</b>	4,451
Campaigning	4	638	—	—	<b>638</b>	735
UK programmes	4	1,198	393	—	<b>1,591</b>	2,301
Other; losses on disposal of fixed assets	4	356	—	—	<b>356</b>	—
<b>Total</b>		<b>151,286</b>	<b>5,284</b>	<b>17</b>	<b>156,587</b>	<b>154,819</b>
Net gains on investments	9/10	77	—	—	<b>77</b>	433
<b>Net income / (expenditure)</b>	6	<b>1,828</b>	<b>795</b>	<b>(16)</b>	<b>2,607</b>	<b>7,886</b>
<b>Transfers between funds</b>		<b>(454)</b>	<b>454</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Other recognised gains / (losses):</b>						
Actuarial (losses) on defined benefit pension schemes	23	(38)	—	—	<b>(38)</b>	(1,216)
<b>Net movement in funds</b>		<b>1,336</b>	<b>1,249</b>	<b>(16)</b>	<b>2,569</b>	<b>6,670</b>
<b>Reconciliation of funds:</b>						
Total Funds brought forward		100,235	11,105	340	<b>111,680</b>	105,010
<b>Total Funds carried forward</b>		<b>101,571</b>	<b>12,354</b>	<b>324</b>	<b>114,249</b>	<b>111,680</b>



## **CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

**Incorporating the Consolidated Income and Expenditure Account for the year ended 31 March 2016**

Transfers between funds reflect a transfer of assets from unrestricted funds to finance a deficit on a restricted fund.

All activities relate to continuing operations. The Group has no recognised gains or losses, except those included above and, therefore, no separate statement of recognised gains and losses has been prepared.

In order to produce a combined Statement of Financial Activities (SOFA) and an Income and Expenditure Account, the SOFA has been amended to separate other recognised gains/(losses) from the net outgoing resources result.

There is no difference between the net income for the year above and their historical cost equivalents. The Notes on pages 86 to 118 form part of these financial statements.

The 2015 funds brought forward of £105m are made up of unrestricted funds of £94.8m, restricted funds of £9.8m and endowment funds of £0.4m. Please see note 28 for further details.

## SECTION 4: FINANCIAL STATEMENTS

# CONSOLIDATED BALANCE SHEET

As at 31 March 2016

Company number: 552847

		<b>2016</b>	2015
		<b>£000</b>	£000
<b>FIXED ASSETS</b>	<i>Note</i>		
Intangible assets	8	<b>548</b>	783
Tangible assets	7	<b>109,175</b>	107,242
Investments	9	<b>3,269</b>	3,199
<b>Total fixed assets</b>		<b>112,992</b>	111,224
<b>CURRENT ASSETS</b>			
Debtors	11	<b>15,421</b>	13,544
Investments	10	<b>14</b>	28
Cash at bank and in hand	12	<b>18,811</b>	22,441
<b>Total current assets</b>		<b>34,246</b>	36,013
<b>CREDITORS</b>			
Amounts falling due within one year	13	<b>(12,654)</b>	(13,199)
<b>Net current assets</b>		<b>21,592</b>	22,814
<b>Total assets less current liabilities</b>		<b>134,584</b>	134,038
<b>Creditors</b>			
Amounts falling due after more than one year	13	<b>(4,141)</b>	(4,244)
<b>Provisions for liabilities and charges</b>	14	<b>(1,193)</b>	(1,437)
<b>Net assets excluding pension liability</b>		<b>129,250</b>	128,357
<b>Defined benefit pension scheme liability</b>	23	<b>(15,001)</b>	(16,677)
<b>Total net assets</b>		<b>114,249</b>	111,680

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**SECTION 4: FINANCIAL STATEMENTS****CONSOLIDATED BALANCE SHEET****As at 31 March 2016****Company number: 552847**

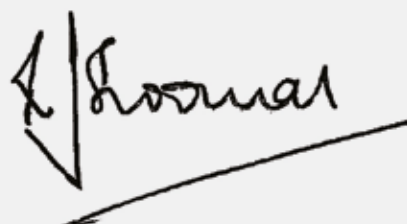
<b>THE FUNDS OF THE CHARITY</b>	<i>Note</i>	<b>2016 £000</b>	<i>2015 £000</i>
Endowment funds	15	<b>324</b>	340
Restricted income funds	16	<b>12,354</b>	11,105
<b>Unrestricted funds</b>			
General funds	17	<b>114,958</b>	115,388
Revaluation reserve	17	<b>1,614</b>	1,524
Pension reserve	17	<b>(15,001)</b>	(16,677)
Total unrestricted funds		<b>101,571</b>	100,235
<b>Total charity funds</b>		<b>114,249</b>	111,680

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**The financial statements were approved by the trustees on 6 July 2016 and signed on their behalf by:**



**Sally Davis**  
Chair



**Richard Brooman**  
Chairman of the Audit & Risk  
Committee

The notes on pages 86 to 118 form part of these financial statements.

## SECTION 4: FINANCIAL STATEMENTS

# COMPANY BALANCE SHEET

As at 31 March 2016

Company number: 552847

	Note	2016 £000	2015 £000
<b>FIXED ASSETS</b>			
Intangible assets	8	548	783
Tangible assets	7	109,152	107,221
Investments	9	3,269	3,199
<b>Total fixed assets</b>		<b>112,969</b>	111,203
<b>CURRENT ASSETS</b>			
Debtors	11	15,413	13,533
Investments	10	14	28
Cash at bank and in hand	12	18,757	22,387
<b>Total current assets</b>		<b>34,184</b>	35,948
<b>CREDITORS</b>			
Amounts falling due within one year	13	(13,431)	(13,865)
<b>Net current assets</b>		<b>20,753</b>	22,083
<b>Total assets less current liabilities</b>		<b>133,722</b>	133,286
<b>Creditors</b>			
Amounts falling due after more than one year	13	(4,141)	(4,244)
<b>Provisions for liabilities</b>	14	<b>(1,193)</b>	(1,437)
<b>Net assets excluding pension liability</b>		<b>128,388</b>	127,605
Defined benefit pension scheme liability	23	(15,001)	(16,677)
<b>Total net assets</b>		<b>113,387</b>	110,928



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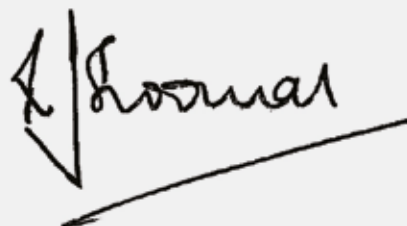
**SECTION 4: FINANCIAL STATEMENTS****COMPANY BALANCE SHEET****As at 31 March 2016****Company number: 552847**

<b>THE FUNDS OF THE CHARITY</b>	<i>Notes</i>	<b>2016 £000</b>	<i>2015 £000</i>
Endowment funds	15	<b>324</b>	340
Restricted income funds	16	<b>12,304</b>	11,055
<b>Unrestricted funds</b>			
General funds	17	<b>114,146</b>	114,686
Revaluation reserve	17	<b>1,614</b>	1,524
Pension reserve	17	<b>(15,001)</b>	(16,677)
Total Unrestricted Funds		<b>100,759</b>	99,533
<b>Total charity funds</b>		<b>113,387</b>	110,928

**The financial statements were approved by the trustees on 6 July 2016 and signed on their behalf by:**



**Sally Davis**  
Chair



**Richard Brooman**  
Chairman of the Audit & Risk  
Committee

The notes on pages 86 to 118 form part of these financial statements.

## SECTION 4: FINANCIAL STATEMENTS

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2016

Company number: 552847

	Note	<b>2016</b> <b>£000</b>	2015 £000
<b>Net cash provided by (used in) operating activities</b>	A	<b>5,579</b>	8,288
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		<b>260</b>	246
Proceeds from the sale of property, plant and equipment		<b>715</b>	2,705
Purchase of property, plant and equipment		<b>(10,150)</b>	(6,951)
Purchase of intangible assets		<b>(45)</b>	(193)
Proceeds from sale of investments		<b>11</b>	—
Purchase of investments		<b>—</b>	—
<b>Net cash provided by (used in) investing activities</b>		<b>(9,209)</b>	(4,193)
<b>Cash flows from financing activities:</b>			
Repayments of borrowing		<b>—</b>	—
Cash inflow from new borrowing		<b>—</b>	—
Receipt of endowment		<b>—</b>	—
<b>Net cash provided by (used in) financing activities</b>		<b>—</b>	—
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(3,630)</b>	4,095
<b>Cash and cash equivalents at the beginning of the reporting period</b>	B	<b>22,441</b>	18,346
Change in cash and cash equivalents due to exchange rate movements		<b>—</b>	—
<b>Cash and cash equivalents at the end of the reporting period</b>	B	<b>18,811</b>	<b>22,441</b>

The notes on pages 86 to 118 form part of these financial statements.

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2016

<b>A. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>2016 £000</b>	<b>2015 £000</b>
Net income for the reporting period (as per the statement of financial activities)	<b>2,607</b>	7,886
Adjustments for:		
Depreciation and impairment charges	<b>7,416</b>	7,185
Amortisation on programme related investments	<b>20</b>	20
(Gains) on investments	<b>(77)</b>	(433)
Dividends, interest and rents from investments	<b>(260)</b>	(246)
Loss/(profit) on the sale of fixed assets	<b>356</b>	(2,216)
Difference between pension contributions and current service cost	<b>(1,714)</b>	(1,677)
(Increase) in debtors	<b>(1,877)</b>	(590)
(Decrease) in creditors	<b>(892)</b>	(1,641)
<b>Net cash provided by (used in) operating activities</b>	<b>5,579</b>	8,288

**B. ANALYSIS OF CASH AND CASH EQUIVALENTS**

Cash in hand	<b>18,811</b>	22,441
Notice deposits (less than 3 months)	—	—
Overdraft facility repayable on demand	—	—
<b>Total cash and cash equivalents</b>	<b>18,811</b>	22,441

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

GENERAL POLICIES

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - "Accounting and Reporting by Charities" and with applicable accounting standards in the United Kingdom and with reference to the Companies Act 2006 and the Charities Act 2011. The financial statements have been prepared using the historical cost basis of accounting as modified for the valuation of investments at market value.

