

# Report and Accounts

## Year ended 31 March 2011



Company Registration Number 5967087

Registered Charity Number 1116530



**'I love working at Vivo Café.  
It gives me the chance to  
serve people'**

**Debbie, supported by Lifestyle  
Choices South-East**

**'Staff support me to see my  
girlfriend Louise'**

**Chris, supported by Lifestyle Choices  
East Midlands**



**'I had fun dressing up for  
our opera'**

**Andy, Hinwick Hall College student**

**LIVABILITY**  
**Report and Accounts**  
**Year Ended 31 March 2011**

**A MESSAGE FROM OUR PATRON, HRH THE PRINCESS ROYAL**



BUCKINGHAM PALACE

The past year has been a challenging one for almost every charitable organisation. Each one has had to adapt to testing new economic realities while at the same time, a new government has set new priorities for services, funding and legislation. And Livability is no different. This year the Charity has had to take difficult decisions in order to safeguard the disabled and disadvantaged people with whom it works.

As the external environment changed, so too has Livability's leadership. This year saw the installation of both a new Chief Executive and Chair of Trustees. Livability will miss Mary Bishop and Baroness Howarth. Their inspiring leadership ably guided the Charity through the merger in 2007 and into its current position. I would like to thank them for their outstanding work. Equally, the Charity is fortunate to have secured Michael Smith and Paula Kerr as its new Chief Executive and Chair respectively. While change has been afoot, it is good to see that the core of Livability's work remains unchanged. Every day, Livability staff provide care and support, education and advice for those that need it the most.

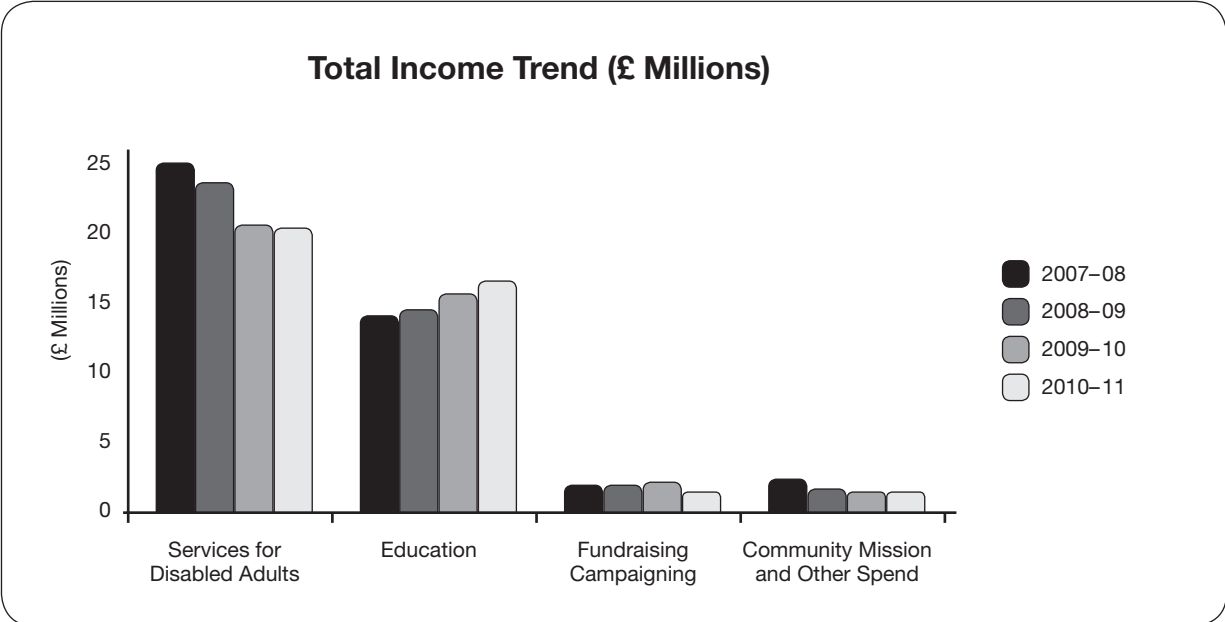
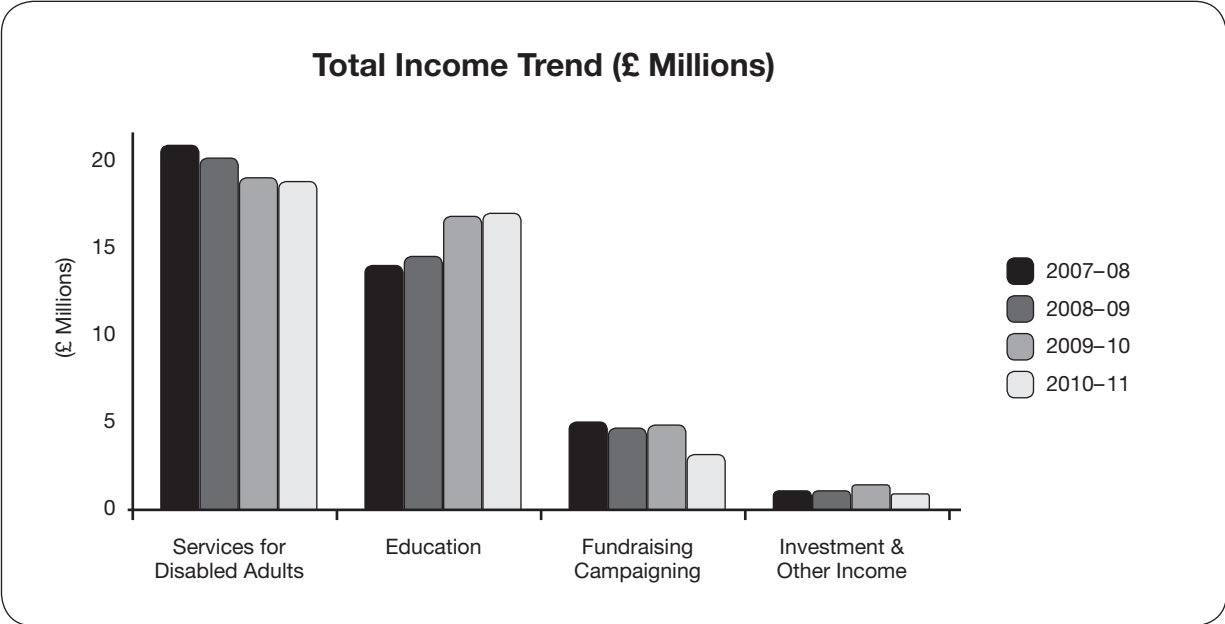
For that reason, in October I was very pleased to present The Princess Royal Livability Awards for the second year running. These awards recognise the very best of Livability staff and volunteers. It was encouraging to celebrate those whose creativity, perseverance and compassion make such a difference in the lives of disabled and disadvantaged people.

