



Company Registration No. 1055041
Charity Registration Nos. 264166 & SC038493

**Annual Report and
Financial Statements
for the year ended
31st July 2018**

L'ARCHE COMMUNITIES IN THE UK

Figures show the number of people with learning disabilities receiving a service from L'Arche as at 31 July 2018, which are not necessarily those at the time of publishing this report.

Kent (founded 20th January 1974)

18a St. Radigund's Street, Canterbury, Kent CT1 2AA

Tel: 01227 643025 Email: kent@larche.org.uk

People with learning disabilities: **32** (**13** supported living; **16** residential care; **2** day provision only, **1** voluntary member)

Community Houses: **8**. Day Provision Projects: **2**.

Highland (founded 11th March 1975)

13 Drummond Crescent, Inverness, IV2 4QR

Tel: 01463 239615 Fax: 01463 711089 Email: reception.inverness@larche.org.uk

People with learning disabilities: **63** (**20** supported living; **43** day provision only)

Community Houses: **3**. Day Provision Projects: **1**.

Liverpool (founded 23rd December 1976)

The Ark, Lockerby Road, Liverpool L7 0HG

Tel: 0151 260 0422 Fax: 0151 263 2260 Email: liverpool@larche.org.uk

People with learning disabilities: **68** (**38** supported living; **28** day provision only, **2** voluntary members)

Community Houses: **2**. Day Provision Projects: **1**.

London (founded 27th July 1977)

9-13 Norwood High Street, London SE27 9JU

Tel: 020 8670 6714 Fax: 020 8670 0818 Email: officeadmin.london@larche.org.uk

People with learning disabilities: **32** (**21** supported living; **5** residential care; **6** day provision only)

Community Houses: **7**. Day Provision Projects: **2**.

Bognor Regis (founded 27th February 1978)

51 Aldwick Road, Bognor Regis, West Sussex, PO21 2NJ

Tel: 01243 863426 Fax: 01243 840383 Email: enquiries.bognor@larche.org.uk

People with learning disabilities: **33** (**6** supported living; **15** residential care; **12** day provision only)

Community Houses: **4**. Day Provision Projects: **1**.

Brecon (founded 19th December 1989)

Ground Floor, 2 Wheat Street, Brecon, Powys LD3 7DG

Tel: 01874 624483 Email: brecon@larche.org.uk

People with learning disabilities: **15** (**6** residential care; **7** day provision only, **2** voluntary members)

Community Houses: **1**. Day Provision Projects: **1**.

Edinburgh (founded 3rd May 1991)

Level 1, Sugar Bond, 2 Anderson Place, Edinburgh EH6 5NP

Tel: 0131 553 3478 Fax: 0131 554 3236 Email: edinburgh@larche.org.uk

People with learning disabilities: **16** (**16** supported living)

Community Houses: **7**. Day Provision Projects: **0**.

Preston (founded 8th July 1998)

71 Garstang Road, Preston. PR1 1LB

Tel: 01772 251113 Email: preston@larche.org.uk

People with learning disabilities: **11** (**6** supported living; **5** residential care)

Community Houses: **1** Day Provision Projects: **0**

Ipswich (founded 22nd May 2006)

3 Warrington Road, Ipswich, IP1 3QU

Tel: 01473 216362 Fax: 01473 216409 Email: ipswich@larche.org.uk

People with learning disabilities: **17** (**13** supported living, **4** voluntary members)

Community Houses: **4**. Day Provision Projects: **0**.

Manchester (founded 16th May 2013)

St. Paul's Rectory, 491 Wilmslow Road, Withington, M20 4AW

Tel. 0161 445 5710 Email: manchester@larche.org.uk

People with learning disabilities: **13** (**8** supported living; **2** day provision only, **3** voluntary members)

Community Houses: **2**. Day Provision Projects: **1**.

Flintshire Project (project status agreed 10th December 2012)

c/o Jacqui Lewis, Ty Mair, St David's Lane, Mold, Flintshire, CH7 1LH.

Tel. 01352 751820 Email: jacqui.lewis@larche.org.uk

People with learning disabilities: **9** (**9** voluntary members)

Nottingham Project (project status agreed 27th June 2015)

c/o CA Plus, 7 Mansfield Road, Nottingham, NG1 3FB

Tel. 0115 947 8946 Email: nottingham@larche.org.uk

People with learning disabilities: **8** (**8** voluntary members)



IDENTITY STATEMENT

We are people with and without learning disabilities, sharing life in Communities belonging to an International Federation.

Mutual relationships and trust in God
are at the heart of our journey together.

We celebrate the unique value of every person and recognise our need of one another.

MISSION STATEMENT

We will make known the gifts of
people with learning disabilities
revealed through mutually transforming relationships.

We will foster an environment that is inspired by the
core values of our founding story
and responds to the changing needs of our members.

We will engage in our diverse cultures, working together to build a more human society.

L'Arche International Identity and Mission Statements, adopted at the UK Assembly, London, 12th May 2007



NATIONAL BOARD

Aedan MacGreevy (*Chair*)
Catherine Baines (*Vice-Chair*)
Peter Whalley (*Treasurer*)
Ben Moorhead
Sue Williams
Carole Glasson (*London*)
Liz Rijnenberg (*Brecon*)
Isobel Grey (*Edinburgh*)
Marie Roberts (*Ipswich*)
John O'Brien (*Nottingham*)

UK MANAGEMENT

National Leadership Team

John Sargent (*National Leader and Company Secretary*)
Kathleen Boyle (*Deputy National Leader*)
Anthony Kramers (*Regional Leader – Scotland & North England*)
James Cuming (*Regional Leader – Wales & South England*)
Sarah Harrison (*National Assistants' Co-ordinator*)
Louise Carter (*Formation Co-ordinator*)
Debbie Walker (*National Finance Co-ordinator*)
Heather Coogan (*Communications & Fundraising Co-ordinator*)

Community Leaders

David Bex (*Kent*)
Maria Peter (*Highland*)
Carol Carney (*Liverpool*)
Lucy Winter (*London*)
Sonja Jones (*Bognor Regis*)
Des Kennedy (*Brecon*)
Mike Noonan (*Edinburgh*)
Phil McGrath (*Preston*)
Tony Gibbings (*Ipswich*)
Kevin Coogan (*Manchester*)
Jacqui Lewis (*Flintshire project*)
vacant (Nottingham project)



Annual Report of the Trustees and Financial Statements
for the year ended 31st July 2018

A company limited by guarantee
Registered in England & Wales, No. 1055041 Registered Charity Nos. 264166 and SC038493

Registered Office:
10 Briggate, Silsden, Keighley, West Yorkshire BD20 9JT
Tel: 01535 656186 Fax: 01535 656426
Email: info@larche.org.uk
Website: www.larche.org.uk

AUDITOR
BHP LLP, New Chartford House, Centurion Way, Cleckheaton, West Yorkshire, BD19 3QB

BANKERS
National Westminster Bank plc, 63 North Street, Keighley, West Yorkshire BD21 3SB
Royal Bank of Scotland plc, PO Box 5663, 1st Floor, Affric House, Beechwood Park, Inverness IV2 3YR

The National Board of L'Arche has pleasure in presenting its forty sixth report and the financial statements for the year ended 31st July 2018. The Trustees' Report incorporates the Directors' Report as required by the Companies Act 2006.

AIMS AND OBJECTIVES

L'Arche in the UK is a member of the International Federation of L'Arche Communities where people with and without learning disabilities share life together - living and working as an intentional community rather than as clients and staff. The Identity and Mission Statements set out the guiding principles behind L'Arche's approach to support and care emphasising the importance of mutual relationships and the value of the spiritual dimension in encouraging the holistic growth, development and citizenship of all Community members:

- We are people with and without learning disabilities, sharing life in communities belonging to an International Federation.
- Mutual relationships and trust in God are at the heart of our journey together.
- We celebrate the unique value of every person and recognise our need of one another.

L'Arche was incorporated in the UK as a company limited by guarantee on 18th May 1972. It was registered as a charity in England and Wales on 24th July 1972, and in Scotland on 26th July 2007.

