

Together, building opportunity

Annual Report
& Accounts
2017/18



Contents

01 About us	3
Message from the Chair	8
Message from the Chief Executive	10
02 Trustees' report	13
Live	16
Learn	22
Work	32
Global Influencing	36
How you support us	42
People	44
Governance and structure	46
03 Financial review	53
Principal risks and uncertainties	58
Statement of Trustees' responsibility	60
04 Auditors' report	63
05 Financial statements	69
06 Thank you	109
07 Who's who	113
Our ambassadors	116
08 Principal advisors	119





01

About us

What we do

We are Leonard Cheshire – supporting individuals to live, learn and work as independently as they choose, whatever their ability. Led by people with experience of disability, we are at the heart of local life – opening doors to opportunity, choice and support in communities around the globe.

Like our founder, we believe that diversity creates a world of possibility. Through pioneering research and innovation we are building a fairer, more inclusive society. One that recognises the positive contributions we all make, and where we are all proud to play our part.

Leading by example, we do everything humanly possible to empower people to live their lives as freely and as fully as they choose.



Our values

Positive

Warm and empathetic –
we always look to
progress and
improve

Proud

Strong-willed
and spirited –
we're firm in our
beliefs

Pioneering

Confident and
imaginative –
we're creative
change-makers

2017/18 UK and international highlights

UK

- 6,500 disabled people getting skills, volunteering and employment opportunities**
- More than 100 UK companies working with us to offer opportunities and become more inclusive**
- A range of residential support for 3,500 disabled people**

Africa and Asia

- Educational and livelihoods support for 20,000 people with disabilities**
- 3,700 children with disabilities going to mainstream school**
- 10,000 adults with disabilities getting jobs or becoming self-employed**

Message from the Chair

Leonard Cheshire has a long tradition of transforming the lives of disabled people through the vital support the Charity provides, both in the UK and internationally. Our inspiring founder captured hearts and minds with his belief in creating a fairer, more inclusive society.

His inspiration was celebrated in 2017, the centenary of our founder's birth, with a series of exciting events including a centenary dinner, a concert at Stowe School where Leonard was educated and many services had their own special celebration.

Our centenary "100 for 100" challenge generated huge interest and participation. The spirit of our celebrations can perhaps best be encapsulated by the achievement of Debbie from our Bradbury House service who took her first 100 steps since a stroke.

However in this centenary year, we continued to face a challenging financial environment so I am pleased to say our income has grown, thanks mainly to a significant donation. We enabled more children with disabilities to get an education in Africa and Asia, while in the UK, we supported an increased number of young people to acquire confidence and skills and expanded our support for disabled adults to develop their chosen careers.

Of course, we can't do all this on our own. The generosity of our donors and partners enables us to reach far more disabled people across the globe.

United by an ambition to see a more inclusive society, the Charity continues to develop and enhance a number of important relationships with high profile supporters.

We are delighted that the internationally respected activist and campaigner Judy Heumann has become our international ambassador. We have welcomed Robin Millar, one of the UK's most successful record producers, as an ambassador for music, while Sir Stelios Haji-Iaonnou has joined us as a global ambassador for business and entrepreneurs. They join our existing long term supporters Lord Puttnam, Jane Asher, Dan Eley and Alastair Hignell who are ambassadors in the fields of education, arts, youth and sports respectively.

Enormous thanks for all of our work must go to our talented and committed staff and our growing band of volunteers. I am continuously humbled as I hear of how our people enable residents and those participating in our programmes to lead the lives they choose.

The support of my fellow Trustees has, as always, been invaluable and I am grateful for the expertise and knowledge they bring to their roles as our charity evolves to meet the future needs of disabled people wherever they are.



“

Growing through partnership is a key element of our vision for the future.

”

Sally Davis,
Chair
July 2018

“

**We have a great
distance yet to travel
but I am proud of
what has already been
achieved, together.**

”

Neil Heslop OBE
CEO
July 2018



Message from the Chief Executive

Our founder's commitment to courage, kindness and respect left a remarkable legacy – inspiring the formation of more than 200 organisations in 54 countries.

Much has changed for the better since Leonard Cheshire started a movement in 1948 that would transform hundreds of thousands of disabled peoples' lives. In 2018, people with disabilities face new challenges and barriers in a rapidly changing world. Too often, disabled people are denied independence and the fundamental right to participate fully in society.

We exist to improve the life choices of people with disabilities and to build an inclusive society. Everything we do is focused on achieving these outcomes. So much has already been achieved and in the future we will support even more individuals to live, learn and work independently, whatever their ability.

Wherever we work, our job is to support individuals on their journey toward independence and to realise their full potential.

Through innovation and pioneering research, we work with partners from all sectors and together build opportunity to create a fair and inclusive society. The unrealised potential of the more than a billion people in the world with disabilities remains enormous and we must do more. To increase our impact, we are focusing on a new integrated community approach to extend our reach. We are also investing in our people, volunteers and profile so that we deliver more services to more disabled people in the years ahead.

In 2018, the world has extraordinary challenges and even greater opportunities, and it is for our generation to rise to them, as Leonard did, in making a difference for a better world.

Leonard Cheshire, the man, the movement and the charity, have achieved so much since 1948, but so much remains to be done. Together we are inspiring a new generation with Leonard's vision for a fairer society.

02

Trustees' report

Overview

Our 6,000 staff and 6,500 volunteers support more than 30,000 individuals in the UK and 15 countries in Africa and Asia.



We have three areas of work. In the UK, we provide support to 3,500 people which promotes independent living in a variety of residential settings. We support 6,500 young people living elsewhere with skills, confidence and employment programmes. Internationally, we deliver inclusive education, youth leadership and access to livelihoods programmes to 20,000 people.

Last year was one of significant progress, as we expanded our work in communities around the world. Everywhere, disabled people face major barriers to social and economic inclusion, and are denied opportunities. Our greatest assets are our dedicated staff and volunteers who are determined to change this. In recognition of the outstanding commitment of our staff we have invested £7million to lift the lowest paid well above the national living wage. We have also increased investment in learning and development to ensure we attract, develop and retain great people doing great work. We are pleased that we have grown our volunteer base significantly this year to 6,500.

To build further on this progress we have also launched a refreshed brand that embodies the positive, proud and pioneering values of our people. With our dual commitment to community and partnership, we look to the future with the confidence to influence positive change for the lives of those our Charity is here to serve.





Live

In the UK, our residents tell us that getting out and about is really important to them. We also know that thousands of disabled people who live independently often struggle to get the support they need to play a full part in communities. This can leave people isolated and lacking confidence.

We have set ourselves the ambition as a charity to build on the heritage of our organisation and expand the range of services we offer to be locally focused within communities. Huge steps have been made in the past year to fulfil this long-term goal.

We aim to support individuals to live as they decide, whether in their own home, in modern assisted living or residential care settings, with easy access to shops and leisure activities, getting involved in local life however they wish. It's about people having choice, being in control and involved in their local community.

As well as social care, we provide services that enable people to make social connections, have new experiences and build confidence. 2017/18 has seen us expand services of this kind as we reach more disabled people.

Through initiatives such as our Opening Doors projects, and with the help of a network of volunteers, we are creating opportunities that support disabled people to access their local community. This may be trying something new, going to the pub, a trip to the cinema, having lunch in a café, shopping, an exhibition – whatever individuals want to do and being able to live the lives they choose. We listen to people and do everything humanly possible to support them to achieve their goals.

In 2017/18 we built capacity and reach in the range of community focused services we offer. At the same time, we have been working to define the most relevant services, based on need, and to identify where we can add the most value to local provision. We know that each area will be different, with its own needs and local issues.

We said last year we would pilot our community approach in Scotland and we have actually trialled in two areas, Cheltenham in England, and Fife in Scotland, before we roll it out across the UK in 2018/19.

Through an expanding network of relationships, including companies, national organisations and community partners, we are working to reach as many disabled people as possible – with high quality services that are needed most and that enhance what is already available.

We listen to people and do everything humanly possible to support them to achieve their goals.



Live

Cheltenham

Cheltenham has more than 7,400 people with a moderate or serious physical or learning disability.

In and around Cheltenham, Leonard Cheshire already provides nursing care from a 30-bed home at Gloucestershire House and six supported living bungalows, in a residential area with local shops nearby. Our hydrotherapy pool is also used by local groups and other charities. The service was rated 'Good' by the regulator in July 2017. Gloucestershire House residents volunteer at a local Red Cross charity shop, Dundry Nursery and Butterfly Garden, with our Can Do skills and confidence programme also operating in Gloucestershire. Wheels for All, an accessible cycling project, was also started at Gloucestershire House and is run in conjunction with local and national groups.

Detailed work was undertaken in 2017/18 to assess our current provision in Cheltenham and the wider area, as well as what's available through others, with discussions with commissioners of services, potential partners and local stakeholders.

While we currently locally reach around 400 disabled people through residential care, Can Do and our other services, we aim to reach more than three times this number through additional services. This will involve increased leisure activities through 'Opening Doors', new social enterprise and volunteering opportunities, Discover IT and our employment programmes such as Change Now.

We will maximise the contribution of volunteers, doubling to more than 100 the number who currently support our services in Gloucestershire.

Opening Doors

Launched in the East of England in 2015 with a Big Lottery Fund grant, Opening Doors supports disabled people to access community based social, leisure or sporting activities of their choice with volunteers. Over the past three years we have supported more than 100 residents per year to engage in their communities, with the help of more than 100 volunteers. Activities have included: attending football matches; joining gyms; skiing trips to the local snowdome; creating community gardening projects and theatre and gallery outings. Regular activities include attending local social groups and classes and lunch clubs.

We are about to launch Opening Doors in Cheltenham following the successful results from Kirklees and the East of England.





Wales' first ever inclusive dance final

More than 100 disabled people including many who use our services took part in **Strictly Cymru**, a unique dance competition exclusively for disabled people. Five heats culminated in a grand final in Cardiff, in the first ever national inclusive dance project of its kind.

Leonard Cheshire teamed up with dance company Step Change Studio to deliver the innovative project.

Step Change Studio provided dance instruction and a professional dance performance at each of the regional heats, and supported regional winners to compete with a professional partner at the national finals.

Leonard Cheshire supports more than 1,200 disabled people in Wales, including **Strictly Cymru** finalists Lauren O'Neill and husband Edward Hickman, both of whom use wheelchairs for mobility. As well as around 200 people living in our services, we also support many more in Wales through programmes such as Can Do and Discover IT.

Lauren, referring to the heats, said: "I loved dancing tango with my husband Eddie and it was nice to be able to dedicate my performance to my uncle who passed away recently. He was a ballroom dancer and used to be my dance partner before I met Eddie."



“

I loved dancing tango with my husband Eddie and it was nice to be able to dedicate my performance to my uncle who passed away recently.

” **Lauren**
Dancer



Live

Residential services

Leonard Cheshire's social care services deliver high quality support to disabled people, with a variety of different needs.

As of 31 March 2018, we have 154 services across the UK. Through our residential services we support around 3,500 people every day.

The various UK regulators rated 84 per cent of our registered services as either 'good' or 'outstanding'. This is significantly above the national average of 78 per cent.

The safety and wellbeing of people who live in our services is our top priority. Improving the quality in all our services was a driving force in 2017/18, with additional investment to deliver this through expert oversight, staff training and support. This included the appointment of four quality improvement managers to support services with any challenges they may face.

During the summer of 2017/18, we transferred a number of care at home services: in Isle of Wight; Kent; Sheffield; and Derbyshire. These services did not align with our strategy to support greater access to communities for people with disabilities and were transferred to other providers with the capacity and expertise to deliver a strong ongoing service.



We support around
3,500
people every day

154
services across
the UK

After consulting with our social care staff, we invested £7million to increase the pay rates for our frontline staff, well above the national living wage and average rates being paid within the sector.

Our residential services had record overall occupancy rates at 94 per cent during 2017/18, with agency costs reduced by 5 per cent.

We continue to invest in upgrades and the modernisation of our services, to improve the facilities and standards of accommodation at our properties.

2,500

participants in 22
locations

87%

of participants improved
their confidence

94%

of participants gained
skills to support
their future

100%

of partner
organisations felt more
confident working
with disabled people

Can Do

Learn

Disabled people in the UK and internationally still face huge barriers in fulfilling their potential through learning opportunities. Their journeys toward independence are restricted by a lack of access to education, skills and confidence training.

We want to break down the barriers that exist and offer support where it is needed most. In the past year, highlights have included growing our support for children with disability to get school places in Africa and Asia, as well as joining forces with Disabled People's Organisations (DPOs) to enable young people to work together for change and to hold authorities to account on disability issues in their countries.

In the UK, we have increased our reach through the expansion of our Can Do confidence – building community programme and the launch of our Can Do Sport initiative.