The celebration reminded me that Livability's enduring calling is to serve vulnerable people, working to ensure that whatever their background or ability every man, woman and child is given hope for the future. I congratulate you all for your achievements this past year.

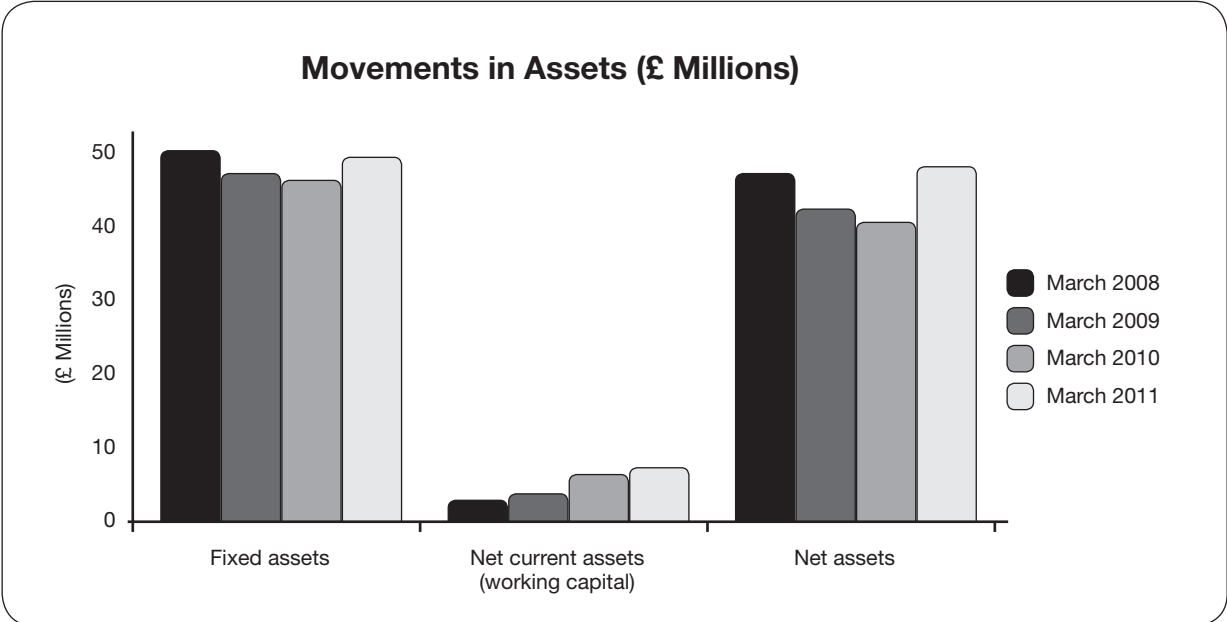
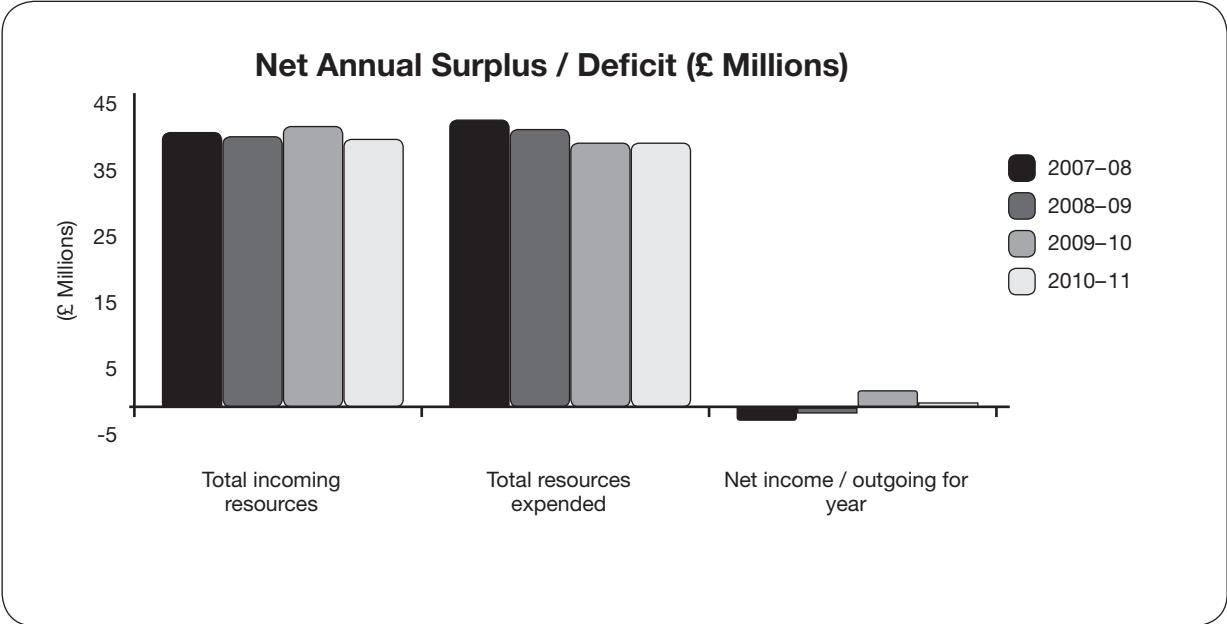
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Livability Financial Trends



Livability Financial Trends



### INTRODUCTION

It is an honour to have been asked to serve as Chair of Livability, in succession to Baroness Howarth, who remains as President and a Trustee of the Charity. Under her stewardship over the past four years Livability has built a reputation for good quality services, reaching a growing number of disabled and disadvantaged people. Along with Baroness Howarth, I will continue to ensure that Livability speaks up for its beneficiaries in these difficult times. They are our inspiration, and our aim is to provide the help and support they require to achieve higher levels of choice, independence and control.

Over the course of the past year, Livability has continued to receive strong support from its statutory sector commissioners, despite unprecedented changes in government policy and funding. This is because the Charity has responded to cuts in public spending by reviewing everything it does to ensure that resources are focussed on its clients and not on bureaucratic administration. I would like to extend my thanks to our staff for their professionalism and commitment during this process.