Its governing documents, the Articles of Association dated 24th February 2018, define its principal objects which can be summarised as providing support and training for people with learning disabilities by opening and running Community networks, homes and work opportunities, thereby fostering personal development and citizenship.

There are currently ten L'Arche Communities in the UK, with two projects under development. Set up in response to the initiative of a local group, a typical Community comprises a number of houses, supported living settings and, where appropriate and commissioned, work services, spread out within an urban setting and run as a unified service. In this way, Community members are more easily able to integrate with the wider neighbourhood and thereby develop and maintain important links with individuals and groups beyond L'Arche.

All members with learning disabilities receiving a service are supported through person-centred support plans which are regularly reviewed to achieve their desired goals, develop their potential and take positive risks, while respecting the different rhythm of each person. Some people are supported to live a more independent lifestyle; those who are ageing are assisted with more intensive support, showing how even loss or diminishment can still be a source of new life for the whole group.

Within this overarching objective of supporting adults with learning disabilities through networks, support, housing and work opportunities, **L'Arche's aims** (its mission) are:

- To make known the gifts of people with learning disabilities revealed through mutually transforming relationships;
- To foster an environment in communities that is inspired by our founding story and responds to the changing needs of our members;
- To engage in our diverse cultures, working together to build a more human society.

Our priorities for achieving these aims are:

- **Participation:** Ensuring that people with learning disabilities are fully partners in the mission and have the opportunity to participate as fully as possible in decision-making structures within L'Arche and in their wider community;
- **Community living:** Supporting all members to share healthy, creative and sustainable lives in faith-based Communities;
- **Growth:** Supporting Communities to develop new models and to respond to the changing needs and choices of Community members. Supporting new projects to become L'Arche Communities;
- **Announcing:** Promoting the gifts of people with learning disabilities and announcing the vision of L'Arche to wider society;
- **Structures:** Ensuring that our UK governance and leadership structures support the mission of L'Arche.

PUBLIC BENEFIT

L'Arche has referred to the Charity Commission's guidance on public benefit when reviewing our aims, objectives and activities and the Charity's Trustees have complied with the duty in s.4 of the Charities Act 2006 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the Public Benefit requirement under that Act. L'Arche works closely with Local Authority Social Service departments to identify individuals with a learning disability who would like to choose to join L'Arche and who could benefit from L'Arche's service within the limits of the funding available from the Local Authority or an individually-held budget. L'Arche welcomes adults with a learning disability irrespective of their faith, race, gender, age or sexual orientation. As outlined below, L'Arche's activities have provided a benefit to the 288 (2017: 258) individuals with learning disabilities who receive a service as well as to their families and friends. L'Arche also responds to the desire of some people with learning disabilities whose support is commissioned from elsewhere to take part in specific aspects of community life, on an individually-agreed basis - 29 people (2017: 39) are involved in this way.

In addition to this specific benefit to individuals and their family and friends, L'Arche's objectives and activities offer a general benefit to the wider society by encouraging and supporting the valued citizenship of each person.

GOVERNANCE

L'Arche in the UK is governed by a National (UK) Board, the members of which are Directors of the Company with trustee responsibilities. The full board meets six times a year in addition to the AGM.

A review of national and local governance arrangements was begun during the previous year, working with external consultants, and continued during the first part of this year. Proposals were brought to the National Board and AGM in February 2018. The proposals extended the legal membership of the company to reflect the Identity of L'Arche and to make clearer our membership of the International Federation of L'Arche Communities. The objects of the charity remain the same. In order to streamline governance responsibilities, the proposals removed the delegated governance responsibilities from the local committees and removed the provision that each local chair be automatically an ex-officio member of the Board. This reduced the size of the Board to eleven members. The proposals also updated the Articles to comply with current legislation. The new 'Articles of Association' and 'Regulations for Governance and Leadership' were recommended by the National Board and formally adopted by the AGM on 24th February 2018.

Recruitment of new National Board members results from a regular review of the necessary mix of skills and experience required for governance. Vacancies are advertised in national and local publications as well as through professional agencies and other networks. Potential candidates are appointed after a process of interviews, references and other checks.

New members' induction and training is achieved through a combination of written material, meetings and training days, in addition to local Community visits, to ensure they are not only aware of their responsibilities as trustees but understand the ethos and practice of L'Arche in supporting people with learning disabilities.

Those who served during the year to 31st July 2018 were:

David Race (Chair) (resigned 6 th October 2018)	Kathleen O'Gorman (Bognor Regis)* (resigned 23 rd June 2018)
Catherine Baines (Vice-Chair)	Isobel Gray (Edinburgh)* (appointed 22 nd March 2018)
Peter Whalley (Treasurer)	Claire Wilson (Edinburgh)* (resigned 22 nd March 2018)
Ben Moorhead	Stephen Grice (Preston)* (resigned 23 rd June 2018)
Sue Williams	Marie Roberts (Ipswich)*
Joan Blows (Kent)* (resigned 23 rd June 2018)	Peter Harrison (Manchester)* (resigned 23 rd June 2018)
Nick Boyle (Highland)* (resigned 23 rd June 2018)	Stewart Milne (Flintshire)* (resigned 23 rd June 2018)
Carole Glasson (London)*	John O'Brien (Nottingham)*
Liz Rijnenberg (Brecon)*	

** Local Committee Chairs who served as Ex-officio Directors until 23 June 2018 unless otherwise stated*

Aedan MacGreevy was appointed as Chair and Trustee on 5th December 2018

The National Board appoints a Finance sub-committee to support its governance responsibilities in the areas of finance, audit & fundraising. The sub-committee comprises three trustees (one of whom chairs the sub-committee) along with a number of employed members. The sub-committee meets at least three times yearly and reports to the full Board.

Members of the UK Leadership Team attend all National Board and sub-committee meetings.

All trustee members of the National Board and sub-committees serve in a voluntary capacity.

MANAGEMENT

The National Leader is appointed by the National Board and reports to the Trustees through the National Chair, and to the International Federation of L'Arche through the International Leader. As leader of the executive UK management structure, the National Leader is responsible for supervising a Deputy National Leader and two Regional Leaders, serving Scotland and North England, and Wales and South England respectively, and the small team of national officers.

All members of the UK Leadership Team are permanent employees. Day-to-day management of each Community is delegated by the National Board to the Community Leader who is supported by Community Co-ordinators, typically responsible for Houses, Work, Assistants, Finance and Administration, and each House and Work Project Leader. In team meetings in the houses and the work services, and in the Community Council, all Community members have an equal voice. Authority is exercised where required, but there is considerable emphasis on consensus. Members with learning disabilities are encouraged and enabled to play an active part in their weekly house and workshop meetings and to influence decisions affecting their Community and personal lives.

Members of the L'Arche Leadership Team are accountable to the National Board through the National Leader. Regional Leaders are responsible for supporting the Communities, supervising Community Leaders and ensuring the Communities discern their local mission priorities and objectives, while living faithfully to L'Arche's Identity & Mission and being compliant with commissioning and statutory requirements.

A National Assistants' Coordinator is responsible for human resources and a Mission Formation Coordinator is responsible for formation and leadership development. A National Finance Coordinator and national finance team, based at the registered office, are accountable to the National Board through the National Leader for financial matters, and provide financial advice and support across the organisation to the National Board, Sub-committees and the Communities. A Fundraising and Communication Coordinator works with a small team to support the national charity and the Communities.

Consultative Councils provide a space for members to reflect and discern together and to give counsel to the Leadership and Board. Each local Community has a Community Council; and nationally, the group of Community Leaders, a representative group of members with learning disabilities, and a representative group of assistants, each meet twice a year to offer their counsel to the Leadership and Board.

Each local Community also has a committee of local professionals who provide local support and a feedback loop to the community leadership to help ensure that the Community is rooted locally and living its mission.

EQUAL OPPORTUNITIES

L'Arche seeks to ensure that it has a diverse workforce to reflect the diversity of the people who use our services. Opportunities for employment, promotion, transfer and training are advertised widely and all applicants are welcomed irrespective of race, colour, nationality, ethnic or national origins, gender, sexual orientation, disability, age, religion or belief. L'Arche gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities.