Wherever we are, we make change happen on the things that matter most to disabled people.

Learning in the UK: Can Do

Our Can Do programmes are building confidence, skills and benefiting communities in an increasing number of locations across the UK.

In 2017/18, a total of around 2,500 participants joined the Can Do programme.

Three new Can Do programmes were set up in Scotland (Dumfries, Fife and Glasgow). England gained an additional Can Do location in Manchester, with new programmes also operational in Southampton, Weston-Super-Mare and Farnham. In Northern Ireland, young people in Belfast are also now benefiting from Can Do.

The increased confidence and skills gained through Can Do encourages participants to take-up further volunteering, training, and employment opportunities, and the City and Guilds qualification that Can Doers can gain is a great addition to their CVs.

Anil: Can Do

Launched in November 2017, the project with recruitment specialists Allegis Global Solutions delivered a one to one mentoring programme, including sessions on CV writing, job searches, and interview skills.

“My mentoring sessions are very informative, and I believe that I now have a better understanding on how I should present myself at an interview. I also now have a new layout for my CV that clearly defines each section and makes it stand out.”

Anil,
Can Do participant (Birmingham)

Caitlin: Can Do

“I found it difficult at first to talk to people because I am a bit shy and not a talkative person. However, I found it was a bit easier after a couple of sessions. I really enjoyed today because I was talking to new people.”

Caitlin, aged 20,
has a learning disability and participated in a food service for homeless people in Brixton, London.

“
When you start on
Can Do you may
be nervous, but
I think you should
just go for it and
work hard. You
will not regret it.

” Caitlin
Aged 20



Learn

Can Do Sport

As we all know, physical activity enhances everyone's health and wellbeing, but disabled people are often excluded.

Four out of five disabled people are currently not active, but seven in ten want to increase the amount of physical activity they take part in.

Last year, we said we would pilot Can Do Sport which is an exciting new initiative funded by Sport England which will support 1,500 young disabled people to take part in sport related activities, promoting the benefits that activity can bring to both physical and mental health.

Based around the aspirations of young people, Can Do Sport offers sport taster sessions in partnership with local groups, as well as community sport activities that lead to City and Guilds certificates. Participants also benefit from mentoring that further builds confidence, supporting those taking part to achieve their ambitions.

Officially launched in Manchester in January 2018, Can Do Sport is now also available in Essex, London, Liverpool, West Yorkshire and Oxfordshire.



Learning in the UK: Discover IT

We all know how important technology is in our everyday lives, whether it's for keeping in touch with friends and family, to learn new skills or to work. Disabled people want to use and be able to access the latest devices as much as anyone but one in three in the UK has never used the internet. A lack of IT accessibility and confidence limits individuals' opportunities to participate in day to day activities that we all take for granted.

In the UK we support people to use technology and be digitally included and independent – to access information, chat, or be in control of their lives online with the right settings for them as an individual.

Our Discover IT centres are widespread, from Plymouth to Inverness, and together with Discover IT at home, allow us to support more people than ever before. Our staff and volunteers work with people to use technology whether this is to go online or to use assistive technologies such as screen readers or eye gaze, allowing people to make the most out of the incredible opportunities that technology brings.

“I've never been given the opportunity to use something like the Magic Table before. I can use a computer with a joystick, but I've never used my arms to make things work like this before – usually my disability restricts my movement so much I can't take part.”

Resident at Fethneys,
a Leonard Cheshire
service in Worthing
on their access to
cutting-edge assistive
technology

“My goal is getting back into employment, but I've also really enjoyed speaking to people online. I hope to gain long term friendships, as well as ultimately getting paid work.”

Discover IT Participant



Learn

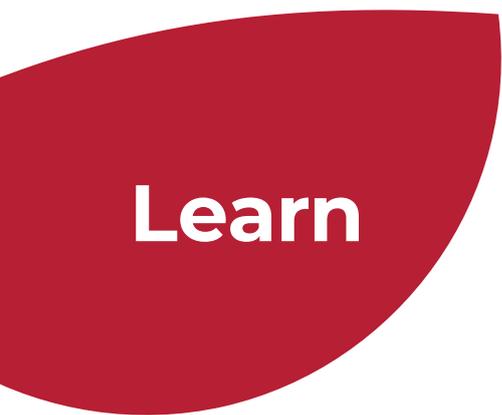
In 2017/18:

1,600

people supported
overall through
digital inclusion
projects

23

Discover IT
centres



Learn

Creating education opportunities internationally

Leonard Cheshire is working with Disabled People's Organisations to increase access to education for children with disabilities, as well as raising awareness of barriers to inclusion and breaches of fundamental rights on a global level.

2017/18 saw us significantly step up efforts with partners to create better long-term futures for children with disabilities who are currently denied school places.

Our highly effective and internationally acclaimed education programmes in Africa and Asia supported 3,700 children with disabilities to get a mainstream school place.

In 2017/18, we extended our education programme in Kenya for a further three years – through funding from the Department for International Development's Girls Education Challenge. This will enable 2,250 girls and 250 boys in the country to get a school place.

Our education work in Kenya continues to focus on supporting disabled girls with the transition to secondary school places or vocational training. It's all too common that this most marginalised of groups are not supported in their education beyond their primary years. We are playing an instrumental role in changing this.

Over the past year, we have also started new inclusive education programmes. For example Comic Relief funding has enabled a life transforming three-year programme to start in Tanzania, while in Uganda a two-year programme has been made possible through Dubai Cares.

Lucy – Girls Education Challenge

Lucy, 16, has a hearing impairment and lives with her mother and siblings close to a school. Her hearing had caused her huge difficulties with learning and socialising at school, leading to her dropping out altogether. Leonard Cheshire provided her with hearing aids and enrolled her at another school where the teachers had been trained in inclusive education.

“Before Leonard Cheshire gave me the hearing aid I was not able to come to school, I was so sad. People were not kind. They would laugh at me and would abandon me. Now everyone around is kind, they understand my problem.”

Lucy

A student at Lela School in Kisumu



“

She now has confidence and she is performing very well at school. The change that I've seen has been very big. Her future is bright, I'm so happy with her ambition.

”

Celestine
Lucy's mother

Empowering youth leadership to bring about change

Leonard Cheshire is empowering young people with disabilities around the world to have a greater voice in bringing about change in their countries.

Last year, we said we would launch a pilot for a global youth leader project, and we have our new global initiative, '2030 and Counting' which is supporting putting young people with disabilities at the centre of advocacy and campaigning around the UN's Sustainable Development Goals (SDGs).

We work with young people with disabilities and Disabled People's Organisations (DPOs) from Kenya, the Philippines and Zambia.

As well as offering opportunities for networking and joint campaigning with other young people with disabilities from across the globe, specialised training is also available to maximise their impact.

Young people are supported to effectively advocate for their rights in relation to the SDGs, and to ensure their national governments have disability inclusive policies.

In March 2018, young people with disabilities took part in a four-day training course in London on leadership and citizen reporting. What they learned will be passed to others in their countries and beyond. The initiative will continue to grow and recruit more young people. One focus of the training was technology and the power it has to enable communication to a global audience when campaigning.

Participants will use their mobile phones to report the experiences of their peers in relation to health, education and employment and send them to an online reporting hub.

We will use this vital person centric data to build an evidence base for DPOs.



“Technology is an important tool in advocacy work. It breaks down barriers to participation and holds great potential to affect governance in developing nations. Technology can influence how citizens voice their concerns and claim their rights, and how leaders govern.”

Ian, a participant from Zambia.

“Advocacy is about creating awareness and technology will help understanding to spread wider, so it will reach people all over the world.”

Nicholas, from the Action Network for the Disabled in Kenya

Learn

“

Young people with disabilities are not as empowered as they should be to be involved to fight for their rights. They should be empowered and confident and strong enough to approach the government.

”

Maria,
a participant from Kenya

Work

We know that many disabled people can struggle to fulfil their ambitions, to get work that matches their talents or to stay in jobs, often because reasonable adaptations and support just isn't there.

In the UK, by age 26, disabled people are four times more likely to be out of work or not in education, compared with their non-disabled peers. Research published by Leonard Cheshire in December 2017 showed that more than a fifth of employers say they would be less likely to employ someone if they have a disability. Sadly, the findings illustrate that huge barriers and a lack of understanding among employers still exists.

We make getting on the career ladder easier. Both in the UK and internationally, we offer a range of work experience and skills programmes and are creating inclusive opportunities to enable people to choose their career, so benefiting from the independence and confidence work can bring. This has been a significant area of growth for the Charity in the past year.

Change 100 is Leonard Cheshire's unique employment programme that brings together the UK's top employers and talented disabled students and graduates to offer three months of paid work experience.

In 2017/18, as promised last year, we grew to 70 employers taking on 123 graduates and students. Of the young disabled people who took part, 95 per cent say that their Change 100 experience has improved their confidence in applying for jobs, and 97 per cent believe that the programme has improved their CV. 96 per cent of the employers that took part felt that the placements had a positive impact on their organisation.

In 2017/18, 100 per cent of participants said that they would recommend the programme to other students. This year, we will place 140 students with 90 employers.

We said we would pilot a new approach to work experience. Change Now launched in June 2017 and is funded by the Careers and Enterprise Company. We are working with 17 specialist schools and 16-25-year-olds across the North East of England and partnering with 45 employers including Jurys Inn, Capita and Durham County Council to offer ten days of work experience to support young people's career choices and CVs.

70 employers
took on
123 graduates
and students
in 2017/18

90 employers
140 graduates
and students
in 2018/19

Matthew: Change 100

Despite his great academic and extra-curricular achievements, and best efforts, Glasgow University graduate Matthew, 24, originally from Surrey, had struggled to secure paid work through a mainstream internship or job application process.

Work in the underwriting team at Zurich Municipal through Change 100 gave him greater confidence, skills and experience which complement his degree.

Matthew said: "I am a greater professional thanks to the experience and focussed personal development of Change 100".

He has just completed a new internship, as a Parliamentary Assistant to Liam McArthur MSP at the Scottish Parliament in Edinburgh.

"With financial service and parliamentary experience under my belt, I feel truly employable now. Both these experiences have been wonderful," Matthew said. "Change 100 led me to parliament, and this new experience can now help enable my longer term career."

Matthew,
Change 100 participant

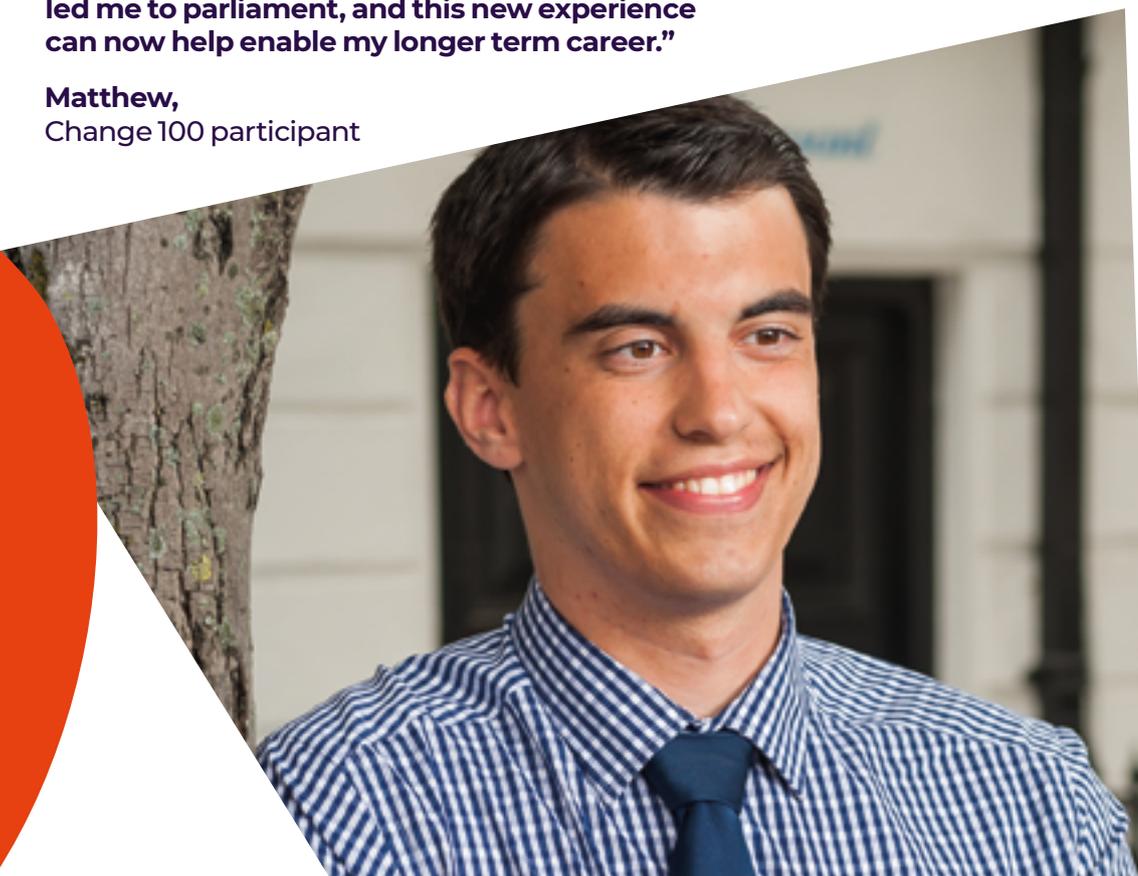
Tyler: Change Now

Tyler was one of 25 young people so far to have been involved in Change Now and he completed his work experience with Durham County Council in one of their leisure facilities.