The financial statements have been prepared on a going concern basis and the accounting policies below are consistently applied. Based on the level of unrestricted reserves and the fact that no material uncertainties that may cast significant doubt about the ability of the group to continue to operate have been identified by the trustees, the charity is a going concern.

The charity has adapted the Companies Act formats to reflect the Charities SORP and the special nature of the charity's activities. No separate statement of financial activities (SOFA) has been presented for the charity alone, as permitted by Section 408 of the Companies Act 2006.

BASIS OF PREPERATION

The SOFA and balance sheet consolidate the financial statements of the charity and its wholly owned subsidiary undertakings.

The charity is a public benefit entity.

The consolidated Group tables include the results of services in the United Kingdom and central administration up to 31 March. In addition, the results of the wholly-owned subsidiaries, The Leonard Cheshire Foundation (Isle of Man) Ltd and Leonard Cheshire Trading Ltd have been consolidated in the Group results. The results of the subsidiaries have been consolidated on a line by line basis, and the balances and transactions between Group companies are eliminated on consolidation.

As permitted by section 408 of the Companies Act 2006, the Company has not presented its income

and expenditure account. The Group results include gross income of the company of £158.5m and net income of £2.5m for the year (2015: gross income of £161.6m and net income of £7.8m).

RECONCILIATION WITH PREVIOUS GENERALLY ACCEPTED ACCOUNTING PRACTICE

In preparing the financial statements, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP the restatement of comparative items was required.

At the date of transition (1 April 2014) there were three changes that impacted on the previously reported fund balances of the charity: legacy income recognition, liability for unused holiday and defined benefit pension schemes. Please refer to note 28 for further details.

RECONCILIATION OF GROUP FUNDS AND BALANCES:

	31 March 2014 £000	31 March 2015 £000
Fund balances		
as previously stated	110,445	116,530
Legacy income	60	91
Annual leave	(663)	(649)
Pension liability	(4,832)	(4,292)
Fund balances as restated	105,010	111,680

Note 28 to the accounts reflects these changes in greater detail.

INCOME POLICIES

Donations (including grants) are credited to income on receipt. Gift aid receivable is included in income when there is a valid declaration from the donor.

Legacy income is recognised from the earliest date of the charity being notified of an impending distribution following settlement of the estate or the legacy being received and where entitlement is established and it can be measured with reasonable accuracy. Entitlement is assumed



once six months has past since grant of probate is received and the executor is satisfied that the property in question will not be required to satisfy claims in the estate.

Once entitlement is confirmed, any conditions within the charity's control are met and the executors establish there are sufficient assets to settle the legacy then it is deemed the legacy is probable to be received.

Where the charity is informed that an interim payment will be made, we will recognise any remaining income that meets the above criteria; if sufficient uncertainty remains over the remaining amount then only the interim payment will be recognised. Reversionary interests involving a life tenant are not recognised.

Income from charitable activities include income earned both from the supply of services under contractual arrangements and from performance related grants which have conditions that specify the provision of particular services to be provided by the charity.

Income from other trading activities includes income from both trading activities to raise funds for the charity and income from fundraising events. To fall within this category the income must be received in exchange for supplying goods and services in order to raise funds for the charity. Investment income consists of dividends, interest received and rents from investment properties; and is shown gross as the amount received in the year before deduction of any associated costs.

#### **EXPENDITURE POLICIES**

All expenditure is included on an accruals basis and is recognised where there is a legal or constructive obligation to pay.

The cost of raising funds for donations and legacies is the cost of persuading others to make voluntary contributions as well as costs relating to educating and informing the public and institutions on the issues addressed by the charity.

The costs of charitable activities include all expenditure directly relating to the objects of the charity.

Operating support costs have been allocated to the appropriate charitable activity in accordance with Charities SORP as detailed in note 4. They include the costs of all activities not engaged directly in charitable, fundraising or publicity activities.

Governance costs include trustee expenses, trustee insurance, internal/external audit costs and other professional fees and have been allocated proportionately across charitable activities. Any irrecoverable VAT is either charged to the SOFA within the item of expense to which it relates or capitalised as part of the cost of the related asset, as appropriate.

#### **FOREIGN CURRENCY**

The Group financial statements are presented in pounds sterling and are rounded to thousands. The Group's functional and presentation currency is the pound sterling.

Transfers of monies between the UK and overseas offices are translated at the spot rate of exchange at the date of the transaction.

Transactions denominated in foreign currencies are translated at rate of exchange at the end of the month in which the transaction occurred. Foreign currency balances are translated at the rate of exchange prevailing at the balance sheet date. Any gain or loss arising is charged to the SOFA.

#### **OPERATING LEASES**

Rentals payable under operating leases are charged to the SOFA on a straight line basis over the term of the lease. Any lease incentives (such as rent free periods) are spread over the life of the lease or the period to the first rent review, whichever falls earlier.

#### **TAX**

The Group is exempt from income and corporation taxes on income and gains to the extent that they are applied for their charitable objects.

**PENSIONS**

Defined benefit pension scheme costs are treated in accordance with applicable financial reporting standards FRS102. The following elements are charged to the SOFA:

- i) the service costs of pension provision relating to the period, together with the cost of any benefits relating to past service;
- ii) the net return on financing, which is a charge equal to the increase in the present value of the scheme liabilities and;
- iii) the actuarial gain or loss on scheme assets and liabilities.

Liabilities are recognised using discounted future cash flows in respect of funding deficit reduction plans on defined benefit pension schemes where no actuarial reports are obtained and the deficits are funded by lump sum or employer contributions.

The difference between the market value of assets of the scheme and the present value of the accrued pension liabilities is shown as an asset or liability on the balance sheet as appropriate.

Defined contribution pension scheme costs represent the contributions payable for the period.

**LIABILITY POLICIES**

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

The charity provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. The charity has recognised specific provisions for:

i) Dilapidations on leasehold properties - this relates to the estimated future cost of building work required when vacating leasehold premises.

ii) Redundancy costs - these costs will be payable where notification of intended redundancy was made before year end

iii) Other provisions - these represent estimates of future expenditure on a number of matters where the outcome is not known with certainty.

**ASSET POLICIES**

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price.

Other financial assets, including investments in equities which are not subsidiaries, are initially measured at fair value which is normally the transaction price. Such assets are subsequently carried at fair value and the change in fair value is recognised in profit and loss.

Expenditure on tangible and intangible items of an enduring nature in excess of £1,000 (except for IT equipment where the limit is £400) is capitalised and depreciation/amortisation is charged at the following annual rates on cost:

- i) freehold properties and improvements to freehold properties at 2% per annum;
- ii) leasehold properties and improvements to leasehold properties over the remaining period of the lease;
- iii) furniture, fittings, equipment, computer systems and vehicles 5-25% per annum; and
- iv) intangible assets 25% per annum.

Freehold functional and leasehold functional properties are not revalued and are included at their depreciated historic cost. Freehold land is not depreciated except where it is not possible to separate the land from the buildings. Assets under the course of construction are not depreciated until they are brought into use.

If an indication of any impairment to the carrying value of tangible assets existed at the balance sheet date, the asset's recoverable amount is estimated

and an impairment loss recognised in the fund to which the asset related.

Investment properties are properties being held for long term investment to earn rental income or for capital appreciation, or both. Investment properties are measured initially at fair value which reflects market conditions at the balance sheet date.

Transfers to or from investment property are made only when there is a change in use, evidenced by commencement or end of owner occupation, or where the asset meets the criteria for classification as held for sale. Such criteria are when a property is immediately available for sale in its present condition, a programme for sale has been initiated and it is highly probable that a sale will occur within one year.

Gains or losses arising from changes in the fair values of investment properties are included in the SOFA in the year in which they arise.

Programme related investments are made to provide charitable benefits and are stated at original cost and are amortised over the length of the period of the associated management agreement or the period over which the investment will provide benefit where this is shorter.

Investments are included in the financial statements at middle market value on the balance sheet date. Investments in subsidiaries are included at cost. Realised gains or losses arising on the disposal of investments and unrealised gains and losses arising on revaluation are taken to the SOFA and into the fund to which the investments relate.

Where assets have been acquired via the receipt of specific capital in the form of a capital grant agreement, the accounting treatment has been in accordance with FRS 102. The asset is capitalised at its market value and depreciated in accordance with the depreciation policy.

#### **FUNDS POLICIES**

The funds of the Group have been segregated as follows:

i) restricted funds, consisting of donations and legacies received and for which the donor has

specified the purposes to which the funds must be applied;

ii) permanent endowment funds, consisting of restricted funds with the additional restriction that the donor has specified that only the income generated by the funds may be used for specific or general purposes whilst the capital must be retained;

iii) expendable endowment funds can be used for general purposes;

iv) unrestricted funds, that are expendable at the discretion of the trustees in furtherance of the objectives of the charity; and

v) designated funds, which have been set aside at the discretion of the trustees for specific purposes but which otherwise form part of the unrestricted funds. The Group designates funds for future capital developments which are for the long term use of the people who use our services.

The pension reserve reflects the difference between the net assets and liabilities of the pension schemes, measured on an FRS 102 basis.