CHARITABLE DONATIONS

A donation of £3,000 (2017: £3,000) was made during the year to the L'Arche Benevolent Trust, a registered charity with the objectives of assisting employees and ex-employees of L'Arche who may require financial support as a result of personal hardship. Donations to L'Arche International totalled £268,777 (2017: £126,651). Communities made no donations to other charities following fundraising events (2017: £775).

COMPANY, CHARITY & TAX STATUS

The Company is limited by guarantee, with no shareholdings. The liability of the 37 members (2017: 52) is limited to £1 each. The Company is registered as a charity in England and Wales and in Scotland with the Office of Scottish Charity Regulators.

The Company is not liable to income tax, corporation tax or capital gains tax. It is not registered for VAT, since taxable supplies are below the level requiring registration.

RISK MANAGEMENT

L'Arche has examined the principal areas of its operations and undertaken a comprehensive assessment of the major areas of risk facing the organisation, including those relating to governance, management, operations, health & safety, finances, and external compliance. In the opinion of National Board members, who carry trustee responsibility, the resources and monitoring systems set in place allow the risks identified to be managed to an acceptable level in its day-to-day operations.

Within the overall risk assessment, the following risks have been assessed as being those most likely to affect L'Arche's long term performance:

● Adverse Government policy

Potential changes to government policy include:

Changes to the way sleep-overs are paid and whether local authority funding will cover this;

Underfunding of services – growing pressure on local authority budgets inevitably leads to below-inflationary increases, funding freezes, or actual cuts in funding and/or cuts in funded hours. The changing needs of people with learning disabilities due to illness and ageing resulting in additional costs being incurred;

Immigration policy – greater difficulty in being able to obtain Tier 5 visas for temporary charity workers from outside the EU; and the risk that European assistants will need visas after 'Brexit'.

Actions taken to mitigate risk include:

- On-going monitoring of government policy and impacts;
- Lobby government through appropriate umbrella body e.g. LDE, and local MPs and other groups of relevant influence.
- Review of costing model to enable Communities to negotiate with confidence with local authorities

● Recruitment

Linked to the UK Visas and Immigration (UKVI) issue noted above, the risk of recruiting insufficient numbers of suitably motivated, qualified and experienced assistants and leaders.

Actions taken to mitigate risk include:

- On-going dialogue with UKVI;
- Keep under review the recruitment strategy (the 'Invite Form & Sustain' project)

● Deviating from L'Arche core vision & values

The risk of inadequate resources to form and sustain assistants and leaders in the vision and values of L'Arche.

Actions taken to mitigate risk include:

- Development of an integrated training and formation induction and ongoing programme for assistants and leaders
- Development of fundraising strategies to diversify our income streams

● Tendering of existing services

Tendering of existing services presents the communities with both the risk of losing their contracts but also the opportunity to offer L'Arche's unique model of service to a wider number of individuals.

Actions taken to mitigate risk:

- Monitoring and reviewing of cost base to ensure quality of service can be maintained,
- Development of costing model to ensure viability of tender bid,
- Use of national resources to support communities in tender process, and in processes for establishing framework agreements by Councils with providers.

FUTURE CAPITAL COMMITMENTS

Capital project commitments outstanding at the year-end totalled £3,359,314 (2017: £2,050,494).

AUDITORS

A resolution to re-appoint BHP LLP as the Company's auditors will be proposed at the annual general meeting.

TRUSTEE RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The trustees (who are also directors of L'Arche for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the trustees have confirmed that 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 it has been communicated to the auditor.

By Order of the National Board



John Sargent
National Leader for L'Arche & Company Secretary

22nd January 2019

ACHIEVEMENTS AND PERFORMANCE

Scotland

The Scottish region of L'Arche is made up of the Communities of Highland and Edinburgh. As at 31st July 2018 between them they support 79 people with learning disabilities, employ 105 people and involve 21 volunteers.

The **Highland Community**, following a successful fundraising appeal, began work on the new-build Rosie Lovat House. This accessible building will strengthen capacity to respond to changing needs through each stage of life and offer new opportunities to some existing members. A phase two of the project will upgrade and refurbish the Community's original listed property. The Community maintained its 5* (Very Good) ratings with the Care Inspectorate.

The **Edinburgh Community's** services were rated 5* (Very Good) by the Care Inspectorate. Plans were developed to introduce 'mindfulness' practice as a way of developing an accessible language and practice for all community members in the development of their emotional and spiritual lives. The use of drama at Community gatherings was also developed over the year.

The Scottish Government has maintained its welcome level of support to public authorities locally that enable them to contract with L'Arche and other providers for a rate of pay that complies with the independently-set Living Wage, rather than the National Minimum wage that is 12% lower.

In **Scotland** more widely, active links continued to grow both with the Perth seed group, who met monthly, often with members from Highland or Edinburgh present too - and also with the Friendship House initiative within the University of Aberdeen. The latter welcomed its first 4 students in February who will combine their academic work with community-building locally.

North England

The North England region of L'Arche comprises the Communities of Liverpool, Preston and Manchester along with the project in Nottingham. Between them they support 100 people with learning disabilities, employ 174 people and involve 75 volunteers.

The **Liverpool Community** had a very challenging financial year, due to the low rate of funding from their local authority and some vacancies in new housing projects. The seeds of financial recovery were sown during the year with great emphasis on welcoming new members into the vacancies and negotiations over funding. The Community's life continued to flourish and outreach activities continued, developing partnerships with local primary schools. Thanks to a major fundraising campaign, a substantial refurbishment of the Community's main building and day services was begun. The Community's support services continue to be rated as "Outstanding" by CQC.

The **Preston Community** continued to work hard to realise the potential of the Loom, its new service for seven people with disabilities in three adjacent flats. Two new people were welcomed to make up the full complement. However, this growth in a period of Local Authority stringency, and with a level of income per person that is lower than elsewhere, and with a difficult recruitment climate, has been a challenge. Volunteers continue to sustain the regular soup and craft activities in a local hall. The Community celebrated its 20th anniversary and a large group gathered to re-tell the story in words, signs and music of the faithfulness of so many people over many years.

The **Manchester Community** lived a year of substantial growth and laid the plans for more in 2019. A second shared house was started in a neighbouring district, and four people moved in. Two further properties were identified and agreement given internally and externally to making these the means for the arrival of more new people next year. The Hive continues to grow as well, with the café running three days a week, and attracting plenty of customer interest; and further activity sessions happening regularly in a nearby room, and in time in a garden space close by. Successful fundraising has enabled the community to pilot this resource during its start up period. Other community life activities continue to flourish each month, from story-telling by the fire, to yoga, times of prayer and shared silence, as well as the bigger Community Gatherings of a larger community.

The **Nottingham Project** consists of two small groups of people with and without learning disabilities who meet for an evening each week, eating, praying and celebrating together, so that mutual relationships develop and are sustained. The two groups meet all together monthly along with a wider network of friends. The friendships formed have an impact through shared activities in other parts of the week and the felt-sense of support from a wider network of friends. The members with a learning disability live either with their families or in their own tenancies supported by other providers. The Project plans to establish a third weekly group but does not at present plan to develop any commissioned services.

Wales

The Welsh region of L'Arche comprises the Community of Brecon along with the Project in Flintshire. Between them they support 24 people with learning disabilities, employ 21 people and involve 34 volunteers.

The **Brecon Community** continued to promote the innovative and popular 'Re-Bound Books' at local festivals and other events. Work continues to explore how other day activities can be developed to meet local needs as well as increase L'Arche's profile within the local community and beyond. The community house has been refurbished with people now enjoying a more welcoming and homely environment. A new post of Training and Formation Lead was created to ensure assistants are developed effectively in all aspects of community life. One member with disabilities is being supported to explore more independent living whilst remaining a member of the Community.

The **Flintshire Project** continued to work with local partners to develop their vision for a co-housing scheme in Mold. The project community continued to explore how to deepen its experience of sharing life together. This has included setting up small cell groups as a way of meeting regularly and developing life skills together. The annual retreat to Scargill Conference Centre each autumn is another significant way in which the Community grows closer. Focus continues on reaching out to local people and organisations, including universities and schools, to make the L'Arche project known, fundraise and identify sources of recruitment for when assistants and more volunteers will be required.