Tyler had never really been outside of the home or school environment and the work experience was fantastic for him. He said he enjoyed 'making new friends and talking to different people and learning about the gym'.

"Tyler has worked well with the team and has built good relationships with the staff and customers. He is very friendly and always happy to help and is a pleasure to have around."

Durham County Council





“

When Leonard Cheshire came in, they gave us business skills training: how to manage your money, advice on attracting customers, how to market your products and so on. This is what has made me stand strong today.

” Nyadru,
Aged 28, northern Uganda

Work

80 per cent of disabled people in developing countries have no independent income.

Our three-year Access to Livelihoods programme supported over 10,000 disabled people into waged and self-employment across Africa and Asia.

To create accessible and sustainable livelihoods for people with disabilities, Leonard Cheshire, in partnership with Cheshire Services Uganda and through funding from Comic Relief via Department for International Development (DfID) and the European Union, has set up Livelihoods Resources Centres in the Adjumani and Moyo districts of the country.

10,000+

disabled people supported by Leonard Cheshire into waged and self-employment across Africa and Asia.

The Adjumani and Moyo districts have been affected by wars for over 100 years. As well as acute poverty, they have a high prevalence of disability, partly because of landmines, explosive remnants of war and other war-related injuries. There is an enormous livelihoods gap for people with disabilities, many of whom face unemployment, disadvantage and poverty.

Young adults with disabilities are provided with career guidance and counselling, basic life skills, professional training and support into employment.

Nyadru Godfrey: Ugandan Livelihoods

Nyadru, 28, lives in northern Uganda with his mother. At the age of 14, he developed epilepsy, which quickly became so severe it undermined his academic work and sadly he had to stop attending school.

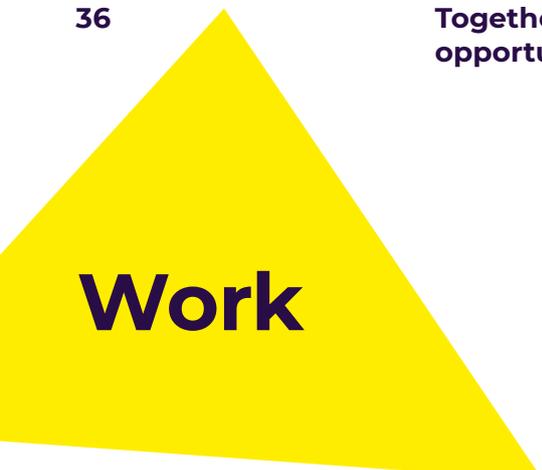
He needed to support his family, and started a business selling fish. "Because I didn't have the knowledge, the business collapsed," Nyadru said. "I didn't know how to manage it properly."

Leonard Cheshire supported Nyadru with training and a loan to help him restart his business.

"When Leonard Cheshire came in, they gave us business skills training: how to manage your money, advice on attracting customers, how to market your products and so on. This is what has made me stand strong today."

"I have a brother and I contribute to his school fees. I have other siblings and I pay for their development. I buy them their school materials and a light, so they can read at night."

Nyadru's mother said: "When Nyadru got the support, I think he dropped some of his stress and became relieved. He doesn't get seizures anymore because of this. Before Leonard Cheshire came in, we used to struggle a lot with life and suffer so much."



Work

From 2008 to 2018
Leonard Cheshire
programmes
have trained

84,000

in employment
related skills across
Africa and Asia.

39,000

have entered
waged or
self-employment.

We will launch new, innovative employment programmes in Africa and Asia, targeting governments and local businesses to ensure greater inclusion of disabled people in Kenya and Bangladesh. We are also aiming to develop innovative approaches, utilising the opportunities that technology presents, in our future employment work and will continue to explore new digital approaches to maximise impact in our employment and livelihoods programmes.

Global Influencing

We reach disabled individuals through our portfolio of community based services and programmes. We deepen the impact of this work through long term partnerships with organisations from all sectors. Our direct support for individuals provides the insight and moral authority to influence positive societal change for people with disabilities. We amplify the voice of disabled people through empirical research and advocacy campaigns on the issues that matter to the people we serve.

We are a partner of choice in the implementation of the United Nations' Sustainable Development Goals with respect to disability.

As promised last year, in March 2018, in conjunction with the Leonard Cheshire Research Centre at UCL, we published Bridging the Gap at a two-day conference in London. This was an opportunity to showcase our leadership in the field of global disability and host influential figures from government, UN partners, international NGO's and the disability advocacy community.

Attended by over 300 delegates, discussion centred on three years of research across Kenya, Sierra Leone, Uganda and Zambia that revealed wide gaps in vital opportunities and support in access to healthcare, education, livelihoods and social protection for people with disabilities compared with their non-disabled peers.

In July 2017, at the Conference of State Parties and High Level Political Forum in New York, together with the United Nations Girls Education Initiative, we launched research highlighting how girls with disabilities often miss out on education – and are not reached through international programmes to widen education access.

Judy Heumann

Judy Heumann, the renowned disability rights campaigner, joined Leonard Cheshire as a global ambassador in December 2017.

An architect of the disability rights movement and seasoned campaigner for equality and human rights, she played a pivotal role in establishing the independent living movement in the US and abroad.

Judy worked for the Clinton administration from 1993 to 2001 as Assistant Secretary of the Office of Special Education and Rehabilitation Services in the Department of Education. She was the World Bank's first advisor on disability and development from 2002 to 2006 and in 2010 she joined the Obama administration as Special Advisor on disability rights for the State Department.

Judy amplifies the voice of our organisation and through her long-standing relationships with key international bodies such as the United Nations and the World Bank, she works with us to ensure the realisation of the UN Convention on The Rights of Persons with Disabilities.



Global Influencing

Make Care Fair

We have long campaigned against 15-minute personal care visits and the pressure on policy makers continues. In February 2018, our research using Freedom of Information requests to local authorities revealed the scale of the problem of rushed 15-minute personal care visits, which we believe is a symptom of the chronic underfunding of social care.

The general public and our supporter network were mobilised and asked to encourage their local MPs to back the campaign for properly funded social care, which would support disabled people now and for future generations.

We gave evidence to the joint inquiry into long term funding in social care and will continue with our advocacy work to achieve a funding settlement which is appropriate for the future.

Untapped Talent

The Government's pledge to close the employment gap between disabled people and others of working age is being undermined by a lack of vital support at critical stages in people's lives. Progress towards the government pledge to get one million more disabled people into work has been slow – meaning hundreds of thousands of disabled people who want to work are left on the side lines, with individuals and families financially disadvantaged.

We launched our Untapped Talent campaign in September 2017, calling on the Government and employers to recognise the potential of young disabled people and the benefits they can bring to every workplace.

Untapped Talent started with the publication of our research findings which revealed that 51 per cent of young disabled people felt their teachers had lower expectations of them and around half (47 per cent) also said they were not encouraged to go on to a course or pursue their chosen career.

In 2018, the campaign turned its emphasis to employers, with a series of employer workshops and focus groups leading to the production of a guide for employers, 'Talented people aren't always where you expect to find them'. This gave advice and guidance on creating more inclusive workplaces, allowing organisations to attract and retain the huge pool of creativity and talent available through the employment of disabled people.

We have increased our engagement on important issues with politicians in each of the three devolved nations as well as in Westminster and the combined authority in Greater Manchester.







We want to raise awareness of Leonard Cheshire and the vital work we do, so together we can support individuals to live, learn and work as independently as they choose, whatever their ability.

Leonard Cheshire will always be at the centre of our organisation and he inspires us to this day. Like our founder, we believe that diversity creates a world of possibility and we work with disabled people to create a fairer, more inclusive society.

Over the past year we consulted and incorporated the feedback of over a thousand staff, residents and supporters on the way we present and talk about our organisation and, as a result, have changed the way our communications look and feel. We now have a warm and modern brand identity that better reflects the diverse range of services we provide and will have a greater impact with all our audiences.

The first public airing of the new brand was at the London Marathon in April 2018, where over 100 Leonard Cheshire runners wore it with pride.



1,000+
staff, residents and supporters
were consulted and their
feedback was incorporated.

How you support us

The year centred around the celebration of the hundredth anniversary of the birth of Leonard Cheshire. We used this opportunity to promote our work and to introduce our strategy to current and new supporters.

As ever, our priority to reach more people and make more of a difference to their lives was at the centre of our approach as we engaged more people and organisations to support us in our vital work.

We will continue to grow and diversify our supporter audiences, here in the UK and around the world.

In 2017/18, over 1,450 corporate volunteers supported us, contributing in many ways, from gardening to planning fundraising events and from mentoring to decorating. In 2018/19, we will further develop our corporate volunteering programme to increase its impact and enable our corporate volunteers to make a greater difference than ever before.

Last year we said we would introduce a local speaker network. This started in 2017 and is a UK wide project, delivering talks in local communities – in schools, youth groups, businesses and other organisations. Volunteer speakers are passionate about disability equality, inclusion and Leonard Cheshire.

Colin: Speaker Network Volunteer

Colin, 33, is passionate about acting, his YouTube videos and promoting disability.

Being a Speaker Network Volunteer appealed to Colin, as he is always looking for a new challenge and is eager to promote the great work done at Cheshire House Inverness.

“I love speaking at groups as I get to go into my local community and meet new people. I get to tell them how great the staff and volunteers are here, as well as help get more volunteers involved! Speaking to people helps make them aware of the opportunities and activities that Leonard Cheshire has.”

“A lot of disabled people don’t have the chance to voice their opinions and I like to take opportunities to voice what otherwise would go unheard.”

“I have spoken at a few primary schools in my local area. It’s great as I get to interact, do fun activities and have a conversation with people. We always get great feedback! I like seeing people’s reactions and how their views on disability change. I think I bring a positive view to those who don’t understand disability, by giving them a wider view.”

Colin,
Speaker Network Volunteer



We are now in the fourth year of the 'A Million Hands' Partnership with The Scout Association. Working with the Scouts, we aim to raise awareness of disability.

Since 2015, over 600 Scout groups have downloaded our disability awareness pack which means this has reached around 20,000 young people.

Over the past year, we have improved the Leonard Cheshire volunteering experience, increasing recruitment, retention and satisfaction levels.

We will consult with our volunteers when they start in their role, each year thereafter and when they leave us, to ensure that we learn from their feedback and improve further the Leonard Cheshire volunteering experience.



People

People are at the heart of everything we do.

In 2017/18 we introduced an invigorating new brand to help our staff, volunteers and partners communicate effectively and bring to life our values to support people with disabilities on their journey toward independence.

We embrace our 'live, learn and work' philosophy; in 2017/18 we focused on employment skills and confidence building, to grow ambitiously in the UK and internationally. We introduced enabling accessible digital technologies to reach more people and delivered a leadership excellence programme to drive high performance and shape future leaders.

Last year, we continued the delivery of our dedicated People approach, aimed at improving and enhancing the fundamental aspects of the employee experience within our Charity.

To modernise how we attract and recruit the best talent, in October we launched our new look careers website, improving accessibility through different devices and other services. We also created a new online applicant tracking system, which follows an individual throughout the recruitment process. This has given much more control and autonomy to local managers in searching for great people to join our Charity.

To support our social care services, we developed a more efficient induction process allowing staff to be trained faster. We also launched a new online learning management system to improve the learning and development experience for everyone in our organisation. This new system gives our leadership community the tools and learning resources to use with all our teams and help us to deliver, track and monitor the learning and development for every member of staff.

We introduced our 'managing for excellence programme' for our leadership community. This programme delivers skills and knowledge through managers working with their peers. This is an important element of how we shape our future leaders, developing management capability and driving high performance in all we do.

In May, we established the Services Employment Framework, which created a clear and consistent reward and operating structure, lifting pay for many thousands of our staff in our UK social care services well above the national living wage for those at the lowest salary levels.

Ahead of the deadline of 4 April 2018, we reported our gender pay statistics. We have a mean gender pay gap of 8 per cent in favour of men across all staff, including the highest paid. The gender pay gap in the UK, across all types of businesses and organisations, is currently 18 per cent in favour of men.