Free reserves are calculated after excluding endowments, restricted funds, the designated property reserve, the pension reserve and funds required for development projects. The free reserves should be adequate to cover the requirement for working capital and a contingency for unforeseen costs. The trustees review the level of free reserves at least annually and the charity's reserves policy is discussed in detail in the Report of the trustees.

#### **OTHER POLICIES**

Funds belonging to people who use our services that are held by us in safe custody on their behalf are separately recorded as both cash and liabilities on the balance sheet.

#### **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY**

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual costs. The estimates and assumptions that have a significant risk of causing a material

adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i) Provisions (note 14)

Provision is made for dilapidations and contingencies. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of cash flows and discount rates used to establish net present value of the obligations require management's judgement.

ii) Defined benefit pension scheme (note 23)

The charity has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

iii) Legacies (note 2)

It is the charity's practice to wait six months from the date of probate before recognising income to allow for any claims against the estate to be made which could affect entitlement and measurement of the assets for distribution. Measurement will then be based on details contained in the estate accounts received.

iv) Impairments (note 7)

In the case of the impairment of one property, an internal valuation was used in the calculation, due to the lack of a formal, external valuation being available at year end. A subsequent, external valuation was obtained which was materially in line with the internal estimate and so it was agreed not to amend the original figure.

## 2. DONATIONS AND LEGACIES

	<b>2016</b>	2015
	<b>£000</b>	£000
Legacies	<b>7,320</b>	7,275
Donations	<b>7,664</b>	9,449
	<b>14,984</b>	16,724

The estimated amount of legacies for which the Group has received notice of entitlement, but which has not been accrued – either because probate has not yet been obtained, or on the grounds of insufficient information or certainty – was £2.7m (2015: £2.5m).



	<b>2016</b> <b>£000</b>	2015 £000
<b>3. INVESTMENT INCOME</b>		
Quoted investments	<b>1</b>	1
Bank interest	<b>171</b>	148
Rent from investment properties	<b>88</b>	97
	<b>260</b>	246

	<i>Direct staff costs £000</i>	<i>Other direct costs £000</i>	<i>Allocated support costs £000</i>	<b>Total 2016 £000</b>	<i>Total 2015 £000</i>
<b>4. EXPENDITURE</b>					
Fundraising	1,231	995	74	<b>2,300</b>	2,617
Total costs of raising funds	<b>1,231</b>	<b>995</b>	<b>74</b>	<b>2,300</b>	2,617

**Charitable activities**

Social Care	98,322	35,855	12,860	<b>147,038</b>	144,715
International Services	1,141	3,477	46	<b>4,664</b>	4,451
Campaigning	433	168	37	<b>638</b>	735
UK programmes	1,328	165	98	<b>1,591</b>	2,301
Total charitable activities	<b>101,224</b>	<b>39,665</b>	<b>13,042</b>	<b>153,931</b>	152,202
Other; losses on disposal of fixed assets	—	356	—	<b>356</b>	—
<b>Total resources expended</b>	<b>102,455</b>	<b>41,016</b>	<b>13,116</b>	<b>156,587</b>	154,819

The above table analyses by expense category the costs related to the funds generating charitable and governance activities of the Group. These costs include both primary costs, which include those elements of staff and other costs that are directly attributable to specific activities, and centrally-incurred support costs.

The total support costs, which also include an element of staff costs, are apportioned across the specific activities in accordance with the number of full-time equivalent employees allocated to each activity at the end of the financial year. The categorisation and allocation of these support costs is shown in the table overleaf.

## SECTION 4: FINANCIAL STATEMENTS

	<i>Management &amp; administration £000</i>	<i>Finance, IT &amp; purchasing £000</i>	<i>Human resources £000</i>	<b>Total 2016 £000</b>	<i>Total 2015 £000</i>
<b>SUPPORT COSTS</b>					
Voluntary income	36	26	12	<b>74</b>	51
Social care	6,264	4,461	2,135	<b>12,860</b>	12,275
International services	22	16	8	<b>46</b>	41
Campaigning	18	13	6	<b>37</b>	35
Innovative projects	48	34	16	<b>98</b>	96
	<b>6,388</b>	<b>4,550</b>	<b>2,177</b>	<b>13,115</b>	12,498

	<b>2016 £000</b>	<i>2015 £000</i>
<b>5. GOVERNANCE COSTS</b>		
Internal audit	<b>431</b>	377
External auditors' remuneration		
– audit services	<b>119</b>	102
– non–audit services	<b>19</b>	23
Governance and professional support for trustees	<b>54</b>	90
	<b>623</b>	592

Governance and professional support for trustees comprise the internal cost of strategic planning and providing legal support to trustees, together with recruitment costs of new trustees (£36,160, 2015 £42,552). Trustee expenses were £17,844 (2015: £8,961), which relate to travel and subsistence. The audit fees shown above are inclusive of irrecoverable VAT.

## SECTION 4: FINANCIAL STATEMENTS

### 6. NET INCOME BEFORE TRANSFERS

This is stated after charging:

	<b>2016</b>	2015
	<b>£000</b>	£000
Depreciation and amortisation	<b>6,527</b>	6,439
Impairments	<b>889</b>	746
Operating lease rentals		
Property	<b>1,229</b>	1,532
Equipment	<b>126</b>	176
Auditors' remuneration – audit (excluding VAT)	<b>99</b>	85
Auditors' remuneration – other (excluding VAT)	<b>16</b>	19
Exchange rate losses	<b>205</b>	12

### 7. TANGIBLE FIXED ASSETS: GROUP

#### Cost

	<i>Freehold land &amp; buildings £000</i>	<i>Leasehold properties £000</i>	<i>Assets under construction £000</i>	<i>Furniture, fittings, equipment &amp; vehicles £000</i>	<b>Total £000</b>
At 1 April 2015	120,695	7,962	4,590	46,583	<b>179,830</b>
Transfer to investment properties	(97)	16	–	–	<b>(81)</b>
Additions	770	52	5,421	3,907	<b>10,150</b>
Disposals	(2,055)	–	–	(3,987)	<b>(6,042)</b>
Transfers	946	–	(6,620)	5,674	<b>–</b>
Transfers to intangible fixed assets from assets under construction	–	–	(485)	–	<b>(485)</b>
<b>At 31 March 2016</b>	<b>120,259</b>	<b>8,030</b>	<b>2,906</b>	<b>52,177</b>	<b>183,372</b>

#### Accumulated Depreciation and Impairments

At 1 April 2015	37,293	4,379	–	30,916	<b>72,588</b>
Transfer to investment properties	(43)	–	–	(28)	<b>(71)</b>
Charge for the year	2,297	115	–	3,665	<b>6,077</b>
Impairments	346	–	–	228	<b>574</b>
Disposals	(1,048)	–	–	(3,923)	<b>(4,971)</b>
<b>At 31 March 2016</b>	<b>38,845</b>	<b>4,494</b>	<b>–</b>	<b>30,858</b>	<b>74,197</b>
<b>Net book value at 31 March 2016</b>	<b>81,414</b>	<b>3,536</b>	<b>2,906</b>	<b>21,319</b>	<b>109,175</b>
Net book value at 31 March 2015	83,402	3,583	4,590	15,667	107,242

## SECTION 4: FINANCIAL STATEMENTS

<b>7. TANGIBLE FIXED ASSETS: COMPANY</b>	<i>Freehold land &amp; buildings £000</i>	<i>Leasehold properties £000</i>	<i>Assets under construction £000</i>	<i>Furniture, fittings, equipment &amp; vehicles £000</i>	<b>Total £000</b>
<b>Cost</b>					
At 1 April 2015	120,695	7,962	4,590	46,533	<b>179,780</b>
Transfer to investment properties	(97)	16	—	—	<b>(81)</b>
Additions	770	52	5,421	3,896	<b>10,139</b>
Disposals	(2,055)	—	—	(3,985)	<b>(6,040)</b>
Transfers	946	—	(6,620)	5,674	<b>—</b>
Transfers to Intangible Fixed Assets from Assets under Construction	—	—	(485)	—	<b>(485)</b>
<b>At 31 March 2016</b>	<b>120,259</b>	<b>8,030</b>	<b>2,906</b>	<b>52,118</b>	<b>183,313</b>
<b>Accumulated Depreciation and Impairments</b>					
At 1 April 2015	37,293	4,379	—	30,887	<b>72,559</b>
Transfer to investment properties	(43)	—	—	(28)	<b>(71)</b>
Charge for the year	2,297	115	—	3,656	<b>6,068</b>
Impairments	346	—	—	228	<b>574</b>
Disposals	(1,048)	—	—	(3,921)	<b>(4,969)</b>
<b>At 31 March 2016</b>	<b>38,845</b>	<b>4,494</b>	<b>—</b>	<b>30,822</b>	<b>74,161</b>
<b>Net book value at 31 March 2016</b>	<b>81,414</b>	<b>3,536</b>	<b>2,906</b>	<b>21,296</b>	<b>109,152</b>
Net book value at 31 March 2015	83,402	3,583	4,590	15,646	107,221



	<b>2015 £000</b>
<b>8. INTANGIBLE FIXED ASSETS: GROUP AND COMPANY</b>	
<b>Cost</b>	
At 1 April 2015	<b>1,727</b>
Additions	<b>45</b>
Transfer from assets under construction	<b>485</b>
Disposals	<b>(315)</b>
<b>At 31 March 2016</b>	<b>1,942</b>
<b>Accumulated Amortisation and Impairments</b>	
At 1 April 2015	<b>(944)</b>
Charge for the year	<b>(450)</b>
Impairments	<b>(315)</b>
Disposals	<b>315</b>
<b>At 31 March 2016</b>	<b>(1,394)</b>
<b>Net book value at 31 March 2016</b>	<b>548</b>
Net book value at 31 March 2015	<b>783</b>

Intangible assets consist of computer software systems used to run significant business processes.