South England

The South England region of L'Arche comprises the Communities of Kent, London, Bognor Regis and Ipswich. Between them they support 114 people with learning disabilities, employ 203 people and involve 109 volunteers.

The **Ipswich Community** continues to pursue plans to refurbish a large former care home to create a 'courtyard community' of self-contained and shared flats with communal space and facilities. A major fundraising campaign is underway to finance this. In the interim, the Community has rented a large property to expand their capacity to welcome new people. The Community was successful in a local authority open tender to deliver commissioned services and The Cornerstone remains "Outstanding" as assessed by the CQC.

The **Bognor Regis Community** marked their 40th anniversary with a series of events and celebrations. The building work to convert a garage into a bungalow was completed, expanding the Community's supported living service. The new Community Leader has begun to review the day services and the Community's outreach activities.

The **London Community** completed their refurbishment of the community's main site, incorporating offices, craft workshops, and a shared house, resulting in a more welcoming and accessible space for all. They began the refurbishment of a second house for people with learning disabilities. A new Community Leader was appointed. The Community remains very outward facing and alongside a number of public events, led a day of formation for curates from the Southwark diocese and a separate day of formation for head teachers.

The **Kent Community** appointed a new Community Leader and continued to pursue their new project which will see them work in collaboration with the local Anglican Diocese to redevelop a local church with dwindling attendance into a community and faith hub, offering a community café, meeting, events venues and ecumenical prayer space for the city. The beer making project, "Archangel Brewery" continues to be a popular activity and they continue to explore aspirations for the brewery to become a cooperative employer for people with learning disabilities in the future.

National Team Activities

The National Team supported and participated in the review of L'Arche's governance structures that resulted in

new Articles and Regulations being adopted by the AGM in February 2018. The National Team was restructured with the addition of Deputy National Leader and a full-time National Assistants' Coordinator (HR role) whilst reducing the number of Regional Leaders to two. Members of the National Team supported Communities in various review and management processes and a Quality Project Manager was appointed on a temporary basis to work with the Deputy National Leader to further develop national policies in the areas of service provision and human resources.

A priority focus was given to the recruitment, formation and retention of assistants and leaders, bringing together the previous work in leadership and assistant development. The project, known as "Invite, Form & Sustain", is being developed as the key priority for HR, formation and fundraising activity over the next year.

Support was given to the project group in Flintshire (North Wales) as it continued to work on plans for the new Community. Contact was maintained with groups in Aberdeen, Perth and Cambridge who would like to see L'Arche Communities established there. There are increasing signs of interest across informal and professional networks in a vision of service provision which embeds it within the creation of a community of mutual relationships that is fully part of its local neighbourhoods.

A number of national groups continued to support local post holders by deepening and sharing of good practice across all L'Arche Communities. The National Speaking Council met twice in the year and brought together a member with a disability from each community to develop a shared voice within the structures of L'Arche. The Council was attended by the National Leader and the Chair of Trustees and sent reports to the National Board. The National and Regional Councils brought the Community Leaders together four times in the year, while the Good Practice Forum, the Assistants' Coordinator Group and the National Reflection Council each met twice to focus (respectively) on the service provision, human resources and community & spiritual aspects of L'Arche's mission.

Fundraising & Communication continued to focus on "Transforming Lives", a £4million aggregate appeal for the needs of L'Arche in the UK and overseas, working with the support of the L'Arche International Foundation. The Archbishop of Canterbury Justin Welby, the Archbishop of Westminster Cardinal Vincent Nichols, Mel Giedroyc, Baroness Sheila Hollins and Lady Rose Kingsdown continued to be patrons. With the support of a voluntary Development Council, the appeal produced major grants for the 'Invite Form Sustain' project and development works in Inverness, Liverpool, Manchester and Ipswich.

L'Arche continued to work with Canterbury Press to write a book and associated tools on inclusive worship resources to support faith communities in their inclusion of people with learning disabilities. The book is expected to be published in the subsequent year. In accordance with its mission, L'Arche is contributing its expertise in leadership, faith and inclusion to a number of other external bodies including representation on the Roman Catholic diocese of Southwark's Spirituality Commission and in supporting the formation of head teachers.

The National Leader maintained close links with L'Arche International, participating in the International Leadership Team meetings twice during the year plus monthly zoom calls. Other members of the Leadership team supported various international processes during the year.

GOING CONCERN

L'Arche operates in a financially challenging environment, with increasing wage costs and pressures on funding. The directors are confident that the company has adequate resources to cover these changes and to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

FINANCIAL REVIEW

The format of these Financial Statements complies with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) currently in force.

Financial Results

The Statement of Financial Activities shows an operating deficit of £140,240 (2017: *surplus* £69,908). After taking into account the net of donations and specific grants and expenditure from development funds this becomes incoming resources of £973,490 (2017 £892,955)

The Trustees consider that the Charity has one operating activity: the care and support of people with learning disabilities.

Fundraising

Voluntary Income increased from £1,399,745 in 2017 to £1,987,975 in 2018, an increase of 42% with substantial donations received for Highland's Braerannoch redevelopment and further work ongoing at London's Norwood High Street site. An analysis of restricted donations received can be found in Note 16. The impact of this level of donations is reflected in a reduction in outstanding pledges in respect of appeals to £726,277 (2017 - £1,448,400)

Cost of fundraising and publicity increased from £248,115 in 2017 to £256,556 in 2018, with a London Fundraising Office, financed by generous donations, established.

Un-restricted donations continue to present a challenge but our investment in fundraising resulted in an increase rising from £165,327 in 2017 to £198,318 in 2018. Achieving further increases remains a key priority

Donations made to L'Arche International increased from £126,651 in 2017 to £268,777 in 2018 with both overseas communities and central costs, notably communications, benefitting.

L'Arche is registered with the Fundraising Regulator and has adopted its Code of Practice and rulebooks. The Trustees have always adopted the policy that L'Arche should neither sell, share nor buy lists of donors. It does not undertake street or telephone fundraising.

Reserves Policy

In common with similar organisations supporting people with learning disabilities, and in line with Charity Commissioners' advice that reserves are needed for reasons of sound financial management and operational planning, L'Arche holds a General Fund in addition to its Development and Fixed Asset Funds (see Note 16 of the Financial Statements).

At 31st July 2018, L'Arche held total reserves of £12,016,048 (2017 - £11,050,042). Free reserves totalled £2,044,049 (2017 - £2,051,098) and were held in the General Fund.

The Unrestricted Development Fund represents donations and grants received without a specific restriction. The Trustees designate unrestricted donations and grants received by a community to projects within that community. They may also, if they deem it appropriate, designate the profit on the sale of assets to a community development fund to ensure that the spirit of the original gift is reflected in future investment.

The General Fund is held primarily to protect against interruptions to our main income flow and to sustain working cash balances to cover fluctuations in operating costs. The current level of unrestricted General Funds of £2,084,105 (2017: £2,083,578) represents 9.5 weeks (2017: 10.8 weeks) of Community operating expenditure. In view of the vulnerability of the residents in L'Arche's care, and our long term commitment to them, it is considered that a minimum of 13 weeks reserves would be more prudent, and the achievement of this level of reserves is, therefore, our medium-term objective.

L'Arche normally has to fundraise for projects before major capital expenditure is incurred. Where property is involved, market conditions occasionally warrant timely purchases from general reserves which inevitably results in the need for retrospective fundraising to replenish this fund.

Key Performance Indicators

The following key performance indicators are included in the measures L'Arche uses to gauge its success in achieving its stated objectives:

- **Number of people with learning disabilities receiving a commissioned support service from L'Arche:** 288 (2017: 258). An additional 29 (2017: 39) people with learning disabilities were involved in a voluntary capacity.
- **Monitoring outcomes with the people L'Arche supports:** Great emphasis is put on the level of satisfaction expressed by individuals concerning their lives and the outcomes of their support from L'Arche. Regular reviews take place with each person, and feedback is taken from others involved in their lives as family and friends. Communities build a culture in which informal comment, critique, compliment or complaint is encouraged. Barriers to this are identified and addressed, eg to strengthen accessibility, the understanding of how to give a comment, change something, or use a formal complaint process.