Livability continues to enjoy the patronage of HRH The Princess Royal, whose support for service users and staff alike is remarkable and greatly appreciated. In addition, we are grateful to the many donors and volunteers who give time, talents and monetary gifts to enable us to uphold the quality of our services, invest in new buildings and equipment, subsidise holidays for disabled people, undertake community mission work in the UK and support people with spinal injuries in South East Asia. Many of these supporters have been loyal to Livability and its predecessor charities for many years. We continue to rely on their generosity as the climate for fundraising becomes ever more challenging.

The net result of our activities in 2010/11 is that we have responded to reductions in our income by cutting costs and, as a result, have been able to deliver a modest operating surplus for the year.

Looking ahead we will continue to place the needs of our service users at the heart of all we do. Making the best possible use of and conserving scarce resources is vital to our future. We will invest in new buildings to upgrade the services we are able to offer. Our planned new hydrotherapy and treatment centre for students at the Victoria Education Centre in Poole is one such example. We will also work in partnership not just with those who use our services, but with their families, local communities and other organisations to develop new services and access new funding streams. At Ashley House in Bognor Regis we plan to develop an innovative new unit offering residential care, extra care and holiday lets with care provision.

These initiatives will be led by Livability's new Chief Executive, Michael Smith OBE. Michael has come to Livability with wide-ranging experience of the charity sector, supporting and enabling disabled people. His early career was spent in the Royal Air Force. He then worked as a director for the United Nations High Commissioner for Refugees.

Michael took over from Mary Bishop who stepped down last year after eight years as Chief Executive, during which time she led the Charity through a dramatic period of change when John Grooms and The Shaftesbury Society merged in June 2007 to form Livability.

With our vibrant and rich Christian heritage, formed out of the beliefs and Christian commitment of our founders, we will move forward with confidence and play our part in creating a transformed society where disabled and disadvantaged people can live life to the full.

Paula Kerr  
Chair of the Board of Trustees

### PRINCIPAL ACTIVITIES AND CORE VALUES

At Livability, we believe that everyone should have the freedom to live their life within the community of their choice, and the chance to become increasingly independent.

To make this vision a reality, our services are carried out for public benefit and are open to all who need and can benefit from them. We want disabled people to have the same opportunities to fulfil their life ambitions as are open to others.

Livability's strategic aims were developed as part of our long-term strategy which is formulated to have a significant, measurable impact on the promotion of equality, diversity, independence and health of disabled people, especially those in most need.

Our principal activities are in the following categories:

- Livability operates 30 registered residential care homes and supported living schemes, including a number of specialist residential and community-based services. The broad spectrum of care and support for disabled adults ranges from nursing and residential care to supported living and care at home. Voluntary income is raised to enhance the quality of services and facilities that we are able to offer.
- We maintain three specialist educational establishments – one school for 4 to 19 year olds and two further education colleges for young adults aged 19 to 25. Students are funded by local authorities though these arrangements are supplemented by voluntary income particularly in the areas of capital expenditure and therapy services.
- We operate a brain injury rehabilitation day service. Clients are funded by the NHS.
- We supply transition services and personal development through lifestyles programmes delivered nationally. These services are designed to assist disabled people to achieve independent living.
- We provide holidays for over 4,000 people a year in accessible self-catering accommodation and hotels.
- We deliver services to more than 60 local authorities, to primary care trusts and to the Young People's Learning Agency (YPLA).
- Through our Community Mission team, we train over 600 Christian community activists a year, working in depth with over 35 churches to make a positive impact in areas of high social need in the north of England and in the Greater London area. The majority of this work is funded by voluntary income though attendance fees are charged at modest rates for conferences and training courses in order to maximise accessibility for volunteers and for those working in disadvantaged communities.
- We campaign locally and nationally to change public attitudes and support disabled people in their quest for equal opportunities.
- We touch the lives of thousands of disabled people with spinal cord injury in Asia, who benefit from the training and capacity-building work we undertake overseas. The work is projected to be funded by several national governments though we support the administration and delivery of services by voluntary means.

- Our Livability Enterprise Agency set up this year builds economic and social wealth throughout the UK, helping disabled and disadvantaged people to progress to worthwhile occupation through skill building and self-employment.

In considering Livability's aims and objectives, the Trustees have taken into account the Charity Commission's guidance and best practice on public benefit. Livability's services are provided for disabled people of any nationality, religion, language, gender, age, sexual orientation and marital status. We aim to empower people to make real, personal choices in their lives. The services work by taking a step by step approach to building the confidence and abilities of our clients and developing their potential so that they achieve their goals.