	<i>Investment Properties</i> £000	<i>Programme Related Investments</i> £000	<b>Total £000</b>
<b>9. INVESTMENTS: GROUP AND COMPANY</b>			
At 1 April 2015	3,030	169	<b>3,199</b>
Transferred from fixed assets	10	—	<b>10</b>
Amortised in year	—	(20)	<b>(20)</b>
Revaluation	80	—	<b>80</b>
<b>At 31 March 2016</b>	<b>3,120</b>	<b>149</b>	<b>3,269</b>

Investment properties are included in the balance sheet at fair value. Of the total fair value amount at 31 March 2016, £1.2m has been valued by independent professionally qualified valuers. The remaining fair value amount of £1.9m has been valued by internal staff who are professionally qualified and have relevant recent experience in the location and class of asset being valued.

Programme related investments are in the form of loans and have been made to facilitate the establishment of new supported living units. They are amortised over the length of the related management agreement or the period over which the investment will provide benefit, where this is shorter.

	<b>2016</b>	<i>2015</i>
	<b>£000</b>	<i>£000</i>
<b>10. CURRENT ASSET INVESTMENTS: GROUP AND COMPANY</b>		
Opening market value at 1 April 2015	<b>28</b>	27
(Loss) / Gain on revaluation	<b>(3)</b>	1
Disposal proceeds	<b>(11)</b>	–
<b>Closing market value at 31 March 2016</b>	<b>14</b>	28

The trustees consider the value of the investments to be supported by their underlying assets.

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<i>2015</i>	<b>2016</b>	<i>2015</i>
	<b>£000</b>	<i>£000</i>	<b>£000</b>	<i>£000</i>
<b>11. DEBTORS</b>				
Trade debtors	<b>8,439</b>	8,438	<b>8,434</b>	8,437
Prepayments	<b>1,462</b>	1,384	<b>1,459</b>	1,374
Accrued income	<b>5,520</b>	3,722	<b>5,520</b>	3,722
	<b>15,421</b>	13,544	<b>15,413</b>	13,533

All debtors fall due within one year.

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<i>2015</i>	<b>2016</b>	<i>2015</i>
	<b>£000</b>	<i>£000</i>	<b>£000</b>	<i>£000</i>
<b>12. CASH AT BANK AND IN HAND</b>				
Group funds	<b>18,091</b>	21,817	<b>18,037</b>	21,763
Service users' funds held in trust	<b>720</b>	624	<b>720</b>	624
	<b>18,811</b>	22,441	<b>18,757</b>	22,387

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	2015	<b>2016</b>	2015
	<b>£000</b>	£000	<b>£000</b>	£000
<b>13. CREDITORS</b>				
<b>Amounts falling due within one year</b>				
Trade Creditors	<b>4,367</b>	3,617	<b>4,355</b>	3,612
Amounts owed to subsidiary undertakings	<b>–</b>	–	<b>789</b>	684
Taxation and social security	<b>1,583</b>	1,604	<b>1,583</b>	1,604
Accruals	<b>4,453</b>	5,671	<b>4,453</b>	5,658
Deferred income	<b>1,428</b>	1,582	<b>1,428</b>	1,582
Service users' funds	<b>720</b>	624	<b>720</b>	624
Capital grants	<b>103</b>	103	<b>103</b>	103
	<b>12,654</b>	13,201	<b>13,431</b>	13,867
<b>Amounts falling due after more than one year</b>				
Capital grants	<b>4,141</b>	4,244	<b>4,141</b>	4,244
	<b>4,141</b>	4,244	<b>4,141</b>	4,244

Capital grants received are released to the SOFA over the useful life of the related properties. The portion of the grant that is to be released in the next financial year is £103,000 and shown within 'Amounts falling due within one year' and the balance is shown within 'Amounts falling due after more than one year'.

Deferred income represents the payment of fees in advance and government grants. During the year, the Group received income of £1.4 million which related to future years. (2015: £1.6 million). The movement in the year has been taken to income.

## SECTION 4: FINANCIAL STATEMENTS

<b>14. PROVISIONS FOR LIABILITIES AND CHARGES: GROUP AND COMPANY</b>	<i>Dilapidation £000</i>	<i>Redundancy £000</i>	<i>Other £000</i>	<b>Total £000</b>
At 1 April 2015	407	109	921	<b>1,437</b>
Charged to the SOFA	34	101	(252)	<b>(117)</b>
Amount utilised	(18)	(109)	–	<b>(127)</b>
<b>At 31 March 2016</b>	<b>423</b>	<b>101</b>	<b>669</b>	<b>1,193</b>

The dilapidation provision represents the potential liability of the charity for repairs at the end of the leases on occupied buildings.

The provision for redundancy relates to the cost of redundancies to be incurred in the next financial year.

Other provisions relate to a number of items where the outcome is not known with certainty at the year end.

<b>15. ENDOWMENT FUNDS: GROUP AND COMPANY</b>	<i>Balance at 1 April 2015 £000</i>	<i>Incoming resources £000</i>	<i>Resources expended £000</i>	<i>Transfers £000</i>	<b>Balance at 31 March 2016 £000</b>
<b>Permanent endowments:</b>					
– Albert Alexander Fund	11	–	–	–	<b>11</b>
– Kirby Worthington Fund	109	1	(1)	–	<b>109</b>
<b>Expendable endowments:</b>					
– St Michaels Home	220	–	(16)	–	<b>204</b>
	<b>340</b>	<b>1</b>	<b>(17)</b>	<b>–</b>	<b>324</b>

The Albert Alexander Fund was set up to benefit the residents of Danybryn in 2004.

The Kirby Worthington Fund was set up in October 1995 when the charity received a bequest with the restriction that the income of this fund must be used to support The County Durham Cheshire Home.

St Michaels is an endowment property.

<b>ENDOWMENT FUNDS: GROUP AND COMPANY</b>	<i>Balance at 1 April 2014 £000</i>	<i>Incoming resources £000</i>	<i>Resources expended £000</i>	<i>Transfers £000</i>	<b>Balance at 31 March 2015 £000</b>
<b>Permanent endowments:</b>					
– Albert Alexander Fund	11	–	–	–	<b>11</b>
– Kirby Worthington Fund	109	1	(1)	–	<b>109</b>
<b>Expendable endowments:</b>					
– St Michaels Home	235	–	(15)	–	<b>220</b>
	<b>355</b>	<b>1</b>	<b>(16)</b>	<b>–</b>	<b>340</b>



	<b>Movement in Funds</b>				<b>Balance at 31 March 2016 £000</b>
	<i>Balance at 1 April 2015 £000</i>	<i>Incoming resources £000</i>	<i>Resources expended £000</i>	<i>Transfers £000</i>	
<b>16. RESTRICTED INCOME FUNDS</b>					
<b>GROUP</b>					
Social care	9,943	1,602	(1,646)	(21)	<b>9,878</b>
Live programmes	3	391	(393)	—	<b>1</b>
International services	1,159	4,086	(3,245)	475	<b>2,475</b>
	11,105	6,079	(5,284)	454	<b>12,354</b>

**COMPANY**

Social care	9,893	1,601	(1,645)	(21)	<b>9,828</b>
Live programmes	3	391	(393)	—	<b>1</b>
International services	1,159	4,086	(3,245)	475	<b>2,475</b>
	11,055	6,078	(5,283)	454	<b>12,304</b>

Restricted funds for social care are those which have been donated to the Group to be used specifically for the purchase of new tangible assets, improvements to existing assets or support costs for disabled people to be used at specific locations.

Other restricted funds have been donated to the Group to support specific projects in the UK and overseas.

The transfers represent the use of the charity's unrestricted funds to support innovative projects.

	<b>Movement in Funds</b>				<b>Balance at 31 March 2015 £000</b>
	<i>Balance at 1 April 2014 £000</i>	<i>Incoming resources £000</i>	<i>Resources expended £000</i>	<i>Transfers £000</i>	
<b>RESTRICTED INCOME FUNDS</b>					
<b>GROUP</b>					
Social care	9,826	1,609	(1,492)	—	<b>9,943</b>
Live programmes	—	578	(585)	10	<b>3</b>
International services	—	4,405	(3,246)	—	<b>1,159</b>
	9,826	6,592	(5,323)	10	<b>11,105</b>

**COMPANY**

Social care	9,769	1,609	(1,485)	—	<b>9,893</b>
Live programmes	—	578	(585)	10	<b>3</b>
International services	—	4,405	(3,246)	—	<b>1,159</b>
	9,769	6,592	(5,316)	10	<b>11,055</b>