- **Inspection reports:** L'Arche is a registered provider of support and care services and works closely with the regulatory authorities in Scotland, England and Wales to ensure its services meet the required national standards. For the 19 regulated services, most reports during the year to 31st July 2018 continued to show evidence of the standards being met. Two Communities are ranked as 'outstanding' (Ipswich and Liverpool); while services in one Community "require improvement" (Preston's Moor Fold). A remedial action plan was put in place and Preston Moor Fold was subsequently rated "good" across the board in a CQC inspection after the year end. These reports are in the public domain and can be found on the respective regulators' websites (Scotland: www.careinspectorate.com, Wales: www.careinspectorate.wales, England: www.cqc.org.uk). We recognise the challenge of limited resources and of ensuring the quality of the holistic support provided continues to be of the highest quality, and we therefore continue to work with local Communities to support them in achieving the highest possible standards.
- **Training costs as a proportion of staff costs:** This monitors the investment in our employees' induction, professional training and personal development to ensure they continue to be adequately equipped for the high standards of support and personal care required of them. 2018: 2.87% (2017: 3.12%).
- **Average cost of support per member with learning disabilities:** This is calculated as the full cost, including overheads, of providing members' support and care at home and day provision costs. Individual costs will vary significantly depending on the individual support required. 2018: £48,211 (2017:£48,586)
- **Number of donors:** This gives a measure of the level of financial support and the success of our outreach activities in attracting new funds from individuals, organisations and trusts. 2018: 1,746 (2017: 1,696).

INVESTMENT POLICY

In accordance with the investment powers contained in the Articles of Association, monies not immediately required for the day-to-day operation of the Company may be held in investments, securities or property. During the financial year concerned, the Company has sought to minimise risk by investing in a combination of short and longer term high yield cash deposits.

OBJECTIVES FOR THE COMING YEAR

Each local Community renews the statement of objectives that flow from its local mission through a participative process each year. From these agreed plans, a set of objectives for L'Arche and its national postholders are also agreed each year.

- Supporting all Communities to diversify their models of community living and service provision;
- Supporting the smaller Communities to grow in size;
- Developing our recruitment, training and formation strategy;
- Supporting the National Speaking Council to enable members with learning disabilities to participate effectively in decision making,
- Developing a new quality assurance and HR system across all communities,
- Developing Fundraising to increase our levels of donated income.
- Supporting the Flintshire and Nottingham projects in setting up their founding communities,

By Order of the National Board



John Sargent

National Leader for L'Arche & Company, Secretary

22nd January 2019

Opinion

We have audited the financial statements of L'Arche (the 'charitable company') for the year ended 31 July 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2018, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

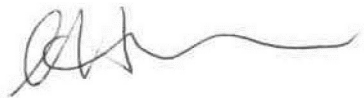
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

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

Use of our report

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



Lesley Kendrew (Senior Statutory Auditor)

For and on behalf of BHP LLP, Statutory Auditor

23rd January 2019

BHP LLP, Statutory Auditor
New Chartford House
Centurion Way
Cleckheaton
Bradford
West Yorkshire
BD19 3QB

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2018

STATEMENT OF FINANCIAL ACTIVITIES incorporating Income and Expenditure Account FOR THE YEAR ENDED 31st JULY 2018

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2018 £	<i>Total 2017 £</i>
INCOME AND EXPENDITURE						
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income						
Donations and Grants	1	198,318	1,789,657	-	1,987,975	<i>1,399,745</i>
Investment income	2	5,682	228	-	5,910	<i>6,358</i>
Incoming resources from charitable activities	3	10,951,589	4,075	-	10,955,664	<i>9,872,252</i>
Other incoming resources						
Profit on disposal of fixed assets		2,275	-	-	2,275	<i>2,025</i>
Total incoming resources		11,157,864	1,793,960	-	12,951,824	11,280,380
RESOURCES EXPENDED						
<i>Costs of generating funds</i>						
Fundraising and publicity	4	189,210	67,346	-	256,556	<i>248,115</i>
<i>Charitable activities</i>						
Direct charitable expenditure	5	10,994,433	455,568	-	11,450,001	<i>10,008,884</i>
Donations made		3,000	268,777	-	271,777	<i>130,426</i>
Total resources expended	6	11,186,643	791,691	-	11,978,334	10,387,425
Net incoming resources before transfers	7	(28,779)	1,002,269	-	973,490	892,955
<i>Analysed as:</i>						
Operating surplus/(deficit)	8	(51,475)	(88,765)	-	(140,240)	<i>69,908</i>
Net non operating income after fundraising costs		22,696	1,091,034	-	1,113,730	823,047
Net incoming resources before transfers		(28,779)	1,002,269	-	973,490	892,955
Transfer between funds	16	78,983	(78,983)	-	-	-
Net income for the year		50,204	923,286	-	973,490	892,955
Other recognised gains & losses:						
Unrealised gain/(loss) on investments		7,216	-	(14,700)	(7,484)	<i>20,635</i>
Net movement in funds		57,420	923,286	(14,700)	966,006	913,590
Balances brought forward at 1st August 2017	16	10,245,531	679,561	124,950	11,050,042	10,136,452
Balances carried forward at 31st July 2018	16	10,302,951	1,602,847	110,250	12,016,048	11,050,042

The operating surplus for the year arises from the company's continuing operations.

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2018

BALANCE SHEET AT 31st JULY 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible assets	9	8,025,600	8,190,774
Investments	10	149,946	157,430
		8,175,546	8,348,204
CURRENT ASSETS			
Debtors	11	1,576,253	1,260,572
Cash at bank and in hand	12	3,642,471	2,801,279
		5,218,724	4,061,851
CREDITORS			
Amounts falling due within one year	13	946,956	899,814
NET CURRENT ASSETS		4,271,768	3,162,037
TOTAL ASSETS LESS CURRENT LIABILITIES		12,447,314	11,510,241
CREDITORS			
Amounts falling due after more than one year	14	431,266	460,199
NET ASSETS		12,016,048	11,050,042
THE FUNDS OF THE CHARITY			
<i>Unrestricted</i>			
General Fund	16a	2,084,105	2,083,578
Development Fund	16a	543,691	344,254
Fixed Asset Fund	16a	7,675,155	7,817,699
<i>Restricted</i>			
Development Funds	16b	1,602,847	679,561
<i>Endowment</i>			
General Fund	16c	110,250	124,950
TOTAL CHARITY FUNDS		12,016,048	11,050,042

The financial statements were approved by the Finance Sub-Committee and authorised for issue on 22 January 2019 and were signed on its behalf by:

A MacGreevy

P J Whalley

Directors



Company number: 1055041

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31st JULY 2018**

CASH FLOW	Notes	2018 £	2017 £
Net cash inflow from operating and other activities	17a	1,043,843	1,345,949
Investments and servicing of finance	17b	(1,949)	(5,035)
Net capital expenditure	17c	(178,072)	(1,581,279)
		<hr/>	<hr/>
		863,822	(240,365)
Financing outflow	17e	(22,630)	(18,842)
		<hr/>	<hr/>
Increase/(Decrease) in cash		841,192	(259,207)
		<hr/>	<hr/>

L'ARCHE
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st JULY 2018

PRINCIPLE ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on a going concern basis in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

L'Arche meets the definition of a public benefit entity under FRS 102.

Reconciliation with previous Generally Accepted Accounting Practice

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

Grants, Donations and Legacies

Grants and donations for which the purpose is restricted within the meaning of Charity Accounting Regulations are shown as income under the heading of Donations in the Statement of Financial Activities. Restricted Donations are transferred to the Development Fund where they are held until expenditure in accordance with the grant is incurred. At this point any shortfall is transferred to the General Fund. At the discretion of L'Arche, general donations may be designated to development projects and treated in the same manner as restricted donations (see Note 16).

Entitlement to Legacies is taken as the earlier of the date on which either:

- the charity is aware that probate has been granted, the estate has been finalised and notification has been received by the Charity from the executors that a distribution will be made
- or when a distribution is received from the estate

Other grants and donations received are treated as income in the period in which they are receivable.