There is a median gap of 0.7 per cent in favour of women, compared with a UK median of 9.8 per cent in favour of men. This more closely relates to the typical relative earnings of employees at Leonard Cheshire.

Next year, we will build upon the foundations established through the People approach and improve continuously the way we attract, recruit, develop, retain and reward all our employees. Our ambition continues to be to find great people to do great work and to keep them.

Staff involvement

We provide our staff 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 affect them. Staff 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 our purpose. We encourage the involvement of employees by means of a National Staff Association and regular opportunities to share views with senior leadership.

We have emphasised improved ways of engaging with our workforce. We expanded the number of staff representatives in our Staff Association, from 60 to 130. We have introduced Workplace by Facebook and we continue to involve our employees in the design of employee engagement initiatives.

Equal opportunities

We believe that our Charity's workforce should reflect the wide spectrum of communities we serve, and we are committed to demonstrating this through the diversity of our employees and volunteer community. This diversity adds real value to our Charity and we strive to improve continuously our performance in this area.

Differences in culture and life experiences bring creativity, vitality and innovation. We take a positive attitude to encourage a workforce that reflects the diversity of our customer community and wider society. We particularly encourage applications for both work and volunteering from disabled people.

It is our policy that all people who use our services, as well as all staff, volunteers and job applicants 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 staff and volunteers receive equality of opportunity and discrimination is not tolerated.

Emoluments

Emoluments to senior staff and financial information regarding employees and Trustees are shown on page 99. Executive pay is reviewed and monitored by the People Committee. This ensures that remuneration is set at a level which is appropriate for our Charity, given our size and the sectors in which we operate. Our aim is to pay appropriately, without paying more than is genuinely necessary, to attract and retain talented people to run the Charity successfully in the long term.

We provide a workforce which operates within highly regulated and skilled sectors for thousands of disabled people, as well as operating in many countries. Strong governance and skilled management are essential components for the continued successful operating and reputation of the Charity. To that end, 37 senior staff earned more than £60,000 per annum (as defined by the Charity Commission's Statement of Recommended Practice [SORP]), from a total staff group of around 6,000. In 2017/18, the total amount of employee benefits received by the Executive team was £944,000 for their services to the Charity.

Health, safety and wellbeing

The critical nature of the services we provide to our customers means that health and safety is a primary driver in our ways of working. We are deeply committed to providing a healthy, safe environment for every person who uses our services and for all our staff and volunteers. We operate safe systems of work and provide accredited health and safety training. The Executive team and all our senior leadership team are provided with externally accredited health and safety governance and assurance training. 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 of the highest priority across the Charity. Through regular review and reporting to the Executive team and our Board of Trustees, we ensure we learn from our mistakes and share good practice.

Governance and structure

Registration

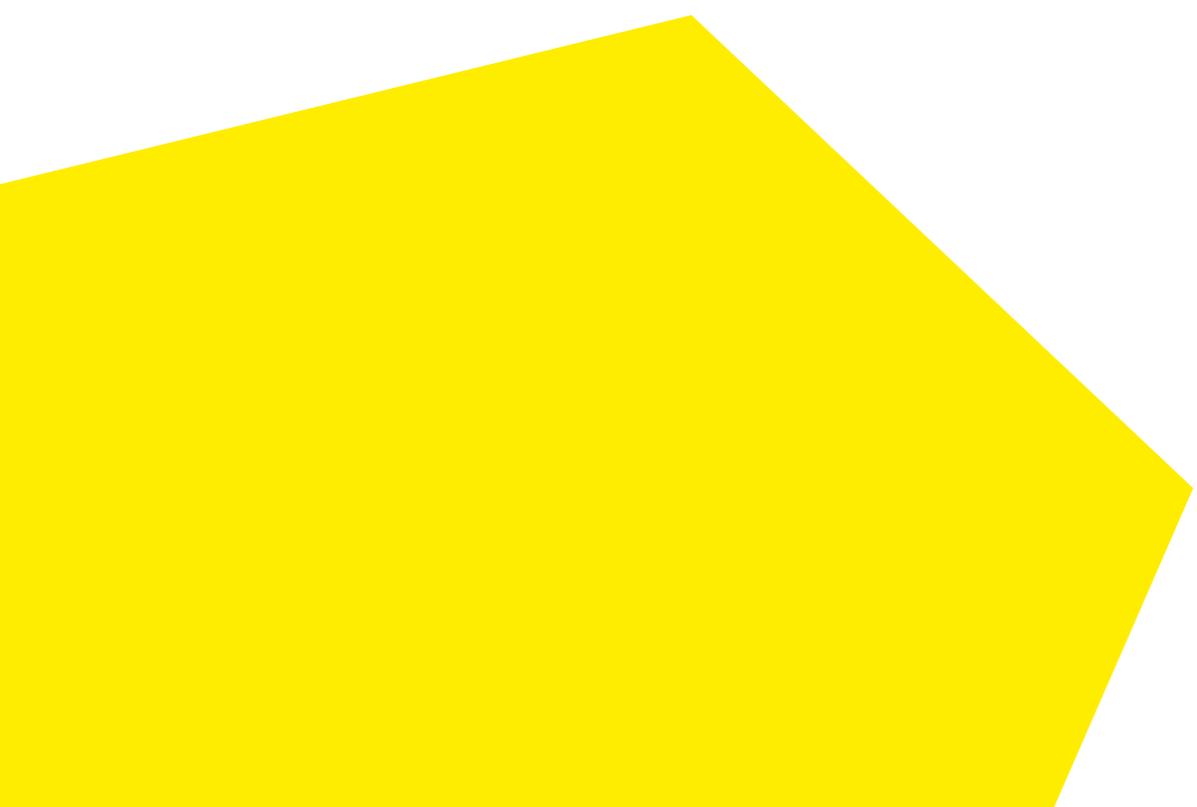
The registered name of the charity is Leonard Cheshire Disability. The Charity is a charitable company limited by guarantee and was incorporated in England and Wales on 3 August 1955. The registered charity number is 218186 and the registered company number is 552847. The Charity is also present in Scotland 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 27 October 2017.

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 and public benefit

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.

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 2017/18. 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.



Governance and operating structure

The Board of Trustees (the 'Board') meet at least four times a year. Each year, the Board approve the annual budget and review the strategic plan of the Charity. The Trustees 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 agreed objectives. The Chief Executive is supported by an Executive 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. In addition, we have appointed five board committees: People, Quality and Safeguarding, Finance, Audit and Risk, and Governance and Nominations.

The People Committee is chaired by Colin Hunter. This Committee meets at least three times per year. It is responsible for:

- Monitoring the cultural health of the organisation and employee satisfaction with the aim of being a best in class employer of choice;
- Maintaining an overview of people-related policies and practices in relation to all staff;
- Making recommendations to the Trustee Board on all aspects of the remuneration and terms and conditions of the Chief Executive and Executive team; and
- Ensuring that appropriate levels of executive remuneration and reward is set to support the organisation's strategy.

The Quality and Safeguarding Committee is chaired by Ranald Mair. This Committee meets at least three times per year. It is responsible for:

- Ensuring that the delivery of quality of service, compliance and care to the individual is a key focus of our activity;
- Making safety, effectiveness and customer experience central to the development, delivery and measurement of our services, by assessing care quality, customer and staff experience measurement data;
- Ensuring that learning and development needs are identified and appropriately met;
- Supporting innovation and the development of new care pathways;
- Ensuring that performance standards and policy changes relating to quality, healthcare and social outcomes are met; and
- Receiving and considering reports relating to serious incidents in the provision of social care services.

The Finance Committee is chaired by Catriona Rayner. The Committee supports the Board in fulfilling its global oversight responsibilities in respect of financial performance. It meets at least three times per year and is responsible for:

- Recommending to the Board the longer-term business plan, the annual budget and annual business plans, and the quarterly forecasts, including cash flow;
- Monitoring the financial performance of the Charity and ensuring 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 Board, where the policies of the Charity stipulate such approval is needed; and
- Recommending financial policies that are reserved to the Board.

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

- Ensuring that robust financial reporting, risk management and internal control principles are applied and are adequate, including the role of internal audit;
- Reviewing policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements;
- Considering the appointment, remuneration, effectiveness and independence of the external auditors;
- 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.

The Governance and Nominations Committee is chaired by Martin Davidson.

The Committee is responsible for identifying, recruiting and proposing new members of the Board and the Chief Executive, and for their induction, support and development. It is also responsible for overseeing the governance of the Charity.

Advisory Groups

There are two Advisory Groups. The Customer Council, chaired by Vidar Hjordeng, seeks to ensure that we are led by people with disabilities in our decision making.

The Fundraising Advisory Group helps to guide our strategy to grow reach, influence and income. The group includes members of the Board to support with expertise in brand, marketing, influencing, profile raising and fundraising. The Advisory Group is chaired by Sally Davis.

Appointment and induction of Trustees

All vacancies for Trustees are externally advertised. The Governance and Nominations Committee considers prospective Trustees and makes its recommendation to the Board which votes on all new appointments of Trustees. We place particular emphasis on the representation of disabled people. People having lived with or professional experience of disability make up more than half of the current Board.

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

The Trustees review the composition of the Board at regular intervals and decide whether there is a need to change the skill base. Trustees initially serve for a three-year period and then may be re-elected for a further term of three years. In exceptional circumstances, an additional term of up to three years may be considered.

Emoluments

In 2017/18, Trustees received no emoluments.

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 Charity also purchased and maintained throughout the financial year Trustees', directors' and officers' liability insurance in respect of itself and its Directors.

The Customer Council

The views and ambitions of disabled people are at the heart of our work. As part of our broader Customer Engagement Framework, in 2017/18 as planned, we formed a Customer Council to bring these views even more fully to the centre of our decision making. The Customer Council is an advisory group to the Board of Trustees and the Executive team, to ensure our decision making is led by disabled people. It advises on broad strategic considerations of the organisation.



The Council members reflect a diversity of people with different disabilities, from different geographies and with a variety of experience. There are residents of our social care services as well as those who've participated in our confidence, skills and employment programmes.

They are passionate about giving a voice to those who may struggle to be heard, championing inclusion in society and helping us to grow our reach and impact.

The Customer Council is chaired by Vidar Hjordeng MBE, one of our Trustees who has lived experience of disability.



03

Financial review

Net
income:

£4.6million

2016/17:
£5.4million

Net income excluding
gains/losses on the disposal
of fixed assets and net gains
on investments:

£4.4million

2016/17:
£0.7million

Total incoming
resources:

£175.9million

2016/17:
£161.3million

Total resources
expended:

£171.5million

2016/17:
£160.6million

This is a
satisfactory result
in a challenging
operating
environment.

Net cash inflow from
operating activities:

£6.0million

2016/17:
£7.7million

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 purpose. Fees and grants for delivering our social care services and programmes remain our major source of income.

This income increased from £149.1million in 2016/17 (92.4 per cent of total income) to £149.3million this year (84.9 per cent of total income). The main driver is higher average fees and higher occupancy levels which has offset income lost following the decision to transfer some services and contracts during the year.

Expenditure on social care activities, before the allocation of support costs, increased from £136.5million in 2016/17 (85.0 per cent of total expenditure) to £145.7million this year (84.9 per cent of total expenditure). The main reason is higher staff costs, following the decision to increase pay across social care to allow a fairer and more transparent pay framework across the majority of employees.

Donations and legacies

Donations and legacies increased from £10.9million to £25.1million this year, largely due to higher legacies. Expenditure on raising funds has increased from £2.7million to £4.1million. Our ratio of donations and legacies to the cost of generating voluntary funds is 6.2:1 compared with 4.1:1 last year.

Total expenditure

Total expenditure increased from £160.6million to £171.5million this year. Our expenditure on activities that directly relate to delivering charitable activities increased from £143.9million to £154million, reflecting the impact of the Services Employee Framework. At the same time our expenditure on support costs decreased from £14.1million to £13.6million.

The accounts include a provision of £3.1million which represents the current estimate of

potential liabilities that may arise as part of Leonard Cheshire's participation in the Social Care Compliance Scheme. This will cover any potential arrears that may have arisen under historical National Minimum Wage requirements.

Net movement in funds

There was an overall net increase in funds from £118.6million to £124.2million. The deficit on our defined benefit pension scheme decreased from £13.1million to £10.8million.

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.

The Charity has adopted a risk-based approach to reserves that is aligned with the strategy for 2017 to 2022. From this the Trustees have agreed to utilise a proportion of free reserves to invest in the strategy and set a target range of £9.3million to £15million free reserves over the five years to 31 March 2022.

On 31 March 2018, the Charity has £124.2million total funds comprising: £0.9million endowment funds (2016/17: £0.9million); £24.7million legally restricted funds (2016/17: £15.1million); and £98.6million unrestricted funds (2016/17: £102.6million).