**THE FOLLOWING PROJECTS RECEIVED SUPPORT FROM THE FOLLOWING ORGANISATIONS:**

		<b>Total £000</b>
Australian Government Department for Foreign Affairs & Trade	Reviewing Approaches to Education for Children with Disability Papua New Guinea) Agreement No 66449	<b>73</b>
Awards for All Scotland	Green Hands Project ID: 0010271678	<b>10</b>
Bank Workers Charity	Bank Workers Charity	<b>181</b>
BBC Children in Need	YouthAbility (REF: 2012/13–Oct–1210/NW)	<b>22</b>
Big Lottery Fund Scotland - Young Start	GoiT! Inverness Project ID: 10251262	<b>21</b>
Big Lottery Fund Wales - People and Places	Ty Cwm Mobility Project ID: 10064750	<b>9</b>
Big Lottery Fund England - Reaching Communities	Enablement and Healthy Living Project ID: 10250889	<b>32</b>
Big Lottery Fund England - Reaching Communities	Can Do – Inclusive Volunteering Project ID: 10094258	<b>201</b>
Big Lottery Fund England - Reaching Communities	Opening Doors Project ID: 10242940	<b>58</b>
Big Lottery Fund England - Reaching Communities	Healthy Eating and Cooking Skills Project ID: 10388347	<b>8</b>
Big Lottery Fund (Office for Northern Ireland)	Moving On – YPO/1/010211020	<b>94</b>
Big Lottery Fund (Office for Northern Ireland)	Be Safe, Stay Safe – NSW/2/010311404	<b>200</b>
City Bridge Trust	Enablement and Healthy Living Ref 12576	<b>69</b>
Comic Relief	Zambia – Inclusive Education Ref 172430	<b>213</b>
Comic Relief	Uganda Livelihoods Ref 824179	<b>232</b>
Department for International Development	Bridging the Gap Ref ES/L008785/1	<b>582</b>
Department for International Development	Global Poverty Action Fund Impact Grant GPAF-IMP-71	<b>171</b>
Department for International Development	Understanding the Political and Institutional Conditions for Effective Poverty Reduction Ref ES/L005719/1	<b>134</b>
Department for International Development	Pioneering Inclusive Education Strategies for Disabled Girls in Kenya Ref: 6627	<b>746</b>
European Regional Development Fund	Enable for Growth	<b>16</b>
European Union	DCI-NSAPVD/2015/369-009 – Increasing Equitable Access to Livelihoods and Employment for People with Disabilities in India	<b>308</b>
European Union	EIDHR/2014/328677 – Redefining Ability – Promoting Human Rights of Women with Disabilities	<b>67</b>
European Union	DCI-NSAPVD/2011/246-477 Promoting Rights through Community Action: Improved Access to Inclusive Education for Children with Disabilities	<b>30</b>
European Union	EIDHR/2010/245417 Young Voices on the UN Convention on Disability	<b>8</b>
Heritage Lottery Fund	Leonard Cheshire Disability Heritage Archive Project (HG-13–02753)	<b>18</b>
Skills for Care	Workforce Development Fund NAT-WDF-24 (15-16)	<b>7</b>
Southwark Council	Southwark Advice Plus	<b>90</b>
UNICEF	Promoting Rights Through Community Action – Improved Access to Inclusive Education for Children with Disabilities	<b>3</b>
Wales Council for Voluntary Action	Volunteering in Wales Fund VWF-2736	<b>12</b>
Wales Council for Voluntary Action	Volunteering in Wales Fund VWF-2570	<b>6</b>
Wales Council for Voluntary Action	Gwirvol GV-15CO-025	<b>10</b>
Wimbledon Foundation	Keep Warm, Keep Well	<b>22</b>
Scottish Council for Voluntary Organisations	Bringing out the Digital	<b>10</b>

## SECTION 4: FINANCIAL STATEMENTS

	<i>Balance at 1 April 2015 £000</i>	<i>Incoming resources £000</i>	<i>Resources expended £000</i>	<i>Transfers, gains/losses £000</i>	<b><i>Balance at 31 March 2016 £000</i></b>
<b>17. UNRESTRICTED INCOME FUNDS</b>					
<b>GROUP</b>					
Designated funds:					
Tangible fixed assets	104,501	—	—	100	<b>104,601</b>
General funds	10,887	153,037	(153,000)	(567)	<b>10,357</b>
Investment property revaluation reserve	1,524	—	38	52	<b>1,614</b>
Pension reserve	(16,677)	—	1,676	—	<b>(15,001)</b>
	100,235	153,037	(151,286)	(415)	<b>101,571</b>

### COMPANY

Designated funds:					
Tangible fixed assets	104,501	—	—	100	<b>104,601</b>
General funds	10,185	152,395	(152,468)	(567)	<b>9,545</b>
Investment property revaluation reserve	1,524	—	38	52	<b>1,614</b>
Pension reserve	(16,677)	—	1,676	—	<b>(15,001)</b>
	99,533	152,396	(150,754)	(415)	<b>100,759</b>

The tangible fixed assets represents the amount invested in fixed assets from unrestricted funds.  
The Investment Property Revaluation Reserve is included within general funds on the balance sheet.

	<i>Balance at 1 April 2014 £000</i>	<i>Incoming resources £000</i>	<i>Resources expended/ released £000</i>	<i>Transfers, gains/losses £000</i>	<b><i>Balance at 31 March 2015 £000</i></b>
<b>UNRESTRICTED INCOME FUNDS</b>					
<b>GROUP</b>					
Designated funds:					
Tangible fixed assets	100,160	-	-	4,341	<b>104,501</b>
General funds	10,715	155,679	(151,509)	(3,998)	<b>10,887</b>
Investment property revaluation reserve	1,092	-	-	432	<b>1,524</b>
Pension reserve	(17,138)	-	102	359	<b>(16,677)</b>
	94,829	155,679	(151,407)	1,134	<b>100,235</b>

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**SECTION 4: FINANCIAL STATEMENTS**
**COMPANY**

	<i>Balance at 1 April 2014 £000</i>	<i>Incoming resources £000</i>	<i>Resources expended £000</i>	<i>Transfers, gains/ losses £000</i>	<b><i>Balance at 31 March 2015 £000</i></b>
<b>Designated funds:</b>					
Tangible fixed assets	100,160	–	–	4,341	<b>104,501</b>
General funds	10,686	155,039	(150,978)	(4,562)	<b>10,185</b>
Investment property revaluation reserve	1,092	–	–	432	<b>1,524</b>
Pension reserve	(17,138)	–	102	359	<b>(16,677)</b>
	94,800	155,039	(150,876)	570	<b>99,533</b>

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**18. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS**

	<i>Unrestricted funds £000</i>	<i>Restricted funds £000</i>	<i>Endowment funds £000</i>	<b>Total 2016 £000</b>
Fixed assets	104,866	7,922	204	<b>112,992</b>
Net current assets	17,040	4,432	120	<b>21,592</b>
Long term liabilities	(5,334)	—	—	<b>(5,334)</b>
Pension liability	(15,001)	—	—	<b>(15,001)</b>
	101,571	12,354	324	<b>114,249</b>

**19. LEASE COMMITMENTS**

At 31 March 2016 the Group had annual commitments under non–cancellable operating leases as follows:

	<b>2016 £000</b>	2015 £000
Leases expiring:		
within 1 year	<b>1,200</b>	1,160
between 2 to 5 years	<b>2,381</b>	3,149
after 5 years	<b>1,582</b>	587
	<b>5,163</b>	4,896

**20. CAPITAL COMMITMENTS**

At 31 March 2016 the Group had commitments for capital expenditure that have not been provided for in the financial statements as follows:

	<b>2016 £000</b>	2015 £000
Contracted	<b>1,731</b>	1,213

**21. SUBSIDIARIES**

The charity beneficially owned the entire share capital of the following subsidiary companies at 31 March 2016 and 31 March 2015.

<i>Name</i>	<i>Registered</i>	<i>Company No.</i>
Leonard Cheshire Trading Ltd	England and Wales	03244651
The Leonard Cheshire Foundation (Isle of Man) Ltd	Isle of Man	074693C
Fundability Ltd (Formerly Jobability Ltd)	England and Wales	04082374
The Leonard Cheshire Foundation Ltd	England and Wales	06388333
Ability Media Ltd	England and Wales	05867061
Beyond Disability Ltd	England and Wales	05866987
Leonard Cheshire Trading Ltd	Isle of Man	095071C

All trading subsidiaries have been consolidated in the Group financial statements.

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

All subsidiaries registered in England and Wales operate from the following registered office:

66 South Lambeth Road  
London  
SW8 1RL

The subsidiaries registered in the Isle of Man operate from the following registered office:

Unit B Part First Floor  
Willow House  
Main Road  
Onchan  
Isle of Man  
IM3 1AJ

	<b>2016</b> <b>£000</b>	2015 £000
<b>LEONARD CHESHIRE TRADING LTD</b>		
<b>Summary of assets and liabilities as at 31 March 2016</b>		
Assets	<b>4</b>	4
Liabilities	<b>(4)</b>	(4)
	<b>—</b>	—

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**LEONARD CHESHIRE FOUNDATION (ISLE OF MAN) LTD**

The principal activity of The Leonard Cheshire Foundation (Isle of Man) Ltd., which is a registered charity in the Isle of Man, is the provision of residential care for disabled people. A summary of its financial statements for the year ended 31 March 2016 and 31 March 2015 is shown below.

	<b>2016</b> <b>£000</b>	2015 £000
<b>Summary of statement of financial activities</b>		
Incoming resources	<b>642</b>	640
Resources expended	<b>(535)</b>	(540)
Net income	<b>107</b>	100
<b>Summary of assets and liabilities</b>		
Assets	<b>874</b>	766
Liabilities	<b>(14)</b>	(14)
	<b>860</b>	752

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	<i>Group</i>		<i>Company</i>	
<b>22. STAFF COSTS</b>	<b>2016</b>	2015	<b>2016</b>	2015
	<b>£000</b>	£000	<b>£000</b>	£000
Wages and salaries	<b>93,354</b>	94,117	<b>93,004</b>	93,769
Redundancy costs	<b>327</b>	508	<b>327</b>	508
Social security costs	<b>6,390</b>	6,416	<b>6,365</b>	6,391
Pension costs	<b>2,197</b>	2,162	<b>2,196</b>	2,161
Other staff benefits	<b>248</b>	255	<b>248</b>	255
	<b>102,516</b>	103,458	<b>102,140</b>	103,084

The provision for redundancies to be paid at 31 March 2016 (included above) is £0.1m. (2015: £0.1m). Redundancy costs are provided for where staff are identified as "at risk of redundancy" and consultation has commenced prior to the year end date.