Incoming Resources from Charitable Activities and Operating Surplus

Incoming Resources from Charitable Activities represents the aggregate of Residents' Income Support, Local and Central Government grants and receipts and other non-government receipts provided for the maintenance of the Communities and their residents. The operating surplus comprises operating income less Direct Charitable Expenditure and Administration costs. See note 8 for the detailed figures.

ACTIVITIES

Expenditure Allocation

Expenditure is analysed between Direct Charitable Expenditure, (which represents actual direct costs incurred by the Communities), Fundraising and Publicity, Administration and Governance. Some elements of Community costs have been paid by Central Administration but have been recharged to Direct Charitable Expenditure where appropriate.

Governance costs are those costs incurred in respect of the general running of L'Arche as opposed to those costs arising directly and indirectly from the provision of care and support for people with learning disabilities. Included within governance are items such as audit, legal advice for trustees and costs associated with constitutional and statutory requirements.

PRINCIPLE ACCOUNTING POLICIES (cont.)

Donations for L'Arche International and Overseas Communities

Where donations have been raised for the specific purpose of distribution to L'Arche Overseas Communities, to minimise administration costs there can be a delay in the transfer of these funds to the projects for which they have been given. The size of the sums involved warrant separate disclosure from other funds donated to L'Arche UK.

Pension Costs

The Company auto enrols qualifying employees as members of a group personal pension scheme, administered by Royal London. The Company's contributions are included in Resources Expended in the Statement of Financial Activities in the year in which the contributions are made.

Leased Assets and Obligations

All leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Where tangible fixed assets are donated, the cost is the value to the Company at the date of acquisition. Items costing under £500 are written off in the year of purchase.

Depreciation

Depreciation is provided on tangible fixed assets in equal annual instalments sufficient to write off the cost of the assets over their expected useful lives. A full year's depreciation is charged on acquisition; no charge is made in the year of disposal or on assets in the course of construction. The basis is:

Category	Years
Freehold buildings	40 years
Long and short leasehold buildings	period of the lease
Tools and equipment	4 years
Motor vehicles	4 years

Freehold land is excluded from the depreciation on the basis of value at date of acquisition. The cost of fixtures and fittings is accounted for as expenditure in the year in which it is incurred.

Funds

The General Fund consists of amounts received which have yet to be committed or designated to a specific use by the Company. The Development Fund comprises grants and donations received for or appropriated to development projects. It contains amounts either restricted by the donor or designated by the Company for specific purposes. The Fixed Asset Fund, Unrestricted and Endowed, represents the net book value of property and other tangible fixed assets less long-term borrowings on property.

Investments

All investments are stated at market value. The market value of listed investments is derived from prices quoted on the PLUS Market (formerly OFEX). Unrealised changes made to the balance sheet market values are reflected in the Statement of Financial Activities.

Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities.

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2018

1. DONATIONS

	Unrestricted £	Restricted £	2018 Total £	2017 Total £
Donations and Grants received for general purposes:				
a. retained in the General Fund	2,000	-	2,000	2,000
b. designated to the Development Fund	196,318	-	196,318	163,327
Donations and Grants				
a. received for UK Development	-	1,539,259	1,539,259	1,127,360
b. received for L'Arche Overseas	-	250,398	250,398	107,058
	198,318	1,789,657	1,987,975	1,399,745

2. INVESTMENT INCOME

	Unrestricted £	Restricted £	2018 Total £	2017 Total £
Bank interest	3,491	-	3,491	3,954
Income from investments	2,191	228	2,419	2,404
	5,682	228	5,910	6,358

Income from investments includes £2,394 (2017: £2,373) deriving from an investment of endowment funds.

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2018 Total £	2017 Total £
Income from Care and Support Provision	9,360,831	8,353,757
Income from Housing Services	1,235,064	1,199,362
Other funding	216,281	199,027
Sundry receipts	118,309	90,473
Sale of Products	25,179	29,633
	10,955,664	9,872,252

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2018

4. COSTS OF GENERATING FUNDS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2018 £	Total 2017 £
Publicity	69,710	-	-	69,710	76,896
Fundraising	119,500	67,346	-	186,846	171,219
	189,210	67,346	-	256,556	248,115

5. DIRECT CHARITABLE EXPENDITURE

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2018 £	Total 2017 £
Community operating costs					
Employment and training	7,555,917	103,574	-	7,659,491	6,767,255
Household costs & community activities	601,696	6,065	-	607,761	568,464
Occupancy costs	1,201,631	573	-	1,202,204	1,136,494
Repairs, maintenance & renewals	331,949	224,020	-	555,969	222,563
Depreciation	330,492	-	-	330,492	329,059
Workshop costs	67,914	3,030	-	70,944	67,133
Support costs					
Office costs	166,039	16,801	-	182,840	149,147
Motor & travel	111,124	1,838	-	112,962	124,866
Legal & professional	50,170	26,958	-	77,128	48,589
Loan interest	7,859	-	-	7,859	11,393
Direct support and development	442,268	72,709	-	514,977	462,639
Governance Costs	127,017	-	-	127,017	119,704
Loss on disposal of fixed assets	357	-	-	357	1,578
	10,994,433	455,568	-	11,450,001	10,008,884

6. TOTAL RESOURCES EXPENDED

	Staff Costs £	Depreciation £	Other Costs £	Total 2018 £	Total 2017 £
Donations to L'Arche Overseas	-	-	268,777	268,777	126,651
Donations to L'Arche Benevolent Trust	-	-	3,000	3,000	3,000
Other donations	-	-	-	-	775
Total donations	-	-	271,777	271,777	130,426
Direct charitable expenditure	8,034,183	338,288	3,077,530	11,450,001	10,008,884
Fundraising and publicity	165,437	6,876	84,243	256,556	248,115
	8,199,620	345,164	3,433,550	11,978,334	10,387,425

L'Arche Benevolent Trust is an independent registered charity with the objective of assisting employees and ex-employees of L'Arche who may require financial support as a result of personal hardship.

	2018 £	2017 £
Staff costs		
Salaries	7,325,384	6,440,132
National Insurance	463,871	407,121
Pension and life assurance costs	199,798	200,715
Training	210,567	201,061
	8,199,620	7,249,029

The number of staff receiving employer's contributions into the pension scheme was 342 (2017: 298). At the year end, no premiums were outstanding to the pension scheme provider (2017: £175)

	2018 £	2017 £
Other costs		
Donations	271,777	130,426
Household costs & community activities	607,761	568,464
Workshop costs	70,944	67,133
Occupancy costs, repairs & renewals	1,791,403	1,389,469
Office costs	231,723	181,633
Motor & travel	186,951	200,345
Community support and development	32,678	29,428
Legal & professional	148,211	107,348
Loan interest	7,859	11,393
Fundraising and publicity	84,243	110,111
	3,433,550	2,795,750

6 TOTAL RESOURCES EXPENDED (cont.)

The Statement of Recommended Practice "Accounting and Reporting by Charities" requires disclosure of the number of employees whose remuneration was in excess of £60,000. There were no employees falling into this category during the year.

During the year, 9 (2017: 11) directors, who act as trustees of the charity, were reimbursed a total of £4,231 (2017: £6,703) in respect of travel expenses. The trustees receive no remuneration.

The key management personnel of the Charity comprise the trustees, the National Leader, Deputy National Leader, Regional Leaders, Human Resources Co-ordinator, Finance Co-ordinator, Communications and Fundraising Co-ordinator and Formation Co-ordinator. The total employee remuneration of the key management personnel of the Charity were £287,861 (2017: £284,228).