In accordance with the Charities SORP, we exclude funds designated for the provision of long-term social care and the pensions deficit from our calculation of free reserves, but we include our revaluation reserve. This means that the Charity has £10.4million 'free reserves' (2016/17: £14.2million). Notwithstanding the pension deficit, the Trustees 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 £7.7million to £6million this year. We also received £2.0million (2016/17: £0.4million) cash from the sale of property, plant and equipment and £0.4million (2016/17: £0.4million) cash from investment returns. We invested £6.9million (2016/17: £8.9million) of cash in fixed assets. The Charity has no external debt. On 31 March 2018 we had £19.9million (2016/17: £18.5million) cash which is held in retail bank accounts, including £0.7million (2016/17: £0.7million) held on behalf of disabled people who use our services.

Financial impact of significant events

The increase in the donations and legacies income for the year is driven by one significant donation from a generous benefactor who has requested to remain anonymous.

Fundraising practices

Leonard Cheshire raises funds from the public through cash, regular donations, raffles, payroll giving and events participation. All one-to-one activities, including telephone and private site (shopping centres) activities – are undertaken by in-house teams. Fundraisers are trained, monitored and managed directly by us.

All fundraisers receive training over a two-day period, covering the work of the Charity, how to interact with the public in line with industry standards, data protection and vulnerability.

Donors recruited on private sites are contacted by telephone within two weeks. The information collected is verified for accuracy and the donor is asked whether they felt pressured at any point during their interaction with our fundraiser.

In addition, we carry out mystery shopping to ensure the fundraisers are acting professionally and relaying the right information to the public.

All fundraising telephone calls are recorded, and a sample is checked for quality purposes by staff.

We do not exchange or share data with other organisations which wish to promote their products or cause to our supporters.

We have reduced our use of third-party data for direct mail campaigns. We request evidence of consent for third party communication for each source of data and make a decision to use the data on a case by case basis in line with the law and the Information Commissioner's Office recommendations.

Leonard Cheshire is a member of and abides by the standards set by the Fundraising Regulator, the Institute of Fundraising, the Direct Marketing Association and the Lotteries Council.

In 2017/18, we received 30 complaints (2016/17: 20) regarding our fundraising activities. None required escalation or needed to be referred to external organisations.

We have a fundraising vulnerability policy to ensure vulnerable people are treated fairly and are not put under undue pressure. Fundraisers are trained to terminate any interactions with people suspected of being vulnerable without making a fundraising ask.

We provide our donors the opportunity to reduce the number of or to stop communications every time we communicate with them.

Subsidiaries

The Leonard Cheshire Foundation (Isle of Man) Limited 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 were £0.7million (2016/17: £0.7million) and total expenditure was £0.6 million (2016/17: £0.6million). This means that the Isle of Man services recorded net incoming resources of £0.1million (2016/17: £0.1million).

The Charity has two subsidiaries, Leonard Cheshire Services CIC and Leonard Cheshire International, neither of which undertook any activity in the year.

The Charity has the following dormant subsidiaries:

- Leonard Cheshire Trading Limited;
- Leonard Cheshire Trading Limited (IOM).

The Charity dissolved four subsidiaries in March 2018:

- Fundability Limited
- The Leonard Cheshire Foundation Limited
- Beyond Disability Limited
- Ability Media Limited

Internationally, the Charity also has registered offices in India, Kenya, 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.

Principal risks and uncertainties

Working to support disabled people entails taking risks. The Trustees are ultimately responsible for risk management and they are satisfied 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 Board of Trustees reviews the Charity's risk register, serious incidents and health and safety reports.

At each meeting, the Audit and Risk Committee also reviews the Charity's risk register plus directorate 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.

Our most significant potential risks and mitigating actions are set out in no particular order:

Potential risk:

Insufficient statutory social care funding

Action taken to mitigate:

- Refreshed 5-year strategy with agreed business plan KPIs
- Roll-out of enhanced pay framework which pays the living wage across the UK and increases percentage of permanent staff, reducing recruitment and agency costs

Potential risk:

Loss of public trust

Action taken to mitigate:

- Proactive management of media, government and civil society relationships
- Further implementation of current fundraising, governance and impact reporting best practice
- Serious incident procedure

Potential risk:

Failure to meet safe quality standards

Action taken to mitigate:

- New clinical governance and quality assurance frameworks
- Rigorous safeguarding, serious incident, health and safety, and whistle blowing procedures
- Investment in facilities and staff training

Potential risk:

Inability to deliver timely change

Action taken to mitigate:

- Improved internal communications programme, involving all members of Executive team
- Programme Management Office established with specialist dedicated leadership

Potential risk:

Serious breach of information governance or cyber security

Action taken to mitigate:

- Information governance management framework with clear management accountabilities, policies and procedures
- Data protection policies built into terms and conditions for all staff
- Personal data consent forms completed by customers, or their representatives

Potential risk:

Failure to achieve predicted growth

Action taken to mitigate:

- Implementation of CRM (customer relationship management) system to support national and international partnership engagement plan
- New approach to volunteering
- Proactive partnering approach to sector consortia

Statement of trustees' responsibility

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 financial statements in accordance with applicable law and regulation.

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 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). 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 Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, 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 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, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

In the case of each trustee in office at the date the Trustees' Report is approved:

- so far as the trustee is 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 a trustee in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.



Sally Davis

for and on behalf of the Board of Trustees

11 July 2018

04

Auditors' report

Independent auditors' report to the members and trustees of Leonard Cheshire Disability

Opinion

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

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2018 and of the group's incoming resources and application of resources, including its income and expenditure, and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 March 2018; the consolidated statement of financial activities (incorporating the consolidated income and expenditure account), the consolidated cash flow statement for the year then ended; and the notes to the financial statements.

Report on the audit of the financial statements

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent charitable company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Trustees' Report and Strategic Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Trustees' Report

In our opinion, based on the work undertaken in the course of the audit 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; and the Strategic Report and the Trustees' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Trustees' Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit*Responsibilities of the trustees for the financial statements*

As explained more fully in the statement of trustees' responsibilities set out on page 60, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent 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 group and parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditors under section 44(1) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and regulations made under those Acts (regulation 10 of the Charities Accounts (Scotland) Regulations 2006 and 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.

Other required reporting

Matters on which we are required to report by exception.

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 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 and proper accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Nicholas Boden

Senior Statutory Auditor

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

11 July 2018

05

Financial statements

Consolidated Statement of Financial Activities

(Incorporating the Consolidated Income
and Expenditure Account) for the year ended
31 March 2018

	Note	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Totals 2018 £000	Funds 2017 £000
Income and Endowments from:						
Donations and legacies	2	14,529	10,612	-	25,141	10,897
Charitable activities - Social care		142,297	-	-	142,297	142,322
Charitable activities - UK & international programmes		1,418	5,568	-	6,986	6,770
Other trading activities		437	14	-	451	506
Investments	3	357	-	1	358	436
Other including gains on disposal of assets		662	-	-	662	408
Total		159,700	16,194	1	175,895	161,339
Expenditure on:						
Raising funds	4	4,080	-	-	4,080	2,678
Charitable activities:						
Social care	4	157,613	1,316	-	158,929	150,389
International	4	1,221	4,054	-	5,275	5,394
Campaigning	4	629	-	-	629	574
Partnerships	4	1,397	1,221	-	2,618	1,590
Total		164,940	6,591	-	171,531	160,625
Net gains on investments	9/10	253	-	-	253	4,638
Net income / (expenditure)	6	(4,987)	9,603	1	4,617	5,352
Other recognised gains / (losses):						
Actuarial gains / (losses) on defined benefit pension schemes	23	942	-	-	942	(971)
Net movement in funds		(4,045)	9,603	1	5,559	4,381

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Totals 2018 £000	Funds 2017 £000
Reconciliation of funds:					
Total funds brought forward	102,643	15,132	855	118,630	114,249
Total funds carried forward	98,598	24,735	856	124,189	118,630

All activities relate to a combination of continuing and non-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 incoming resources result.

There is no difference between the net income for the year above and their historical cost equivalents.

Expenditure on raising funds for 2017/18 now includes the costs of community support which was previously shown in charitable activities social care. In 2016/17 this figure totalled £0.4million, and if the comparables were re-stated this would show raising funds as £3.1million and charitable activities social care of £150.0million.

2016/17 total funds brought forward of £114.2million are composed of £101.6million unrestricted funds, £12.3million restricted funds and £0.3million endowment funds.

Consolidated Balance Sheetas at 31 March 2018
Company Number 552847

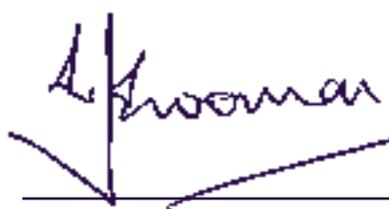
	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	8	201	360
Tangible assets	7	109,885	110,555
Investments	9	7,751	8,262
Total fixed assets		117,837	119,177
Current assets			
Debtors	11	17,922	14,448
Investments	10	13	9
Cash at bank and in hand	12	19,896	18,460
Total current assets		37,831	32,917
Liabilities:			
Creditors: Amounts falling due within one year	13	(12,819)	(15,384)
Net current assets		25,012	17,533
Total assets less current liabilities		142,849	136,710
Creditors: Amounts falling due after more than one year	13	(3,939)	(4,038)
Provisions for liabilities	14	(3,926)	(936)
Net assets excluding pension liability		134,984	131,736
Defined benefit pension scheme liability	23	(10,795)	(13,106)
Total net assets		124,189	118,630

	Note	2018 £000	2017 £000
The Funds of the Charity			
Endowment funds	15	856	855
Restricted income funds	16	24,735	15,132
Unrestricted funds	17		
Designated	17	98,993	101,551
General	17	3,896	7,947
Revaluation reserve	17	6,504	6,251
Pension reserve	17	(10,795)	(13,106)
Total unrestricted funds		98,598	102,643
Total Charity funds		124,189	118,630

The financial statements were approved by the Trustees on 11 July 2018 and signed on their behalf by:



Sally Davis
Chair



Richard Brooman
Chairman of the Audit & Risk Committee

Company Balance Sheet

as at 31 March 2018
Company Number 552847

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	8	201	360
Tangible assets	7	109,855	110,535
Investments	9	7,751	8,262
Total fixed assets		117,807	119,157
Current assets			
Debtors	11	17,898	14,434
Investments	10	13	9
Cash at bank and in hand	12	19,857	18,405
Total current assets		37,768	32,848
Liabilities:			
Creditors: Amounts falling due within one year	13	(13,753)	(16,254)
Net current assets		24,015	16,594
Total assets less current liabilities		141,822	135,751
Creditors: Amounts falling due after more than one year	13	(3,939)	(4,038)
Provisions for liabilities	14	(3,926)	(936)
Net assets excluding pension liability		133,957	130,777
Defined benefit pension scheme liability	23	(10,795)	(13,106)
Total net assets		123,162	117,671

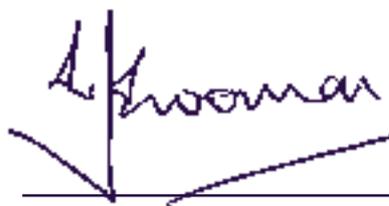
	Note	2018 £000	2017 £000
The Funds of the Charity			
Endowment funds	15	856	855
Restricted income funds	16	24,686	15,082
Unrestricted funds	17		
Designated	17	98,993	101,551
General	17	2,918	7,038
Revaluation reserve	17	6,504	6,251
Pension reserve	17	(10,795)	(13,106)
Total unrestricted funds		97,620	101,734
Total Charity funds		123,162	117,671

The net surplus for the year of the parent charity was £5.6million (2017: £4.4million)

The financial statements were approved by the Trustees on 11 July 2018 and signed on their behalf by:



Sally Davis
Chair



Richard Brooman
Chairman of the Audit & Risk Committee

The Notes on pages 78 to 106 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 March 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities:			
Net cash provided by operating activities	a	5,960	7,745
Cash flows from investing activities:			
Dividends, interest and rents from investments		358	436
Proceeds from the sale of property, plant and equipment		2,047	438
Purchase of property, plant and equipment		(6,924)	(8,862)
Purchase of intangible assets		(5)	(114)
Proceeds from sale of investments		-	6
Net cash used in investing activities		(4,524)	(8,096)
Cash flows from financing activities:			
Repayments of borrowing		-	-
Cash inflow from new borrowing		-	-
Receipt of endowment		-	-
Net cash provided by financing activities		-	-
Change in cash and cash equivalents in the reporting period		1,436	(351)
Cash and cash equivalents at the beginning of the reporting period	b	18,460	18,811
Cash and cash equivalents at the end of the reporting period	b	19,896	18,460

Notes to the Consolidated Cash Flow Statement

for the year ended 31 March 2018

	2018 £000	2017 £000
A. Reconciliation of net income/(expenditure) to net cash flow from operating activities		
Net income for the reporting period (as per the statement of financial activities)	4,617	5,352
Adjustments for:		
Depreciation and impairment charges	7,113	7,558
Amortisation on programme related investments	20	20
(Gains) on investments	(253)	(4,638)
Dividends, interest and rents from investments	(358)	(436)
(Gain) / loss on the sale of fixed assets	(662)	485
Difference between pension contributions and current service cost	(1,369)	(2,864)
(Increase)/decrease in debtors	(3,474)	973
Increase/(decrease) in creditors	326	1,295
Net cash provided by operating activities	5,960	7,745
B. Analysis of cash and cash equivalents		
Cash in hand	19,896	18,460
Total cash and cash equivalents	19,896	18,460

Notes to the financial statements

for the year ended 31 March 2018

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.