The average monthly headcount for the group was 6,773 staff (2015: 6,960 staff) and the average monthly number of full-time equivalent employees during the year was as follows:

**The monthly average number of FTE employees during the year was:**

	<i>Group</i>		<i>Company</i>	
	<b>2016</b>	2015	<b>2016</b>	2015
Voluntary	<b>23</b>	19	<b>23</b>	19
Social care	<b>4,211</b>	4,360	<b>4,195</b>	4,344
International services	<b>16</b>	15	<b>16</b>	15
Campaigning	<b>13</b>	13	<b>13</b>	13
UK programmes	<b>25</b>	25	<b>25</b>	25
Governance	<b>3</b>	3	<b>3</b>	3
Support	<b>275</b>	257	<b>275</b>	257
	<b>4,566</b>	4,692	<b>4,550</b>	4,676



### REMUNERATION OF HIGHER PAID EMPLOYEES

	<b>Group</b>		<b>Company</b>	
Emoluments of higher paid employees (excluding pension contributions):	<b>2016 Staff</b>	2015 Staff	<b>2016 Staff</b>	2015 Staff
£60,001 – £70,000	<b>10</b>	11	<b>10</b>	11
£70,001 – £80,000	<b>4</b>	5	<b>4</b>	5
£80,001 – £90,000	<b>2</b>	3	<b>2</b>	3
£90,001 – £100,000	<b>1</b>	2	<b>1</b>	2
£100,001 – £110,000	<b>2</b>	3	<b>2</b>	3
£110,001 – £120,000	<b>1</b>	–	<b>1</b>	–
£140,001 – £150,000	<b>1</b>	1	<b>1</b>	1
	<b>21</b>	25	<b>21</b>	25

The charity has purchased insurance to protect it from loss arising from neglect or default of the trustees and to indemnify the trustees against the consequences of neglect or default on their part.

### PENSION CONTRIBUTIONS FOR HIGHER PAID EMPLOYEES PAID BY THE GROUP

	<b>2016</b>		<b>2015</b>	
	<b>£000</b>	<b>Staff</b>	<b>£000</b>	<b>Staff</b>
Defined contribution schemes	<b>158</b>	<b>21</b>	185	24
	<b>158</b>	<b>21</b>	185	24

### KEY MANAGEMENT PERSONNEL

The key management personnel of the charity consist of the trustees and management board directors. No trustee, or person related or connected by business to a trustee, has received any remuneration from the charity or its subsidiaries during the year ended 31 March 2016 (2015: £nil). The total amount of remuneration and benefits paid to the management board directors are as follows;

	<b>Group</b>		<b>Company</b>	
	<b>2016 £000</b>	2015 £000	<b>2016 £000</b>	2015 £000
Remuneration and benefits	<b>963</b>	891	<b>963</b>	891

No management board director received a pay-rise during the year ended 31 March 2016.

## **23. PENSION SCHEMES**

### **Defined contribution pension schemes**

The charity operates a number of defined contribution pensions schemes. Members' contributions are between 2% and 5% of pensionable salary and employer contributions are between 4% and 11% of pensionable salary.

From 1 July 2014 the charity joined the government auto-enrollment scheme. This means that all eligible staff who are not already members of a defined benefit pension scheme are automatically enrolled unless the staff member explicitly chooses to opt-out. Employer contributions for these staff members are 1% of pensionable salary.

### **Defined benefit pension schemes**

The charity operates a number of defined benefit pension schemes. Following a risk-based assessment, the charity has obtained an FRS 102 actuarial valuation for its material defined benefit pension schemes.

The value of the schemes' defined benefit liabilities have been measured using the projected unit method. The schemes' assets do not include investments issued by the sponsoring employer nor any property occupied by the sponsoring employer. The overall expected rate of return on the net schemes' assets has been based on the average expected return for each asset class, weighted by the amount of assets in each class. The schemes hold quoted securities and these have been valued at bid-price.

Further information on the charity's defined benefit pension schemes is provided below. The major assumptions used by the actuaries are disclosed in this note.

### **The Pension Trust Growth Plan**

The charity's largest defined benefit pension scheme is The Pension Trusts Growth Plan (the Plan). The Plan is closed to new entrants. The net pension liability recognised in the balance sheet as at 31 March 2016 is £10.4m

A full actuarial valuation was carried out at 30 September 2015 and the results have been updated to 31 March 2016 by a qualified

actuary, independent of the scheme's sponsoring employer. The last full valuation as at 30 September 2012 showed a deficit valuation of £21.5 million with gross assets of £55.1m and gross liabilities of £65.5m.

Member contributions are payable in addition as stated in the Schedule of Contributions dated 5 December 2013. The best estimate of employer contributions to be paid to the scheme for the period commencing 1 April 2016 is £2.0m.

### **Clwyd Pension Fund**

The Clywd Pension Fund (the Fund) relates to a small number of staff who joined the charity's service in Dolywern. The Fund is closed to new entrants. On 31 March 2016 the Fund has 4 active members, 4 deferred members, 18 pensioners and 3 dependents. The net pension liability recognised in the balance sheet at 31 March 2016 is £0.5m with gross assets of £1.2m and gross liabilities of £1.7m.

A full actuarial valuation was carried out at 31 March 2013 and the results have been updated to 31 March 2016 by a qualified actuary, independent of the schemes' sponsoring employer. The best estimate of employer contributions to be paid for the period commencing 1 April 2016 is £58k.

### **South Yorkshire Pension Fund**

The South Yorkshire Pension Fund (the Fund) relates to a small number of staff who joined the charity's services in Sheffield. The Fund is closed to new entrants. On 31 March 2016 the Fund has three active members, three deferred members, 18 pensioners and three dependents. The net pension liability recognised in the balance sheet as at 31 March 2016 is £0.2m with gross assets of £1.1m and gross liabilities of £1.3m.

A full actuarial valuation was carried out at 31 March 2013 and the results have been updated to 31 March 2016 by a qualified actuary, independent of the scheme's sponsoring employer. The best estimate of employer contributions to be paid for the period commencing 1 April 2016 is £18k.

**PRINCIPAL ACTUARIAL ASSUMPTIONS**

The disclosures below state the principal actuarial assumptions used to complete the FRS 102 actuarial valuation for the year ended 31 March 2016 for The Pension Trust Growth Plan, Clwyd Pension Fund and South Yorkshire Pension Fund.

	<b><i>At 31 Mar 2016 (per annum)</i></b>	<b><i>At 31 Mar 2015 (per annum)</i></b>
<b>Financial Assumptions</b>		
Discount rate	3.4 – 3.6%	3.1 – 3.5%
Rate of increase in salaries	2.7 – 3.75%	2.8 – 3.75%
Rate of increase in pensions:		
LPI 5% (Pre 6 April 2005 accrual)	2.0%	2.0 – 2.1%
LPI 2.5% (post 5 April 2005 accrual)	1.6 – 2.0%	1.72 – 2.0%
Rate of revaluation of deferred pensions in excess of the GMP	2.9%	3.0%
Inflation assumption (RPI)	2.9%	3.0%
Inflation assumption (CPI)	1.9 - 2.0%	2.0%
Expected return on the Scheme assets (as at beginning of each year presented)	0.7 - 1.0%	4.46 - 6.28%
<b>Demographic Assumptions</b>		
Mortality (life expectancy beyond age 65)		
Male pensioner at age 65 in 2015	22.2 – 23.5	22.1 – 23.4
Female pensioner at age 65 in 2015	24.6 – 26	22.4 – 25.9
Male non-pensioner at age 65 in 2035	23.5 – 26.4	23.5 – 26.3
Female non-pensioner at age 65 in 2035	26.1 – 29.4	26.0 – 29.3

## SECTION 4: FINANCIAL STATEMENTS

	<b>Value at 31 Mar 2016 £000</b>	<b>Proportion</b>	<b>Value at 31 Mar 2015 £000</b>	<b>Proportion</b>
<b>FAIR VALUE OF ASSETS</b>				
Equities	30,827	54%	30,043	52%
Bonds	21,055	37%	22,254	39%
Property	4,379	7%	4,002	7%
Cash/liquidity & other	1,091	2%	1,216	2%
<b>Total value of assets</b>	<b>57,352</b>	<b>100%</b>	<b>57,515</b>	<b>100%</b>

	<b>Value at 31 Mar 2016 £000</b>	<b>Value at 31 Mar 2015 £000</b>
<b>BALANCE SHEET IMPACT</b>		
Present value of funded obligations	(68,450)	(69,900)
Fair value of scheme assets	57,352	57,515
	<b>(11,098)</b>	<b>(12,385)</b>
Present value of unfunded obligations	—	—
Unrecognised past service cost	—	—
Unrecognised asset due to limitations on recognition of scheme surplus	—	—
<b>Deficit</b>	<b>(11,098)</b>	<b>(12,385)</b>
Related deferred tax liability	—	—
<b>Net pension liability</b>	<b>(11,098)</b>	<b>(12,385)</b>

	<b>Year Ending 31 Mar 2016 £000</b>	<b>Year Ending 31 Mar 2015 £000</b>
<b>SOFA IMPACT</b>		
Current service cost*	<b>150</b>	119
Expenses	<b>163</b>	155
Net interest cost	<b>401</b>	516
Interest on obligation	—	—
(Expected return on scheme assets)	—	—
Past service cost recognition	—	—
Losses / (gains) on settlements and curtailments	—	—
<b>Total</b>	<b>714</b>	790

\* The current service cost includes allowance for the cost of Death In Service benefits and all the expenses of running the scheme (including the Pension Protection Fund levy).