Excluding the Committee members, who under the terms of the Articles of Association cannot be employed by the Company, the average weekly number of employees, analysed by function was:

	2018	2017
Communities	402	371
Administration and Finance	15	13
Fundraising and publicity	5	5
	422	389

7. NET INCOMING RESOURCES BEFORE TRANSFERS

The net incoming resources before transfers in the Statement of Financial Activities are stated after charging/(crediting) the following amounts:

	2018 £	2017 £
Auditors' remuneration - audit services	16,020	15,660
Auditors' remuneration – other services	2,280	1,500
Depreciation charge for the year on tangible fixed assets	345,164	342,646
Cost of operating leases (see note 15)	10,561	10,561
Profit on disposal of tangible fixed assets	(1,918)	(447)

8. OPERATING SURPLUS

The operating surplus as stated in the SOFA is calculated as follows:

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2018 £	<i>Total 2017 £</i>
Operating income	10,951,589	2,141	-	10,953,730	9,872,252
Investment income applied to operating expenditure	5,682	-	-	5,682	6,132
Donations for operating expenditure	56,122	364,662	-	420,784	278,279
Profit on disposal of fixed assets	2,275	-	-	2,275	2,025
	11,015,668	366,803	-	11,382,471	10,158,688
Less:					
Direct charitable expenditure	10,994,433	455,568	-	11,450,001	10,008,884
Contributions to Benevolent Trust	3,000	-	-	3,000	3,000
Publicity Costs	69,710	-	-	69,710	76,896
	11,067,143	455,568	-	11,522,711	10,088,780
Operating Surplus/(Deficit)	(51,475)	(88,765)	-	(140,240)	69,908

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2018

9. TANGIBLE FIXED ASSETS

COST	Freehold land and buildings £	Long leasehold buildings £	Short leasehold buildings £	Tools and equipment £	Motor vehicles £	Total £
1st August 2017	8,966,348	688,825	868,790	1,049,376	185,037	11,758,376
Additions	106,273	-	5,023	72,678	-	183,974
Disposals	-	-	-	(7,672)	(14,500)	(22,172)
31st July 2018	9,072,621	688,825	873,813	1,114,382	170,537	11,920,178
DEPRECIATION						
1st August 2017	2,052,610	310,461	142,637	899,705	162,189	3,567,602
Charge for year	188,156	17,220	38,894	91,585	9,309	345,164
Disposals	-	-	-	(7,313)	(10,875)	(18,188)
31st July 2018	2,240,766	327,681	181,531	983,977	160,623	3,894,578
NET BOOK VALUE						
31st July 2018	6,831,855	361,144	692,282	130,405	9,914	8,025,600
31st July 2017	6,913,738	378,364	726,153	149,671	22,848	8,190,774

Leasehold buildings are sub-divided into those held under short leases (50 years and under) and those held under long leases (over 50 years).

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2018

10. INVESTMENTS

	Quoted £	Listed £	Unlisted £	Total £
Market value 1st August 2017	32,480	124,950	-	157,430
Unrealised investment gains	7,216	(14,700)	-	(7,484)
Market value 31st July 2018	39,696	110,250	-	149,946
Historical cost 31st July 2018	-	3,230	-	3,230

All investments are in the United Kingdom.

The listed investments were given to L'Arche as an endowment, and comprise 1,050 shares in Adnams Brewery, a PLUS Market company, with a market value of £105.00 per share at 31st July 2018 (2017: £119.00).

11 DEBTORS

	2018 £	2017 £
Other debtors	153,638	120,330
Prepayments and accrued income	1,422,615	1,140,242
	1,576,253	1,260,572

12 CASH AT BANK AND IN HAND

	2018 £	2017 £
Working cash balances	14,526	13,738
Bank deposits	3,627,945	2,787,541
	3,642,471	2,801,279

The cash requirement of any major project, either capital or revenue, is estimated at least six months prior to its commencement and the fundraising process starts as soon as the project has been approved. Since funds raised for a project may not be spent for several months, this can result in temporarily high cash balances.

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2018

13. CREDITORS - Amounts falling due within one year

	2018 £	2017 £
Taxation and social security costs	127,328	108,702
Residents' grants received in advance	148,936	65,229
Other creditors	385,647	470,758
Triodos loan (Ipswich)	15,269	15,268
Triodos loan (Bognor Regis)	2,255	2,256
Triodos loan (Brecon)	1,161	1,161
Accruals and deferred income	266,360	236,440
	946,956	899,814

Residents grants received in advance refers to funding received from statutory bodies and we would anticipate it would be no greater than 1 month in respect of individual residents.

14. CREDITORS - Amounts falling due after more than one year

	2018 £	2017 £
Triodos loan (Ipswich)		
Falling due 1-2 years	14,814	14,814
Falling due 2-5 years	44,442	44,442
Falling due over 5 years	172,217	190,732
Triodos loan (Bognor Regis)		
Falling due 1-2 years	3,400	3,400
Falling due 2-5 years	10,200	10,200
Falling due over 5 years	54,278	56,880
Triodos loan (Brecon)		
Falling due 1-2 years	1,163	1,163
Falling due 2-5 years	3,489	3,489
Falling due over 5 years	46,442	47,955
	350,445	373,075
Other Creditors	80,821	87,124
	431,266	460,199

The Triodos loan at Ipswich is secured on 3 Warrington Road, Ipswich, with an interest rate fixed at 1.25% over base. The Triodos loan at Bognor Regis is secured on 188 Hawthorn Road, Bognor Regis with an interest rate fixed at 3% over base, with a minimum rate of 3.5%. The Triodos loan at Brecon is secured on Glasfryn, Church Street, Llanfaes, Brecon, with an interest rate fixed at 5% over base, with a minimum rate of 5.5%.

All loans are for a period of 25 years

15. COMMITMENTS AND CONTINGENCIES

a) Operating Lease Commitments	2018	2017
At 31 July 2018 the company was committed to making the following payments during the next year under non-cancellable operating leases as follows:-	Land & buildings	Land & buildings
	£	£
Expiring between 2 and 5 years	-	-
Expiring in 5 years or more	10,561	10,561
	10,561	10,561

The majority of the company's leases of land and buildings are subject to rent review periods ranging between 3 and 5 years. All leases currently held by L'Arche are Operating Leases.

b) Capital Projects Planned and Committed

Capital projects planned at 31st July 2018 amounted to a total of £3,359,314 (2017: £2,050,494).

	1st August 2017 £	Expended £	Allocated (Released) £	31st July 2018 £
Planned				
London, Norwood High Street Site	153,062	(26,661)	(126,401)	-
Inverness, Braerannoch Site	1,492,149	(25,963)	664,128	2,130,314
Bognor, Jericho Extension	33,478	(33,478)	-	-
Ipswich, Development of Anchor into Flats	371,805	-	857,195	1,229,000
	2,050,494	(86,102)	1,394,922	3,359,314

Contracts amounting to £1,321,682 (2017: £713,350) had been placed at that date for these projects.

At 31st July 2018, total pledges received in respect of the above projects totalled £726,277 (2017 - £1,480,400)

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2018

16. FUNDS

	General Fund £	Development Fund £	Fixed Asset Fund £	Total Funds £
a) Unrestricted Funds				
1st August 2017	2,083,578	344,254	7,817,699	10,245,531
Fund movements for the year:				
Net incoming resources for the year	(28,779)	-	-	(28,779)
Donations and Grants received for general purposes	(196,318)	196,318	-	-
Purchase of tangible fixed assets	(100,921)	(83,053)	183,974	-
Derestriction on purchase of tangible fixed assets	-	78,983	-	78,983
Repayment of loans and mortgages on property	(22,630)	-	22,630	-
Transfer for depreciation	345,164	-	(345,164)	-
Net book value of disposals	3,984	-	(3,984)	-
Allocations to Development Fund for future projects	(130,000)	130,000	-	-
Development Funds expended	122,811	(122,811)	-	-
Unrealised gain on investments	7,216	-	-	7,216
Total fund movements	527	199,437	(142,544)	57,420
31st July 2018	2,084,105	543,691	7,675,155	10,302,951
b) Restricted Funds				
1st August 2017	-	679,561	-	679,561
Fund movements for the year:				
Net incoming resources for the year	-	1,002,269	-	1,002,269
Derestriction on purchase of tangible fixed assets	-	(78,983)	-	(78,983)
Total fund movements	-	923,286	-	923,286
31st July 2018	-	1,602,847	-	1,602,847

The Restricted Funds form part of Bank Deposits.