**Vision:** Our vision is of a transformed society where disabled and disadvantaged people can live life to the full.

**Mission:** Inspired by our Christian ethos, we work with disabled and disadvantaged people to achieve real choice, independence and opportunity. We do this through our expertise, the breadth and quality of our services and by campaigning for change.

**Values:**

- **Valuing the Individual:** We respect the equality and unique value of every individual and create opportunities for people to fulfil their potential.
- **Striving for Excellence:** We seek to deliver services of the highest possible quality and constantly improve through listening, reflecting, learning and action.
- **Seeking Justice:** Working closely with disabled and disadvantaged people, we challenge injustice, using our experience and research to achieve change.
- **Working in Partnership:** Working together with disabled people and their families, local communities and other organisations we place the individual's needs at the heart of our services. In all our relationships we act with integrity, being open, honest and transparent.
- **Sustainable Interests:** We exercise responsible stewardship, making the best use of all of our resources and aim for the highest environmental standards in all we do.
- **Investing in People:** We value and invest in our staff and volunteers, developing their skills and confidence, inspiring and motivating them to find real meaning and purpose in their roles.

**Ethos:**

Livability derives its inspiration and values from the life and message of Jesus Christ and the Christian faith. These Christian beliefs shape what we do and provide the basis on which our work is founded.

Our ethos and the values that flow from it are an expression of our shared commitment to put into practice the teaching of Jesus Christ and our understanding of how God calls us to work in the world.

We warmly welcome people of all faiths or none to work with us, asking them only to share our commitment to living out our values through their work and serving all unconditionally.

**Objects:**

The Objects of the Charity as set out in the Memorandum of Association are:

- To assist or educate any person in charitable need and, in particular but without limitation, any disabled person and the parents, guardians and carers of such people by whatever means.
- To provide facilities, support, advice and assistance for Christian congregations, other Christian groupings and community groups seeking to alleviate charitable needs.

These Objects are pursued in each case in a manner which authenticates the Christian Faith and its moral principles in a spirit of love and practical Christian service.

For the purposes of these Objects, "Christian Faith" means the Faith as revealed and expressed in the Holy Scriptures, both Old and New Testaments.

## REVIEW OF THE YEAR AND AIMS FOR NEXT YEAR

With our youngest client during the year aged four years and our eldest aged 102, we can truly state that we work with disabled people of all ages and through the full spectrum of their lives. We have concentrated on improving the transition periods in disabled people's lives so that one stage moves smoothly along to the next like a stepping-stone. In particular, we want to see more opportunities for young disabled people as they move towards adulthood, and due respect and kindness shown for those growing more senior in our services.

In consultation with our clients we have looked to invest in and to accelerate the development of new services, and to close or reprovide traditional services that are not in demand, do not promote choice or offer clients control and independence, or are not financially viable. We have prepared for a more difficult employment services market and have anticipated the likely downturn in the public funding available to our sector. With approaching 90% of the Charity's income dependent upon the public purse, the outcomes from the October 2010 Comprehensive Spending Review have been particularly important and we continue to remain vigilant on behalf of those of our clients funded by government contracts. We have needed to make efficiency savings to ensure our long-term sustainability and this has involved a number of redundancies affecting back office and management staff.

We have completed work on increasing the educational provision and residential accommodation at Hinwick Hall College following a successful capital appeal. This has involved improvements to the residential facilities at St Giles and the Orlebar unit.

Additionally, we have continued two capital appeals with the goal of enhancing facilities at our Victoria Education Centre school at Poole and the John Grooms Court residential care home in Norwich. The Victoria project, called the Sparkle Appeal, is for a new hydrotherapy pool and therapy centre. The treatments are essential if disabled children and young adults are to have full opportunity to gain mobility and have happy and fulfilled lives. The Sparkle Appeal is in two phases, the first for £2.8 million to build the pool and the second for £1.2 million to build the therapy centre. To date, some 44% of the funds required for Phase One have been raised by voluntary means, and a further 43% is has been secured through applying the funds of an expendable endowment towards this purpose. The John Grooms Court Appeal is for an additional five rooms and a new lift at our residential care home in Norwich. The circa £600,000 funding for the project has been raised, work is underway and should be completed by Christmas 2011.