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 disclosures include the results of services in the United Kingdom and worldwide and central administration up to 31 March 2018. 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 £175.2million and net income of £4.5million for the year (2017: gross income of £160.7million and net income of £5.3million).

Income Policies

Donations 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, where entitlement is established and it can be measured with reasonable accuracy. Entitlement is assumed six months after grant of probate is received and the executor is satisfied that the property in question will not be required to satisfy claims on the estate. Once entitlement is confirmed, any conditions within the Charity's control have been 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 we are informed that an interim payment will be made, we recognise any remaining income that meets the above criteria; if sufficient uncertainty remains over the remaining amount, then only interim payments will be recognised. Reversionary interests involving a life tenant are not recognised.

Income from charitable activities includes 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 is recognised when the Charity has entitlement in accordance with the rules set out in FRS 102.

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. Income is recognised when the Charity has entitlement in accordance with the rules set out in FRS 102. 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 voluntary income 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. 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 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 and 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.

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.

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) **Proposed redundancy costs** - these costs will be payable where notification of intended redundancy was made before year end; and
- iii) **Sleeping nights** - recognising the potential liability for historical costs relating to sleeping nights and our membership of the Social Care Compliance Scheme ("SCCS").
- iv) **Other provisions** - these represent estimates of future expenditure on a number of matters where the outcome is not known with certainty.

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

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.

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 or amortisation (as appropriate) is charged at the following annual rates on cost:

- i) Freehold land and buildings and improvements to freehold land and buildings at 2% per annum;
- ii) Leasehold properties and improvements to leasehold properties over the remaining period of the lease;
- iii) Furniture, fittings, equipment and vehicles at 5-25% per annum; and
- iv) Intangible assets amortised at 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 relates.

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 cost and subsequently measured at fair value which reflects market conditions at the balance sheet date unless fair value cannot be measured reliably, in which case it is measured at cost less impairment.

Transfers to or from investment property are made only when there is a change in use, evidenced by commencement or end of owner occupation.

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 income 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 its service users.

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)
A 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. There is a provision which represents the potential liability to the Charity for any arrears identified under the Social Care Compliance Scheme.
- 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) Legacy income
It is the Group'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.

2. Donations and legacies

	2018 £000	2017 £000
Legacies	21,359	7,211
Donations	3,782	3,686
Total	25,141	10,897

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 £1.8million (2017: £1.7million).

3. Investments

	2018 £000	2017 £000
Quoted investments	1	3
Bank interest	96	152
Rent from investment properties	261	281
Total	358	436

4. Total resources expended

	Direct staff costs £000	Other direct costs £000	Allocated support costs £000	Total 2018 £000	Total 2017 £000
Fundraising	2,170	1,770	140	4,080	2,678
Total costs of raising funds	2,170	1,770	140	4,080	2,678
Charitable activities					
Social care	105,040	40,616	13,273	158,929	150,389
International	1,491	3,732	52	5,275	5,394
Campaigning	451	142	36	629	574
Partnerships	688	1,803	127	2,618	1,590
Total charitable activities	107,670	46,293	13,488	167,451	157,947
Total resources expended	109,840	48,063	13,628	171,531	160,625

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 below.

	Management & administration £000	Finance, IT & purchasing £000	Human resources £000	Total 2018 £000	Total 2017 £000
Support costs					
Voluntary income	73	45	22	140	73
Social care	6,980	4,315	1,978	13,273	13,843
International	27	17	8	52	54
Campaigning	19	12	5	36	38
Partnerships	64	43	20	127	99
Total	7,163	4,432	2,033	13,628	14,107

5. Governance costs

	2018 £000	2017 £000
Internal audit	182	171
External auditors' remuneration		
- audit services	105	102
- non-audit services	31	10
Governance and professional support for Trustees	129	191
Total	447	474

Governance and professional support for Trustees comprises the internal cost of strategic planning and providing legal support to Trustees, together with recruitment costs of new Trustees: £23,995 (2017: £38,006).

The total Trustee expenses incurred by Leonard Cheshire Disability or reimbursed during the year was £9,768 (2017: £10,783) which related to travel and subsistence.

The number of Trustees who were reimbursed were 10 (2017: 13).

The audit fees shown above are inclusive of irrecoverable VAT.

6. Net income before transfers

	2018 £000	2017 £000
This is stated after charging / (crediting):		
Depreciation - tangible fixed assets	6,929	5,679
Depreciation - intangible fixed assets	184	300
Impairments	-	1,579
Operating lease rentals:		
Property	1,362	1,266
Equipment	78	106
Auditors' remuneration - audit	88	85
Auditors' remuneration - other	26	8
Exchange rate losses / (gains)	17	(194)

7. Tangible fixed assets - Group

	Freehold land & buildings £000	Leasehold properties £000	Assets under construction £000	Furniture, fittings, equipment & vehicles £000	Total £000
Cost					
At 1 April 2017	117,881	7,969	4,319	57,872	188,041
Transfer to investment intangibles	-	-	(20)	-	(20)
Additions	28	-	1,893	5,003	6,924
Disposals	(1,367)	(107)	-	(2,020)	(3,494)
Transfers	120	-	(3,701)	3,581	-
At 31 March 2018	116,662	7,862	2,491	64,436	191,451
Accumulated depreciation and impairments					
Cost					
At 1 April 2017	39,860	4,578	-	33,048	77,486
Charge for the year	2,056	117	-	4,756	6,929
Disposals	(910)	(107)	-	(1,832)	(2,849)
At 31 March 2018	41,006	4,588	-	35,972	81,566
Net book value at 31 March 2018	75,656	3,274	2,491	28,464	109,885
Net book value at 31 March 2017	78,021	3,391	4,319	24,824	110,555

7. Tangible fixed assets - Company

	Freehold land & buildings £000	Leasehold properties £000	Assets under construction £000	Furniture, fittings, equipment & vehicles £000	Total £000
Cost					
At 1 April 2017	117,881	7,969	4,319	57,808	187,977
Transfer to investment intangibles	-	-	(20)	-	(20)
Additions	28	-	1,893	4,984	6,905
Disposals	(1,367)	(107)	-	(2,018)	(3,492)
Transfers	120	-	(3,701)	3,581	-
At 31 March 2018	116,662	7,862	2,491	64,355	191,370
Accumulated depreciation and impairments					
At 1 April 2017	39,860	4,578	-	33,004	77,442
Charge for the year	2,052	116	-	4,752	6,920
Disposals	(910)	(107)	-	(1,830)	(2,847)
At 31 March 2018	41,002	4,587	-	35,926	81,515
Net book value at 31 March 2018	75,660	3,275	2,491	28,429	109,855
Net book value at 31 March 2017	78,021	3,391	4,319	24,804	110,535

8. Intangible assets - Group and Company

	2018 £000
Cost	
At 1 April 2017	1,964
Reclassified from tangible assets	20
Additions	5
Disposals	-
At 31 March 2018	1,989
Accumulated amortisation and impairments	
At 1 April 2017	(1,604)
Charge for the year	(184)
Disposals	-
At 31 March 2018	(1,788)
Net book value at 31 March 2018	201
Net book value at 31 March 2017	360

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

9. Investments - Group and Company

	Investments properties £000	Programme related investments £000	Total £000
At 1 April 2017	8,134	128	8,262
Disposals - profit on sale	5	-	5
Sales proceeds	(740)	-	(740)
Amortised in year	-	(20)	(20)
Revaluation	244	-	244
At 31 March 2018	7,643	108	7,751

Investment properties are included in the balance sheet at fair value. The properties were valued by independent professionally qualified valuers as at 31 March 2017, therefore a 3.3% uplift has been applied to this value as at 31 March 2018.

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.

10. Current asset investments - Group and Company

	2018 £000	2017 £000
Opening market value at 1 April 2017	9	14
Gain on revaluation	4	-
Disposal proceeds	-	(5)
Closing market value at 31 March 2018	13	9

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

11. Debtors

	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Trade debtors	8,214	8,933	8,213	8,922
Prepayments	2,090	1,774	2,067	1,771
Accrued income	7,618	3,741	7,618	3,741
Total	17,922	14,448	17,898	14,434

12. Cash at bank and in hand

	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Group funds	19,173	17,784	19,134	17,729
Service users' funds held in trust	723	676	723	676
Total	19,896	18,460	19,857	18,405

13. Creditors

	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Amounts falling due within one year				
Trade creditors	3,449	5,661	3,413	5,659
Amounts owed to subsidiary undertakings	-	-	985	887
Taxation and social security	1,832	1,618	1,832	1,618
Accruals	4,760	4,865	4,749	4,850
Deferred income	1,954	2,461	1,950	2,461
Service users' funds	723	676	723	676
Capital grants	101	103	101	103
Total	12,819	15,384	13,753	16,254
Amounts falling due after more than one year				
Capital grants	3,939	4,038	3,939	4,038
Total	3,939	4,038	3,939	4,038

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 £101,000 (2017: £103,000) and 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 £2.0million which related to future years (2017: £2.5million). The movement in the year has been taken to income.

14. Provisions for liabilities and charges - Group and Company

	SCCS £000	Dilapidation £000	Redundancy £000	Other £000	Total £000
Cost					
At 1 April 2017	-	450	83	403	936
Charged to the SOFA	3,100	268	43	-	3,411
Transferred from creditors:					
Unused amounts	-	-	-	(164)	(164)
Amount utilised	-	(12)	(83)	(162)	(257)
At 31 March 2018	3,100	706	43	77	3,926

The SCCS provision represents the potential liability to the Charity for any arrears identified under the Social Care Compliance Scheme.

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.

15. Endowment funds - Group and Company

	Balance at 1 April 2017 £000	Incoming resources £000	Resources expended £000	Transfers £000	Balance at 31 March 2018 £000
Permanent endowments:					
Albert Alexander Fund	11	-	-	-	11
Kirby Worthington Fund	109	1	-	-	110
St. Michael's Home	735	-	-	-	735
Total	855	1	-	-	856

The Albert Alexander Fund was set up to benefit the residents of Dan-y-bryn 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.

The home at St. Michael's was donated as an endowment to Leonard Cheshire in 1968 by the Sisters of St Peters to be run as a residential care home.