**ANALYSIS OF AMOUNT RECOGNISED IN THE SOFA  
AS UNREALISED GAINS / (LOSSES)**

	<b>Year Ending 31 Mar 2016 £000</b>	<b>Year Ending 31 Mar 2015 £000</b>
Net actuarial (losses) recognised in year	<b>82</b>	—
Return on plan assets - (loss)/gain	<b>(1,509)</b>	5,748
Experience gains / (losses) arising on plan liabilities	<b>(59)</b>	(14)
Effect of changes in demographic and financial assumptions - gain / (loss)	<b>1,448</b>	(6,950)
<b>Total recognised in other comprehensive income - gain / (loss)</b>	<b>(38)</b>	(1,216)

**RECONCILIATION OF PRESENT VALUE OF SCHEME LIABILITIES**

	<b>Year Ending 31 Mar 2016 £000</b>	<b>Year Ending 31 Mar 2015 £000</b>
<b>Change in the present value of the defined benefit obligation</b>		
Opening defined benefit obligation	<b>69,900</b>	62,411
Expenses	<b>163</b>	155
Service cost	<b>150</b>	119
Interest cost	<b>2,396</b>	2,754
Contributions by employees	<b>87</b>	96
Past service costs – vested benefits	—	—
Past service costs – non-vested benefits	—	—
Losses / (gains) on curtailments	—	—
Liabilities extinguished on settlements	—	—
Actuarial losses	<b>(1,521)</b>	7,163
Benefits paid	<b>(2,725)</b>	(2,798)
<b>Closing defined benefit obligation</b>	<b>68,450</b>	69,900



**RECONCILIATION OF PRESENT VALUE OF  
SCHEME ASSETS AND ACTUAL RETURN ON ASSETS**

	<b>Year Ending 31 Mar 2016 £000</b>	<i>Year Ending 31 Mar 2015 £000</i>
<b>Change in the fair value of the scheme assets</b>		
Opening fair value of the scheme assets	<b>57,515</b>	50,105
Scheme assets recognised for first time	—	—
Interest income	<b>1,995</b>	2,238
Expected return	—	—
Assets distributed on settlements	—	—
Actuarial (losses)/gains	<b>(1,559)</b>	5,947
Contributions by employer	<b>2,039</b>	1,927
Contributions by employees	<b>87</b>	96
Benefits paid	<b>(2,725)</b>	(2,798)
<b>Closing fair value of the scheme assets</b>	<b>57,352</b>	57,515
<b>Actual return on Scheme assets</b>	<b>436</b>	8,184

**Other defined benefit pension schemes**

The charity operates several other multi-employer defined benefit schemes as follows:

- The Scottish Voluntary Sector Pension Scheme. The pension deficit on this scheme is £ 1.5m (2015: £1.7m) with a recovery period of 7 years as specified in the most recent triennial valuation.
- The Federated Flexiplan. The pension deficit of £0.2m (2015: £0.4m) will be funded by lump sum payments over the recovery period of 3 years as specified in the most recent triennial valuation.

In addition, the charity operates a number of other smaller, multi-employer defined benefit pension schemes. These schemes have a combined pension deficit of £2.2m (2015: £2.2m) and the deficits will be funded by annual payments based on the contribution rates and recovery periods of between 14 and 22 years.

<i>Scheme name</i>	<i>Employer contribution £000</i>	<i>Contribution rate 2017 %</i>	<i>Contribution rate 2017 %</i>	<i>Recovery period years</i>	<i>Scheme deficit 2016 £000</i>	<i>Scheme deficit 2015 £000</i>
Dyfed	11	20	20	14	72	74
NHS	634	14.3	14.3	14	952	1232
Wiltshire	305	23.7	23.7	17	873	513
Oxfordshire	89	19.6	19.6	22	257	401
					<b>2,154</b>	<b>2,220</b>

**BALANCE SHEET PENSION LIABILITY SUMMARY**

	<i>Value at 31 Mar 2016 £000</i>	<i>Value at 31 Mar 2015 £000</i>
Pensions Trust Growth Plan, Clwyd Pension Fund & South Yorkshire Pension Fund	<b>11,098</b>	12,385
Scotland Voluntary Sector Pension Scheme	<b>1,533</b>	1,698
Federated Flexiplan	<b>216</b>	374
Dyfed	<b>72</b>	74
NHS	<b>952</b>	1,232
Wiltshire	<b>873</b>	513
Oxfordshire	<b>257</b>	401
	<b>15,001</b>	16,677

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**24. CONTINGENT ASSETS**

- The charity has a legal charge on a property that entitles it to 13.9% of the value of the site, should it be developed. The property is currently owned by another organisation which uses it to provide care to people with learning difficulties.
- The charity is entitled to 20% of the sale proceeds on a house which is currently occupied by a private individual. There are no current plans to dispose of the property.

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**25. CONTINGENT LIABILITIES**

At the year end, there were a number of unresolved legal disputes, contractual commitments to meet rental obligations on vacant property and other matters which may result in a liability to the charity. It is not possible to reliably estimate the potential liability arising from these matters.

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**26. COMPANY LIMITED BY GUARANTEE**

The charity is a company limited by guarantee and, in the event of a winding-up, the members are committed to pay £1 each. All members are trustees.

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**27. RELATED PARTY TRANSACTIONS**

One of our trustees (Justin Tydeman) is CEO and director of PHS Group Ltd and a number of its subsidiary companies. Leonard Cheshire Disability has a long standing relationship with PHS Group Ltd and its subsidiary companies for the provision of waste disposal services. This relationship predates his appointment as an LCD trustee in 2013. All transactions are at full arms-length based on normal commercial terms. In the year to 31 March 2016, the value of goods and services purchased by Leonard Cheshire Disability Ltd from PHS Group Ltd and its subsidiary companies was £132,528. On 31 March 2016 Leonard Cheshire Disability Ltd owed PHS Group Ltd and its subsidiary companies £2,300. No debts have been written off during the period.

Clare Pelham, our former Chief Executive Officer, was also Chair of the Voluntary Organisations Disability Group. During the year to 31 March 2016, Leonard Cheshire Disability Ltd paid an annual membership subscription of £5,650 to that organisation which is the standard membership fee.

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**28. TRANSITION TO FRS 102**

This is the first year that the Group and Company has presented its results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014. Set out below are the changes in accounting policies which reconcile surplus for the financial year ended 31 March 2015 and the total net funds as at 1 April 2014 and 31 March 2015 between UK GAAP as previously reported and FRS 102.

**SECTION 4: FINANCIAL STATEMENTS**
**CONSOLIDATED BALANCE SHEET**

		<b>As at 1 April 2014</b>			<b>As at 31 March 2015</b>		
		<i>As previously stated £000</i>	<i>Effect of transition £000</i>	<i>FRS 102 restated £000</i>	<i>As previously stated £000</i>	<i>Effect of transition £000</i>	<i>FRS 102 restated £000</i>
<b>FIXED ASSETS</b>							
Tangible assets		106,910	476	107,386	106,988	254	107,242
Intangible assets		969	–	969	783	–	783
Investments		2,283	189	2,472	3,030	169	3,199
Programme related investments		189	(189)	–	169	(169)	–
<b>Total Fixed Assets</b>		<b>110,351</b>	<b>476</b>	<b>110,827</b>	<b>110,970</b>	<b>254</b>	<b>111,224</b>
<b>CURRENT ASSETS</b>							
Investments		27	–	27	28	–	28
Assets held for sale		476	(476)	–	254	(254)	–
Debtors	A	12,894	60	12,954	13,453	91	13,544
Cash at bank and in hand		18,346	–	18,346	22,441	–	22,441
<b>Total Current Assets</b>		<b>31,743</b>	<b>(416)</b>	<b>31,327</b>	<b>36,176</b>	<b>(163)</b>	<b>36,013</b>
<b>LIABILITIES</b>							
Creditors: Amounts falling due within one year	B	(14,210)	(663)	(14,873)	(12,550)	(649)	(13,199)
<b>Net current assets</b>		<b>17,533</b>	<b>(1,079)</b>	<b>16,454</b>	<b>23,626</b>	<b>(812)</b>	<b>22,814</b>
<b>Total assets less current liabilities</b>		<b>127,884</b>	<b>(603)</b>	<b>127,281</b>	<b>134,596</b>	<b>(558)</b>	<b>134,038</b>
<b>Creditors</b>							
Amounts falling due after more than one year		(4,347)	–	(4,347)	(4,244)	–	(4,244)
<b>Provisions for liabilities and charges</b>		<b>(786)</b>	<b>–</b>	<b>(786)</b>	<b>(1,437)</b>	<b>–</b>	<b>(1,437)</b>
<b>Net assets excluding pension liability</b>		<b>122,751</b>	<b>(603)</b>	<b>122,148</b>	<b>128,915</b>	<b>(558)</b>	<b>128,357</b>
<b>Defined benefit pension scheme liability</b>	C	<b>(12,306)</b>	<b>(4,832)</b>	<b>(17,138)</b>	<b>(12,385)</b>	<b>(4,292)</b>	<b>(16,677)</b>
<b>Total Net Assets</b>		<b>110,445</b>	<b>(5,435)</b>	<b>105,010</b>	<b>116,530</b>	<b>(4,850)</b>	<b>111,680</b>