As part of our Community Mission we have renewed our innovative partnership with Tearfund, which has enabled us to work with more local churches, supporting them to meet their communities' needs in assisting disabled and disadvantaged people.

In 2010/11 our six strategic Aims were as follows:

- Aim 1:** To continue to provide and improve our high quality, cost effective, personalised services that support, educate and enable disabled children, young people and adults to live their lives to the full.
- Aim 2:** To equip and inspire local churches and ourselves to respond effectively to issues of poverty, disability and injustice in a range of practical ways through community development and social action.
- Aim 3:** To bring about positive change by speaking out with disabled people and disadvantaged communities against injustice.
- Aim 4:** To provide our existing services to a greater number of people, and to pioneer the development of new cost effective quality services that meet disabled children's, young people's and adults' aspirations.

**Aim 5:** To develop, maintain and engage our workforce in line with our values to achieve the needs of our services and service users.

**Aim 6:** To increase efficiency in order to make the most effective use of our resources.

**What we did in 2010/11**

During the past year, Livability has positively assisted over 6,000 disabled people and influenced the lives of many more. Specifically, the Charity has:

- Provided residential or nursing care to an average of 272 disabled people at any given time.
- Supported over 100 disabled people to live in their own homes through our Supported Living services.
- Enabled 200 disabled people to fully participate in local community activities through the support offered by our Lifestyle Choices projects.
- Educated and developed over 200 school pupils and college students.
- Provided specialist rehabilitation for over 250 people through our specialist brain injury rehabilitation unit.
- Offered holidays to more than 4,000 disabled people and their families.
- Run training events for over 880 health professionals in Asia to improve the rehabilitation and treatment offered to people with spinal injuries and their families.

The quality of our services was judged by our independent regulators as follows:

- As at March 2011, the Care Quality Commission (CQC) rated four of Livability’s registered care services as ‘excellent’ (three stars) and 26 as ‘good’ (two stars); none were rated as ‘adequate’ (one star) or ‘poor’.
- The care provision at Livability’s two colleges, Nash and Hinwick is rated as ‘good’ by CQC. The care and education provision at Victoria Education Centre and Sports College is rated as good with outstanding features by Ofsted. The education provision at Nash is rated “satisfactory with good features” and at Hinwick has been adjudged “satisfactory”.
- As at 31 March 2011, 72% of staff working in our CQC registered services for adults had or were working towards an NVQ qualification of level 2 or above. We consider this an excellent achievement when compared with the national CQC requirement of 50% of staff qualified to this level and the sector average of 21%.

Specific progress against the planned actions we described in our last Annual Report is set out below.

<b>What we did in 2010/11 - Aim 1:</b>	
<b>To continue to provide and improve our high quality, cost effective, personalised services that support, educate and enable disabled children, young people and adults to live their lives to the full.</b>	
<b>What we said we would do</b>	<b>What we did</b>
Continue to re-shape existing provision and support services to deliver personalised services.	We have reviewed the relevance of our services to improve the quality of life of our clients so that they can have the opportunity to fulfil their potential. The review has been conducted at the service delivery level and has informed our progress to developing imaginative new projects such as Lifestyles Choices, moving into new fields such as self-employment, and seeking new ways of working such as mutual support by disabled people of disabled people.

<p><b>What we did in 2010/11 - Aim 1 (cont'd):</b></p> <p><b>To continue to provide and improve our high quality, cost effective, personalised services that support, educate and enable disabled children, young people and adults to live their lives to the full.</b></p>	
<b>What we said we would do</b>	<b>What we did</b>
Refine and improve Livability's quality management system in the light of the new registration standards and inspection frameworks that regulate Livability's work.	A new department, the Quality and Performance Unit, has been set up to ensure that Livability has total quality at all levels and the ability to test its progress against relevant performance objectives.
Investing in improving our buildings and estate, through continuing the capital appeals at Victoria Education Centre and John Grooms Court and the two feasibility studies into the re-provision of off-site learning at Nash College and upgrade of Ashley House.	Fundraising for the John Grooms Court Appeal has been successful and the work to provide five new rooms and a new lift is underway. Phase One for the Victoria Education Centre Appeal has made excellent progress and detailed planning has been authorised. Planning on the Ashley House upgrade is well advanced and the re-provision of off-site learning at Nash College has been subsumed into a comprehensive review of post-19 education to take into account changes to the delivery model for specialist colleges.