16. Restricted income funds

Group - movement in funds	Balance at 31 March 2017 £000	Incoming resources £000	Resources expended £000	Transfers £000	Balance at 31 March 2018 £000
Social care	13,018	10,375	(1,316)	(72)	22,005
UK programmes	3	1,680	(1,221)	72	534
International	2,111	4,139	(4,054)	-	2,196
Total	15,132	16,194	(6,591)	-	24,735

Company - movement in funds	Balance at 31 March 2017 £000	Incoming resources £000	Resources expended £000	Transfers £000	Balance at 31 March 2018 £000
Social care	12,968	10,375	(1,315)	(72)	21,956
UK programmes	3	1,680	(1,221)	72	534
International	2,111	4,139	(4,054)	-	2,196
Total	15,082	16,194	(6,590)	-	24,686

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 following projects received support from these organisations:

Funder	Project	Project/ grant ID	Total £000
Awards for All England	My Voice, My Choice	010326093	10
Awards For All (Scotland)	Lios Coimhearsnachol	010315118	10
Bank Workers Charity	Bank Workers Charity		169
BBC Children in Need	YouthAbility	2016-4837/NW	27
Big Lottery Fund Reaching Communities	Enablement and Healthy living	010250889	80
Big Lottery Fund Reaching Communities	Can Do - Inclusive Volunteering	0010094258	42
Big Lottery Fund Reaching Communities	Opening Doors	010242940	77
Big Lottery Fund (Wales) People and Places	Can Do Wales	010264124	165
Big Lottery Fund (Office for Northern Ireland)	Moving On Project	RY/1/010426528	96
Big Lottery Fund (Office for Northern Ireland)	Access for Success Project	10275313	92
Big Lottery Fund (The People's Projects)	TPPI - The Leonard Cheshire Garden Network (LGN)	010306853	50
Big Lottery Fund (International Communities)	East Africa Disability Fund	010329009	31

Funder Project		Project/ grant ID	Total £000
Big Lottery Fund & European Social Fund Building	Able, Capable, Employed Better Opportunities Grant	LON/1/6	12
Big Lottery Fund & European Social Fund Building	Wise Steps Better Opportunities Grant	NE/1/3	36
Big Lottery Fund & European Social Fund Building	Opportunity Suffolk Better Opportunities Grant	NeAn/2/2	4
Cabinet Office & Pears Foundation	Can Do Youth Social Action	3696	8
Careers and Enterprise Company	ChangeNow NE	CEF480	4
City Bridge Trust	Enablement and Healthy living	Ref12576	39
City Bridge Trust	Change London	Ref14314	70
Comic Relief	Investing in Futures: Inclusive Education for Children with Disabilities in Tanzania	1952284	129
Comic Relief	Zambia Inclusive Education	172430	16
Comic Relief	N.Uganda Livelihoods	824179	324
Comic Relief	Can Do Southampton	2785722	23
Department for International Development	Disability and Climate Resilience Research	40102800	70
Department for International Development	Pioneering Inclusive Education Strategies for Disabled Girls in Kenya	LCD 662	997
Department for International Development	Bridging the Gap	ES/L008785/1	443
European Commission	Erasmus & European Voluntary Service	2017-2-UK01- KA135-037116	163
European Union	Inclusive Education for Disabled Children in Zambia	DCI-NSAPVD/ 2014/351-557	66
European Union	Accessible and Sustainable Livelihoods for People with Disabilities in Uganda	DCI-NSAPVD/ 2014/338-560	166
European Union	Redefining Ability – Promoting Human Rights of Women with Disabilities	EIDHR/2014/ 328677	334
Heathrow Community Fund	Heathrow Communities for Youth	MISC107-Y17	13
Heritage Lottery Fund	Leonard Cheshire Disability Heritage Archive Project	HG-13-02753	118
Masonic Charitable Foundation	Can Do		33
NESTA	Innovate to Save - Prime Members Club		8
Southwark Council	Southwark Advice Plus		90
Sport England	Can Do sport	2017006732	26
Wandsworth Council	Keep Warm Keep Well		6
Wimbledon Foundation	Keep Warm, Keep Well		22

17. Unrestricted income funds

Group	Balance at 1 April 2017 £000	Incoming resources £000	Resources (expended)/ released £000	Transfers, gains / (losses) £000	Balance at 31 March 2018 £000
Designated funds	101,551	-	(3,100)	542	98,993
General funds	7,947	159,700	(163,209)	(542)	3,896
Investment property revaluation reserve	6,251	-	-	253	6,504
Pension reserve	(13,106)	-	1,369	942	(10,795)
Total	102,643	159,700	(164,940)	1,195	98,598

Free reserves consist of the general funds and the investment property revaluation reserve totalling £10.4million (2017: £14.2million).

Company	Balance at 1 April 2017 £000	Incoming resources £000	Resources (expended)/ released £000	Transfers, gains / (losses) £000	Balance at 31 March 2018 £000
Designated funds	101,551	-	(3,100)	542	98,993
General funds	7,038	159,022	(162,600)	(542)	2,918
Investment property revaluation reserve	6,251	-	-	253	6,504
Pension reserve	(13,106)	-	1,369	942	(10,795)
Total	101,734	159,022	(164,331)	1,195	97,620

18. Analysis of Group net assets between funds

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total 2018 £000
Fixed assets	109,178	7,924	735	117,837
Net current assets	8,080	16,811	121	25,012
Long term liabilities	(7,865)	-	-	(7,865)
Pension liability	(10,795)	-	-	(10,795)
Total	98,598	24,735	856	124,189

19. Lease commitments

At 31 March the Group had annual payments under non-cancellable operating leases as follows

	2018 £000	2017 £000
within 1 year	1,346	1,323
between 2 to 5 years	1,279	2,380
after 5 years	1,286	1,447
Total	3,911	5,150

20. Capital commitments

At 31 March 2018 the Group had commitments for capital expenditure that have not been provided for in the financial statements as follows

	2018 £000	2017 £000
Contracted	582	814

21. Subsidiaries

The Charity beneficially owned the entire share capital of the following subsidiary companies at 31 March 2018 and 31 March 2017.

Name	Registered	Company No.	Issued capital	Status
Leonard Cheshire Trading Ltd	England and Wales	03244651	£100	Dormant
The Leonard Cheshire Foundation (Isle of Man) Ltd	Isle of Man	074693C IOM No.669	Limited by Guarantee	Trading
Fundability Ltd (Formerly Jobability Ltd)	England and Wales	04082374	£1,000	Dissolved
The Leonard Cheshire Foundation Ltd	England and Wales	06388333	£100	Dissolved
Ability Media Ltd and Wales	England	05867061	£100	Dissolved
Beyond Disability Ltd	England and Wales	05866987	£100	Dissolved
Leonard Cheshire Trading Ltd	Isle of Man	095071C	£100	Dormant
Leonard Cheshire Services CIC	England and Wales	11081820	Limited by Shares £1	Trading
Leonard Cheshire International	Republic of Ireland	10616088	Limited by Guarantee	Trading

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.

The Republic of Ireland subsidiary operates from the following registered office: Marine House, Clanwilliam Place, Dublin 2, Dublin.

	2018 £000	2017 £000
Leonard Cheshire Trading Ltd		
Summary of assets and liabilities as at 31 March 2018		
Assets	4	4
Liabilities	(4)	(4)
Total	-	-

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 2018 and 31 March 2017 is shown below.

Summary of statement of financial activities

Incoming resources	677	653
Resources expended	(608)	(556)
Net income	69	97

Summary of assets and liabilities

Assets	1,078	976
Liabilities	(51)	(17)
Total	1,027	959

22. Staff costs

	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Wages and salaries	97,599	93,036	97,183	92,671
Redundancy costs	1,093	357	1,091	357
Social security costs	7,233	6,496	7,202	6,469
Other pension costs	3,630	2,281	3,629	2,280
Other staff benefits	286	245	286	245
Total	109,841	102,415	109,391	102,022

The provision for redundancies to be paid at 31 March 2018 (included above) is £0.04million (2017: £0.1million). Redundancy costs are provided for where staff are identified as “at risk of redundancy” and consultation has commenced prior to the year end date.

Ex-Gratia payments

During the year, the Charity made an ex-gratia payments of £10,000 (2017: £1,354) to a member of staff to compensate the individual for additional personal support costs incurred as a result of redundancy.

The average monthly headcount for the Group was 6,094 staff (2017: 6,410 staff) and the average monthly number of full-time equivalent employees during the year were as follows:

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

	Group 2018 Staff FTE	2017 Staff FTE
Volunteering	43	23
Social care	3,844	4,079
International	16	17
Campaigning	11	12
Partnerships	39	31
Governance	1	7
Support	247	279
Total	4,201	4,448

The average monthly headcount for the Company was 6,052 staff (2017: 6,371 staff) and the average monthly number of full-time equivalent employees during the year were as follows:

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

	Company 2018 Staff FTE	2017 Staff FTE
Volunteering	43	23
Social care	3,828	4,063
International	16	17
Campaigning	11	12
Partnerships	39	31
Governance	1	7
Support	247	279
Total	4,185	4,432

Remuneration of higher paid employees

Emoluments of higher paid employees (excluding pension contributions)

	Group 2018 Staff	2017 Staff	Company 2018 Staff	2017 Staff
£60,001 - £70,000	16	17	16	17
£70,001 - £80,000	7	3	7	3
£80,001 - £90,000	4	4	4	4
£90,001 - £100,000	3	1	3	1
£100,001 - £110,000	4	-	4	-
£110,001 - £120,000	1	2	1	2
£120,001 - £130,000	-	-	-	-
£130,001 - £140,000	1	-	1	-
£140,001 - £150,000	-	1	-	1
£150,001 - £160,000	1	-	1	-
Total	37	28	37	28

Pension contributions for higher paid employees paid by the Group:

	2018 £000	Staff	2017 £000	Staff
Defined contribution schemes	258	31	183	26

Trustees

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 2018 (2017: £nil).

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.

Key management personnel

The key management personnel of the Charity consists of the Trustees and Executive team. The total amount of remuneration and benefits paid to the key management personnel are as follows:

	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Remuneration and benefits	944	1,015	944	1,015

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 2013, the Charity joined the government auto-enrolment scheme. This means that all eligible staff who are not already members of a defined benefit pension scheme or defined contribution schemes are automatically enrolled unless the staff member explicitly chooses to opt-out. Employer contributions for these staff members are 1% of pensionable salary.

The total cost of the scheme in 2018 was £2.3million.

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 2018 is £8.4million.

A full actuarial valuation was carried out at 30 September 2015 and the results have been updated to 31 March 2018 by a qualified actuary, independent of the scheme's sponsoring employer. The last full valuation as at 30 September 2015 showed a deficit valuation of £18.2million with gross assets of £52.5million and gross liabilities of £70.7million.

Member contributions are payable in addition as stated in the Schedule of Contributions dated 1 November 2016. The best estimate of employer contributions to be paid to the scheme for the period commencing 1 April 2018 is £2.1million.

Clwyd Pension Fund

The Clwyd 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 2018 the Fund has 4 active members, 4 deferred members, 16 pensioners and 5 dependents. The net pension liability recognised in the balance sheet at 31 March 2018 is £0.2million with gross assets of £1.5million and gross liabilities of £1.7million.

A full actuarial valuation was carried out at 31 March 2016. The best estimate of employer contributions to be paid for the period commencing 1 April 2018 is £30,000.

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 2018 the Fund has 1 active members, 3 deferred members, 20 pensioners and 3 dependents. The net pension liability recognised in the balance sheet as at 31 March 2018 is £0.06million with gross assets of £1.23million and gross liabilities of £1.28million.

A full actuarial valuation was carried out at 31 March 2016. The best estimate of employer contributions to be paid for the period commencing 1 April 2018 is £7,000.

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 2018 for The Pension Trust Growth Plan, Clwyd Pension Fund and South Yorkshire Pension Fund.

	At 31 March 2018 (per annum)	At 31 March 2017 (per annum)
Financial assumptions		
Discount rate	2.5 - 2.6%	2.5 - 2.6%
Rate of increase in salaries	3.55 - 7%	3 - 3.55%
Rate of increase pensions:		
LPI 5% (Pre 6 April 2005 accrual)	2.25%	2.25%
LPI 2.5% (post 5 April 2005 accrual)	1.7 - 2.2%	1.7 - 2.3%
Rate of revaluation of deferred pensions in excess of the GMP	3.2%	3.2%
Inflation assumption (RPI)	3.2%	3.2%
Inflation assumption (CPI)	2.1 - 2.3%	2.2 - 2.3%
Expected return on the Scheme assets*	4.26 - 6.3%	19.5 - 22.3%
* as at beginning of each year presented.		
Demographic assumptions		
Mortality		
Male pensioner at age 65 in 2018	22.3 - 23.1	21.9 - 23.0
Female pensioner at age 65 in 2018	24.0 - 25.6	23.7 - 25.7
Male non-pensioner at age 65 in 2038	23.7 - 25.7	23 - 25.6
Female non-pensioner at age 65 in 2038	25.2 - 28.3	25 - 28.2
Balance sheet pension liability summary		
	Value at 31 March 2018 £000	Value at 31 March 2017 £000
Pensions Trust Growth Plan, Clwyd Pension Fund & South Yorkshire Pension Fund	8,721	10,683
Scottish Voluntary Sector Pension Scheme	71	78
TPT GP3	1,126	1,352
Dyfed	87	98
NHS	790	895
Total	10,795	13,106

Fair value of assets	Value at 31 March 2018 £000	Proportion	Value at 31 March 2017 £000	Proportion
Equities	22,155	31%	37,245	55%
Bonds	42,863	60%	25,244	37%
Property	4,762	7%	4,336	6%
Cash/liquidity & other	1,094	2%	1,047	2%
Total value of assets	70,874	100%	67,872	100%

Balance sheet impact	Value at 31 March 2018 £000	Value at 31 March 2017 £000
Present value of funded obligations	(79,594)	(78,555)
Fair value of scheme assets	70,874	67,872
Net pension liability	(8,720)	(10,683)

SOFA Impact	Year ending 31 March 2018 £000s	Year ending 31 March 2017 £000s
Current service cost*	141	126
Expenses	171	157
Net interest cost	259	368
Losses on settlements and curtailments	492	-
Total	1,063	651