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2018

16. FUNDS (cont.)

	General Fund £	Development Fund £	Fixed Asset Fund £	Total Funds £
c) Endowment Funds				
1st August 2017	124,950	-	-	124,950
Fund movements for the year:				
Unrealised gain on investments	(14,700)	-	-	(14,700)
Total fund movements	(14,700)	-	-	(14,700)
31st July 2018	110,250	-	-	110,250
d) Summary				
1st August 2017	2,208,528	1,023,815	7,817,699	11,050,042
Fund movements for the year:				
Net incoming resources for the year	(28,779)	1,002,269	-	973,490
Purchase of tangible fixed assets	(100,921)	(83,053)	183,974	-
Repayment of loans and mortgages on property	(22,630)	-	22,630	-
Adjustment for depreciation	345,164	-	(345,164)	-
Transfer between funds	(199,523)	203,507	(3,984)	-
Unrealised gain on investments	(7,484)	-	-	(7,484)
Total fund movements	(14,173)	1,122,723	(142,544)	966,006
31st July 2018	2,194,355	2,146,538	7,675,155	12,016,048

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2018

16. FUNDS (cont.)

Restricted Funds:	1st August 2017 £	Incoming £	Movement in Resources Derestricted £	Expended £	31st July 2018 £
Transforming Lives					
Expanding the Contribution of People with Learning Disabilities in Society					
<i>Developing resources to help people with learning disabilities deepen their spiritual lives</i>	7,325	20,185	-	(6,998)	20,512
Creating More Places to Call Home					
New Communities					
Flintshire	95,397	15,599	-	(79,449)	31,547
Nottingham	23,738	7,849	-	(6,846)	24,741
Scotland	48,432	76	-	(162)	48,346
Capital & Refurbishment Appeals					
Bognor - Annex to Existing Building	49,304	1,407	(48,833)	(987)	891
Ipswich - Purchase and Development of New Project	52,015	350	-	-	52,365
London - Development of West Norwood Hub	8,876	209,492	-	(218,068)	300
Preston - Conversion of Presbytery to Shared Flats	3,703	-	-	-	3,703
Liverpool - Day Service Development and Expansion	52,000	23,435	-	-	75,435
Manchester - Day Service Development	500	54,250	-	(5,844)	48,906
Inverness - Development and Refurbishment of Braerannoch Site	126,271	957,610	(25,963)	-	1,057,918
Investing in Leadership, Young People & Infrastructure for Growth					
Leadership Development Programme	8,197	-	-	(8,197)	-
First and Second Year Assistants Formation Programme	10,547	12,000	-	(22,547)	-
Assistant Induction Programme	-	52,501	-	(35,001)	17,500
Investment in Fundraising Capacity	-	75,884	-	(42,551)	33,333
Investment in Programmes & Projects Of L'Arche International					
Lithuania	-	20,750	-	(20,700)	50
India	1,813	46,705	-	(47,530)	988
Africa	12,150	41,637	-	(50,140)	3,647
Poland	135	228	-	(363)	-
Haiti	2,389	-	-	(2,389)	-
International Gathering Belfast 2017	-	25,000	-	(25,000)	-
International	18,020	116,078	-	(131,448)	2,650
Total Transforming Lives	468,312	1,681,036	(74,796)	(704,220)	1,422,832
Local Community Projects					
Kent	23,415	2,759	-	(644)	25,530
Inverness	15,566	10,721	-	(1,173)	25,114
Liverpool	2,499	13,244	(4,187)	(6,100)	5,456
London	15,632	2,950	-	(4,796)	13,786
Bognor	13,399	24,125	-	(7,057)	30,467
Brecon	1,773	1,022	-	(469)	2,326
Edinburgh	18,798	22,716	-	(28,016)	13,498
Preston	1,677	4,638	-	(2,339)	3,976
Ipswich	1,000	300	-	(200)	1,100
Manchester	62,771	19,587	-	(25,875)	56,483
Other restricted donations and gifts	2,219	10,862	-	(10,802)	2,279
	679,561	1,793,960	(78,983)	(791,691)	1,602,847

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2018

16. FUNDS (cont.)

Endowment Funds	1st August 2017 £	Gains and transfers £	31st July 2018 £
Adnams shares	124,950	(14,700)	110,250
	124,950	(14,700)	110,250

The Adnams shares were given as endowment to L'Arche; the dividends from which can be used for general purposes.

Analysis of net assets between funds

	General Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Tangible fixed assets	8,025,600	-	-	8,025,600
Investments	39,696	-	110,250	149,946
Current assets	3,615,877	1,602,847	-	5,218,724
Current liabilities	(946,956)	-	-	(946,956)
Long term liabilities	(431,266)	-	-	(431,266)
Net assets as at 31 July 2018	10,302,951	1,602,847	110,250	12,016,048

17. NOTES TO CASH FLOW STATEMENT

	2018 £	2017 £
a. RECONCILIATION of net incoming resources to net cash inflow from operating and other activities		
Net incoming resources	973,490	892,955
Investment income receipts	(5,910)	(6,358)
Finance costs paid	7,859	11,393
Depreciation charges	345,164	342,646
(Profit)/Loss on sale of tangible fixed assets (net)	(1,918)	(447)
Increase in debtors	(315,681)	(74,355)
Increase in creditors	40,839	180,115
Net cash inflow from operating and other activities	1,043,843	1,345,949
b. INVESTMENTS AND SERVICING OF FINANCE		
Investment income receipts	5,910	6,358
Finance costs paid	(7,859)	(11,393)
	(1,949)	(5,035)
c. NET CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(183,974)	(1,583,304)
Receipts from sales of tangible fixed assets	5,902	2,025
	(178,072)	(1,581,279)
d. RECONCILIATION of net cash flow to movement in net debt		
Increase/(Decrease) of cash in the period	841,192	(259,207)
Loan repayments	22,630	18,842
Movement in net funds in the year	863,822	(240,365)
Net Funds as at 1st August 2017	2,409,519	2,649,884
Net Funds as at 31st July 2018	3,273,341	2,409,519

17. NOTES TO CASH FLOW STATEMENT (cont.)

e. ANALYSIS OF CHANGES IN NET CASH AND FINANCING

	1st August 2017 £	Cash flows £	31st July 2018 £
Cash			
Cash at Bank and in hand	2,801,279	841,192	3,642,471
Financing			
Triodos loan (Ipswich)	(265,256)	18,514	(246,742)
Triodos loan (Bognor Regis)	(72,736)	2,603	(70,133)
Triodos loan (Brecon)	(53,768)	1,513	(52,255)
Total Financing	(391,760)	22,630	(369,130)
Total Net Funds and Financing	2,409,519	863,822	3,273,341

**18 STATEMENT OF FINANCIAL ACTIVITIES incorporating Income and Expenditure Account
FOR THE YEAR ENDED 31st JULY 2017**

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2017 £
INCOME AND EXPENDITURE					
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income					
Donations and Grants	1	165,327	1,234,418	-	1,399,745
Investment income	2	6,132	226	-	6,358
Incoming resources from charitable activities	3	9,872,252	-	-	9,872,252
Other incoming resources					
Profit on disposal of fixed assets		2,025	-	-	2,025
Total incoming resources		10,045,736	1,234,644	-	11,280,380
RESOURCES EXPENDED					
<i>Costs of generating funds</i>					
Fundraising and publicity	4	194,406	53,709	-	248,115
<i>Charitable activities</i>					
Direct charitable expenditure	5	9,784,191	224,693	-	10,008,884
Donations made		6,392	124,034	-	130,426
Total resources expended	6	9,984,989	402,436	-	10,387,425
Net incoming resources before transfers	7	60,747	832,208	-	892,955
<i>Analysed as:</i>					
Operating surplus (deficit)	8	102,339	(32,431)	-	69,908
Net non operating income after fundraising costs		(41,592)	864,639	-	823,047
Net incoming resources before transfers		60,747	832,208	-	892,955
Transfer between funds		1,223,134	(1,223,134)	-	-
Net income for the year		1,283,881	- 390,926	-	892,955
Other recognised gains & losses:					
Unrealised gain on investments		9,085	-	11,550	20,635
Net movement in funds		1,292,966	- 390,926	11,550	913,590
Balances brought forward at 1st August 2016		8,952,565	1,070,487	113,400	10,136,452
Balances carried forward at 31st July 2017		10,245,531	679,561	124,950	11,050,042

The operating surplus for the year arises from the company's continuing operations.