## CONSOLIDATED BALANCE SHEET

	<b>As at 1 April 2014</b>			<b>As at 31 March 2015</b>		
	<i>As previously stated £000</i>	<i>Effect of transition £000</i>	<i>FRS 102 restated £000</i>	<i>As previously stated £000</i>	<i>Effect of transition £000</i>	<i>FRS 102 restated £000</i>
<b>THE FUNDS OF THE CHARITY</b>						
Endowment funds	355	–	355	340	–	340
Restricted income funds	9,826	–	9,826	11,105	–	11,105
General funds	111,478	(603)	110,875	115,946	(558)	115,388
Revaluation reserve	1,092	–	1,092	1,524	–	1,524
Pension reserve	(12,306)	(4,832)	(17,138)	(12,385)	(4,292)	(16,677)
Total unrestricted funds	109,264	(5,435)	94,829	105,085	(4,850)	100,235
<b>Total charity funds</b>	<b>110,445</b>	<b>(5,435)</b>	<b>105,010</b>	<b>116,530</b>	<b>(4,850)</b>	<b>111,680</b>



**SECTION 4: FINANCIAL STATEMENTS**
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**
**Year ended 31 March 2015**

<b>Year ended 31 March 2015</b>						
<b>Unrestricted funds</b>						
	<i>As previously stated £000</i>	<i>Effect of transition £000</i>	<i>As restated £000</i>	<i>Restricted funds £000</i>	<i>Endow- ment funds £000</i>	<i>FRS 102 restated £000</i>
<b>INCOME AND ENDOWMENTS FROM:</b>						
Donations and legacies	10,101	31	10,132	6,592	—	16,724
Charitable activities	142,667	—	142,667	—	—	142,667
Other trading activities	419	—	419	—	—	419
Investments	246	—	246	—	1	247
Other including gains/(losses) on disposal of assets	2,216	—	2,216	—	—	2,216
<b>Total</b>	<b>155,649</b>	<b>31</b>	<b>155,680</b>	<b>6,592</b>	<b>1</b>	<b>162,273</b>
<b>EXPENDITURE ON:</b>						
Raising funds	2,617	—	2,617	—	—	2,617
Charitable activities:						
Social care	143,500	(14)	143,486	1,213	16	144,715
International services	1,205	—	1,205	3,246	—	4,451
Campaigning	735	—	735	—	—	735
UK programmes	1,437	—	1,437	864	—	2,301
<b>Total</b>	<b>149,494</b>	<b>(14)</b>	<b>149,480</b>	<b>5,323</b>	<b>16</b>	<b>154,819</b>
Net gains on investments	433	—	433	—	—	433
<b>Net income / (expenditure)</b>	<b>6,587</b>	<b>45</b>	<b>6,632</b>	<b>1,269</b>	<b>(15)</b>	<b>7,886</b>
<b>Transfers between funds</b>	<b>(10)</b>	<b>—</b>	<b>(10)</b>	<b>10</b>	<b>—</b>	<b>—</b>
<b>OTHER RECOGNISED GAINS/(LOSSES)</b>						
Actuarial gains/(losses) on defined benefit pension schemes <sup>C</sup>	(1,756)	540	(1,216)	—	—	(1,216)
<b>Net movement in funds</b>	<b>4,821</b>	<b>585</b>	<b>5,406</b>	<b>1,279</b>	<b>(15)</b>	<b>6,670</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward	100,264	(5,435)	94,829	9,826	355	105,010
<b>Total funds carried forward</b>	<b>105,085</b>	<b>(4850)</b>	<b>100,235</b>	<b>11,105</b>	<b>340</b>	<b>111,680</b>

### **A LEGACY ADJUSTMENT**

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SORP and FRS 102 have relaxed the criteria for recognising legacy income from "virtually certain" to "probable". As a result of this change in recognition criteria, at the date of transition to FRS 102, an additional £60,000 worth of legacies were accrued. In the year to 31 March 2015, an additional £31,000 worth of legacies were recognised in the SOFA and at 31 March 2015 there was an increase accrued legacies of £91,000.

### **B HOLIDAY PAY ACCRUAL**

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FRS 102 requires short term employee benefits to be charged to the SOFA as the employee service is received. This has resulted in the Group recognising a liability for holiday pay of £663,000 at the date of transition to FRS 102. In the year to 31 March 2015, there was a reduction of £14,000 in the liability which was released to the SOFA and the liability at 31 March 2015 was £649,000.

### **C DEFINED BENEFIT PENSION SCHEMES**

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Under previous UK GAAP the Group recognised an expected return on defined benefit plan assets in the SOFA. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in the SOFA. Under the previous UK GAAP, a number of defined benefit pension schemes were treated as defined contribution schemes without a balance sheet liability for future deficit payments. Under FRS 102 the Group has recognised the liability for future deficit payments on these schemes. This has resulted in an increased balance sheet liability at the date of transition of £4.8m. The liability at 31 March 2015 was reduced to £4.3m with a corresponding credit being taken to actuarial gains in the SOFA during the year to 31 March 2015.







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Thank you

## CHARITABLE TRUSTS, CORPORATE PARTNERS AND OTHER SUPPORTERS:

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**A very big thank you to all those supporters who have made donations to Leonard Cheshire Disability in the last 12 months and to many others not listed, including those who wish to remain anonymous and those who remembered Leonard Cheshire Disability in their wills.**

- Accenture UK
- Albert Hunt Trust
- Allan and Nesta Ferguson Charitable Settlement
- Australian Government Department for Foreign Affairs & Trade
- Awards for All Scotland
- Bank of America Merrill Lynch
- Bank Workers Charity
- Barclays PLC
- BBC Children in Need
- Big Lottery Fund
- Bill Brown's Charitable Settlement of 1989
- Brighton & Worthing Charitable Trust
- Cantor Fitzgerald
- Catford Cycling Club
- Chapman Charitable Trust
- Charities Aid Foundation
- Cheshire Freemasons
- Chiltern Charitable Trust
- City Bridge Trust
- Comic Relief
- Department for Work & Pensions
- Department for International Development
- European Commission
- European Regional Development Fund
- European Social Fund
- European Union
- Francis C Scott Charitable Trust
- Frieda Scott Charitable Trust
- (GSK) Glaxo Smith Kline
- Greater London Authority
- Heritage Lottery Fund
- Howden Joinery Ltd
- JTI
- Lakeland Disability Support
- Marston's PLC
- Momentum
- Monday Charitable Trust

- Nesta
- Norwich Rotary Club
- People for People
- P F Charitable Trust
- Postcode Community Trust
- Queensberry House Trust
- Roper Family Charitable Trust
- Samuel & Freda Parkinson Charitable Trust
- Scottish Council for Voluntary Organisations
- Seetec
- Sherling Charitable Trust
- Sobell Foundation
- South Essex Homes
- Southwark Council
- St Aubyn Estates
- Stelios Philanthropic Foundation
- The Bernard Sunley Charitable Foundation
- The Castansa Trust
- The Copley May Foundation
- The Gordon and Ena Baxter Foundation
- The Joseph Keith Burgess Foundation
- The Kadoorie Charitable Foundation
- The Tribal Group Foundation
- The William Brake Charitable Trust
- The Wolfson Foundation
- Tinder Foundation
- Tompkins Foundation
- Toyota Motor Manufacturing (UK) Limited
- Ulster Garden Villages
- UNICEF
- United States Agency for International Development
- Vitol Foundation
- Wales Council for Voluntary Action
- Public Health Wandsworth Borough Council
- Wetherby & District Lions Club
- Wimbledon Foundation
- World Jewish Relief





# Who's who

# TRUSTEES AND SENIOR OFFICERS

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**Founder**

The Late Group Captain Lord Cheshire,  
VC, OM, DSO, DFC

**Trustees**

Sally Davis (Chairman)  
(term started 1 October 2015)

Ilyas Khan (Chairman) ^  
(term expired 7 July 2015)

Susan Douglas-Scott ^ <  
(Vice Chair, and Acting Chairman  
from 7 July 2015 to 30 September 2015)

Paul Baker \*+

Richard Brooman ^ <

Vicci Chittenden ^

Martin Davidson  
(Vice Chair)^+

Elizabeth Haywood<

Alastair Hignell ^

Catriona Rayner \*+<

Rena Shepherd

Justin Tydeman \*+

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**Chief Executive**

\*\*\* Clare Pelham  
Rosemarie Pardington (acting)

**Director of Development**

Mark Elliott

**Chief Financial Officer**

Sarah Broad

**Director of Projects**

Mrunal Sisodia

**Director of Corporate Affairs**

\*\*Andy Cole

**Director of People**

\*\*Vicky Hemming  
Patricia Williamson (interim)

**Director of International**

Tiziana Oliva

**Director of Fundraising**

Sarah Bryan

**Company Secretary**

\*\*Alan Cruickshank  
Philip Reed

^ Nominations Committee

\* Finance Committee

+ Remuneration Committee

< Audit & Risk Committee

\*\* These individuals left the charity before April 2016

\*\*\* This individual left the charity on 22 May 2016



A photograph of a woman in a wheelchair and a man walking on a paved path outdoors. The woman is wearing a bright orange jacket, a colorful tie-dye shirt, and patterned leggings. She is smiling and looking towards the man. The man is wearing a light-colored button-down shirt and blue jeans, and he is also smiling and looking at the woman. They are surrounded by trees and a wooden railing in the background.

# Principal advisors

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**AUDITORS****PricewaterhouseCoopers LLP**

1 Embankment Place  
London  
WC2N 6RH

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**BANKERS****Barclays Bank Plc**

1 Churchill Place  
London  
E14 5HP

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**LEGAL****Leonard Cheshire Disability  
uses a panel of legal advisors  
including:****Bevan Brittan**

Fleet Place House  
2 Fleet Place  
London  
EC4M 7RF

**Farrar & Co**

66 Lincoln's Inn Fields  
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WC2A 3LH

**Russell-Cooke**

Devonshire House  
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**Bates Wells Braithwaite**

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**Wright Hassall**

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Royal Leamington Spa  
CV34 6BF

Leonard Cheshire Disability does  
not use any investment advisers.