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

**Analysis of amount recognised in the SOFA
as unrealised gains / (losses)**

	Year ending 31 March 2018 £000s	Year ending 31 March 2017 £000s
Net actuarial gains recognised in year	157	193
Return on plan assets - gains	2,404	8,752
Experience (losses) / gains arising on plan liabilities	(119)	859
Effect of changes in demographic and financial assumptions - (losses)	(1,500)	(10,775)
Total recognised in other comprehensive income - gain / (loss)	942	(971)

Reconciliation of present value of scheme liabilities
**Change in the present value of the defined
benefit obligations**

	Year ending 31 March 2018 £000s	Year ending 31 March 2017 £000s
Opening defined benefit obligation	78,555	68,450
Expenses	170	156
Service cost	141	126
Interest cost	2,006	2,416
Contributions by employees	49	78
Re measurements - experience gains	-	(244)
Losses on curtailments	492	-
Actuarial losses	1,507	10,380
Benefits paid	(3,326)	(2,807)
Closing defined benefit obligation	79,594	78,555

**Reconciliation of present value of scheme assets and
actual return on assets**

Change in the fair value of the scheme assets	Year ending 31 March 2018 £000s	Year ending 31 March 2017 £000s
Opening fair value of the scheme assets	67,872	57,352
Interest income	1,747	2,048
Admin expenses	(1)	(1)
Actuarial gains / (losses)	2,449	9,165
Contributions by employer	2,084	2,037
Contributions by employees	49	78
Benefits paid	(3,326)	(2,807)
Closing fair value of the scheme assets	70,874	67,872
Actual return on scheme assets	4,197	11,211

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 of £71,000 (2017: £78,000) will be funded by lump sum payments over the recovery period of 11 years as specified in the most recent triennial valuation;
- The TPT GP3 scheme. The pension deficit on this scheme of £1.1million (2017: £1.4million) will be funded by lump sum payments over the recovery period of 5 years as specified in the most recent triennial valuation;
- The Federated Flexiplan. The pension has a zero pension deficit (2017: nil). It is now fully insured and no further payments are required to be made; and
- In addition, the Charity operates a number of other smaller, multi-employer defined benefit pension schemes. These schemes have a combined pension deficit of £0.9million (2017: £1million) and the deficits will be funded by annual payments based on the contribution rates and recovery periods of between 12 and 15 years.

Scheme name	Pensionable salary	Contribution rate		Recovery period years	Scheme deficit	
	2018 £000	2018 %	2019 %		2018 £000	2017 £000
Dyfed	9	20	23.3	15	87	98
NHS	539	14.3	14.4	12	790	895
Wiltshire - No further liability under this scheme	-	-	-	-	-	-
Oxfordshire - No further liability under this scheme	-	-	-	-	-	-
Total	n/a	n/a	n/a	n/a	877	993

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 disabilities.

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.

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 estimate reliably the potential liability arising from these matters.

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.

27. Related party transactions

One of our former Trustees (J Tydeman) was 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 a Trustee in 2013.

All transactions are at full arms-length based on normal commercial terms.

In the year to 31 March 2018, the value of goods and services purchased by Leonard Cheshire Disability Ltd from PHS Group Ltd and its subsidiary companies was £10,446 (2017: £26,736). On 31 March 2018 Leonard Cheshire Disability Ltd owed PHS Group Ltd and its subsidiary companies £1,145 (2017: £286).

One of our Trustees (E Haywood) was a director of Scottish Power Energy Networks Holdings, part of the Scottish Power group. Leonard Cheshire Disability has used Scottish Power as a utility provider for a number of services. The total value of goods and services purchased from Scottish Power in the year to 31 March 2018 was £3,624 (2017: £3,057). On 31 March 2018 Leonard Cheshire Disability owed Scottish Power £200 (2017: nil).

E Haywood is also a non-executive director of Natural Resources Wales who provide sewage services to one of our properties. The total value of goods and services purchased from Natural Resources Wales in the year to 31 March 2018 was £1,026 (2017: £1,026).

A family member of one of the Executive team (H Fenn) is a senior partner at Linklaters with whom we engaged to provide a one-off piece of legal advice. The total value of goods and services purchased from Linklaters in the year to 31 March 2018 was £6,000 (2017: nil).

No debts have been written off during the year.

The Charity provides a full range of management and other support services to Leonard Cheshire Foundation (Isle of Man) Limited in order to enable the subsidiary to operate and meet its statutory requirements for which it charged an agreed fee of £62,000 (2017: £62,000). All banking transactions are carried out on a group basis using the Charity's banking facilities. The resultant intercompany liability is reflected in creditors as shown in note 13.

Aggregate donations from Trustees is £2,000 (2017: £180).

06

Thank you

Thank you Charitable trusts, corporate partners and other supporters:

Corporate Partners:

Accenture
GlaxoSmithKline plc
Howdens Joinery Ltd
JTI UK
Marstons PLC
Pimco LLC

Charitable Trusts and other supporters:

The 29th May 1961 Charitable Trust
Albert Hunt Trust
Awards for All
Awards for All England
Band Trust
BBC Children in Need
Bernard Sunley Charitable Foundation
Big Lottery Fund
Bill Brown's Charitable Settlement of 1989
Bryan Guinness Charitable Trust
Cabinet Office – National Youth Social Action Fund
Calderdale Community Foundation
Careers and Enterprise Company
Chapman Charitable Trust
Childwick Trust
Chiltern Charitable Trust
City Bridge Trust
Comic Relief
Copley May Foundation

David Lean Foundation
Denise Coates Foundation
Donald Forrester Trust
Dubai Cares
Francis C. Scott Charitable Trust
Genesis Charitable Trust
Good Things Foundation
Heathrow Community Fund
Heritage Lottery Fund
Hospital Saturday Fund Charitable Trust
John Lewis Foundation
Masonic Charitable Foundation
Mathew Trust
Nesta
Payback Time Trust
Pears Foundation
People's Postcode Trust
Salford Council for Voluntary Service
Screwfix Foundation
Sir John Fisher Foundation
Sport England
Stelios Philanthropic Foundation
St Michaels Mount Charitable Foundation
Tompkins Foundation
UK aid from the UK government
Weinstock Fund
William Brake Charitable Trust
Wimbledon Foundation

We acknowledge and remember those supporters whose legacy was a gift in their will to Leonard Cheshire Disability whilst also respecting the wishes of some to maintain anonymity:

<i>Mr C. Bennett</i>	<i>Ms M. Nicholson</i>
<i>Mr W. Carter</i>	<i>Mr P. Norton</i>
<i>Mrs J. Church</i>	<i>Mrs D. Ovenden</i>
<i>Mr N. Coney-Jones</i>	<i>Miss P. Pawson</i>
<i>Ms F. Cutler</i>	<i>Mr R. Pooley</i>
<i>Mrs D. Dennison</i>	<i>Miss J. Postlethwaite</i>
<i>Ms R. Douglas</i>	<i>Miss A. Powell</i>
<i>Mrs B. Ellis</i>	<i>Mrs E. Pye</i>
<i>Mr J. Gazeley</i>	<i>Mrs E. Sale</i>
<i>Miss B. Gillam, MBE</i>	<i>Mr C. Sayles</i>
<i>Ms F. Graves</i>	<i>Miss B. Smith</i>
<i>Mr J. Greenwood</i>	<i>Mrs M. Spink</i>
<i>Mrs M. Hooper</i>	<i>Mr G. Thompson</i>
<i>Mrs M. Hyde</i>	<i>Mrs J. Tovell</i>
<i>Ms P. Kapellar</i>	<i>Ms J. Watts</i>
<i>Ms A. Lloyd</i>	<i>Mrs H. Whitewood</i>
<i>Ms S. Mitchell</i>	<i>Mr J. Williams</i>
<i>Mr R. Morris</i>	<i>Mr A. Wright</i>

07

Who's who

Trustees and senior officers

Patron

Her Majesty Queen Elizabeth II

Founder

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

- Governance and Nominations Committee
- ⌘ Finance Committee
- People Committee
- * Audit and Risk Committee
- Quality and Safeguarding Committee
- ◆ Customer Council

Trustees

Sally Davis (Chair)
(appointed October 2015)

Dr Sylvia Anie
(appointed March 2018)

Richard Brooman ●*
(appointed June 2012)

Vicci Chittenden □
(term ended March 2018)

Martin Davidson (Vice Chair) ●■
(appointed October 2011)

Stephen Duckworth
(appointed March 2018)

Elizabeth Haywood *
(appointed December 2014)

Alastair Hignell
(resigned February 2018)

Vidar Hjordeng ◆
(appointed May 2016)

Colin Hunter ⌘■□
(appointed July 2016)

Ranald Mair □*
(appointed May 2016)

David Pugh
(appointed March 2018)

Catriona Rayner ⌘■*
(appointed April 2011)

Rena Shepherd
(resigned July 2017)

Anubha Shrivastava ⌘
(resigned June 2018)

Justin Tydeman ⌘■
(resigned March 2018)

Global Ambassadors

Judy Heumann
Advocacy

Jane Asher
Arts

Sir Stelios Haji-Ioannou
Business

Lord Puttnam
Education

Robin Millar
Music

Alastair Hignell
Sport

Dan Eley
Youth

Senior officers

Chief Executive
Neil Heslop

Chief Financial Officer
Sarah Broad
(to 12 July 2017)

Paul Hemsley
(interim from 20 June to 22 December 2017)

Andy James
(from 11 December 2017)

Executive Director, UK Care Services
Hugh Fenn

Executive Director, International
Tiziana Oliva

Executive Director, Partnerships
Laura Crandley

Executive Director, Marketing and Fundraising
Kate Burt

Executive Director, People
David Jessop

**Executive Director,
Transformation and Technology**
Jon Petty

Ambassadors

Jane Asher

Global Ambassador for Arts

An award winning actress, author and chef, Jane Asher was a long-term friend of our founder, and has been a supporter of the Charity for over 35 years. In her role as ambassador she has asked to celebrate our next generation of staff and volunteers.

Dan Eley OBE

Global Ambassador for Youth

Once himself a charity worker in Latin America, Dan spent five years living in one of our services after an accident in Columbia where he broke his neck. Now living independently, he runs his own charity. The Dan Eley Foundation delivers apprenticeship-style training schemes for children living in poverty in Colombia and Latin America. He is keen to work with Leonard Cheshire to support young disabled people to live as independently as they choose, whatever their ability.

Alastair Hignell CBE

Global Ambassador for Sport

Alastair Hignell is a former English rugby union international and cricketer, and broadcaster. He recently stepped down as a trustee but will continue to support the Charity in his role as UK Ambassador for Sport, helping the Charity reach out to young disabled people about the opportunities and benefits sport can bring.

Robin Millar CBE

Global Ambassador for Music

Founder of Chrysalis Records and a leading member of the music industry for more than 20 years. He was instrumental in setting up the 'Young Voices' project with Leonard Cheshire in Africa. Robin is keen to harness music to engage disabled people and create opportunity.

Sir Stelios Haji-loannou

Global Ambassador for Business

Founder of the EasyJet group, Sir Stelios has had a relationship with the Charity for over 12 years. In partnership with the Stelios Philanthropic Foundation, Leonard Cheshire runs the Stelios Awards. These annual awards recognise the exceptional spirit and business ability of disabled entrepreneurs.

Judy Heumann

Global Ambassador for Advocacy

The renowned activist and campaigner for disability rights. Judy served as an advisor in both the Obama and Clinton administrations, and is a senior fellow of The Ford Foundation. Judy is keen to support and promote our access to education and livelihoods programmes in Africa and Asia.

Lord Puttnam CBE, Hon FRSA, Hon FRPS

Global Ambassador for Education

A major award winning film producer and close friend of our founder, Lord Puttnam has been a long-term supporter of the Charity, and in 2017 gave the inaugural lecture at Merton College, Oxford in memory of our founder. He is keen to promote education and opportunity for disabled people internationally and encourage and support film making.



08

Principal advisors

Principal advisors

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Bankers

Barclays Bank Plc
1 Churchill Place
London
E14 5HP

Legal

Leonard Cheshire Disability uses a panel of legal advisors including:

Baker Botts
41 Lothbury
London EC2R 7HF

Bates Wells Braithwaite
10 Queen Street Place
London EC4R 1BE

Bevan Brittan
Fleet Place House
2 Fleet Place
London EC4M 7RF

Brodies
15 Atholl Crescent
Edinburgh EH3 8HA

Farrer & Co
66 Lincoln's Inn Fields
London WC2A 3LH

Linklaters
One Silk Street
London EC2Y 8HQ

Russell Cooke
Devonshire House
1 Mayfair Place
London W1J 8AJ

Shoosmiths
25 Old Broad Street
London EC2N 1HQ

Wright Hassall
Olympus Avenue
Royal Leamington Spa
CV34 6BF

Leonard Cheshire
66 South Lambeth Road
London
SW8 1RL

020 3242 0200
leonardcheshire.org
[@LeonardCheshire](https://www.instagram.com/LeonardCheshire)