<p><b>What we did in 2010/11 - Aim 2:</b></p> <p><b>To equip and inspire local churches and ourselves to respond effectively to issues of poverty, disability and injustice in a range of practical ways through community development and social action.</b></p>	
<b>What we said we would do</b>	<b>What we did</b>
Maximise community impact through our partnership with Tearfund.	Through our partnership website <a href="http://www.communitymission.org.uk">www.communitymission.org.uk</a> we reached 15,000 individual visitors, over 3,000 people engaged with our monthly eNews and over 400 people attended partnership events. These outcomes provided examples of local change to include on the website, and resulted in increasing numbers of people being trained in community mission locally. The partnership also began extensive work in expanding the network through new collaborations.
Developing community mission training resources and materials.	A new health check resource for churches was developed alongside newly provided training materials across the training programme. The highly popular "Just People?" DVD course developed with Tearfund has been reviewed and redeveloped, adding resources from a new partner. The Community Mission staff team has also developed an innovative model of assessing social impact both of its training events and local grassroots consultancy work.

<p><b>What we did in 2010/11 - Aim 3:</b></p> <p><b>To bring about positive change by speaking out with disabled people and disadvantaged communities against injustice.</b></p>	
<p><b>What we said we would do</b></p>	<p><b>What we did</b></p>
<p>In response to disabled people’s voiced need for more control over where they live, who they live with and how they spend their time, build on the Freedom to Live campaign, continuing to work with young disabled people to raise funds for a Transitions website that is dedicated to providing online information as they move from childhood to adulthood.</p>	<p>Due to the challenges posed by the changed economic environment and the impact this has had on our ability to raise funds, we have adapted our plans and are now developing a specialist Transitions section on our new Livability website. This will provide online information and support to disabled young people and their families. The new site is scheduled to be launched in September 2011.</p>

<p><b>What we did in 2010/11 - Aim 4:</b></p> <p><b>To provide our existing services to a greater number of people and pioneer the development of new, cost-effective quality services that meet the aspirations of disabled children, young people and adults.</b></p>	
<p><b>What we said we would do</b></p>	<p><b>What we did</b></p>
<p>Develop and implement a strategy to incrementally offer additional flexible, personalised services to disabled children and adults, tailored to meet their needs.</p>	<p>We have taken the time to listen to the disabled people with whom we work by means of a comprehensive client survey sent out to 24 registered care locations and 6 Supported Living locations. A total of 303 questionnaires were returned that demonstrate a level of high satisfaction for the personalised services we deliver as well as providing clear indications of the flexible personalised services that are needed in the future. We are acting on this information through a comprehensive business plan review, which is examining all our services with the intention of identifying those areas needing focused investment.</p>
<p>Develop and implement a marketing strategy to inform disabled people and their families of the personalised services we offer.</p>	<p>A marketing strategy has been produced that aims to match our services to the needs of the individual, and to demonstrate why clients should come to Livability in order to develop their lives in the areas of individual choice, particularly when they move on to personal budgets.</p>
<p>Continue to raise voluntary income to support the quality and growth of our work.</p>	<p>To be in a position to invest in projects that will help us to achieve our core purpose, we need to build a solid financial foundation. In addition to recovering the full costs of running our services through fees and donor income this year, we have successfully generated a modest surplus overall to assist in developing our services and enable us to concentrate on quality and relevance.</p>

<b>What we did in 2010/11 - Aim 5:</b>	
<b>We will develop, maintain and engage our workforce in line with our values to achieve the needs of our services and service users.</b>	
<b>What we said we would do</b>	<b>What we did</b>
Develop and implement Livability's Learning and development plan for 2010/11.	Livability's new learning and development plan has focused on the continuous improvement of our staff by building upon their qualifications, skills and abilities, and improving their management potential. In addition to the majority of our support staff having achieved or working towards a vocational qualification, 179 places were taken up on management training, including safeguarding and personalisation. Following successful leadership conferences for staff with management responsibilities, further work on leadership will continue as part of a defined learning programme.
Develop and implement a volunteers strategy.	An active and relevant volunteer recruitment project has been initiated with the aim of harnessing the wealth of experience that exists in the community to assist the delivery of Livability's services. The engagement of volunteers is seen as a key area of growth in Livability and a way of enabling clients to develop through interaction with people from the community who offer a wide variety of skills and experience.

<b>What we did in 2010/11 - Aim 6:</b>	
<b>To increase efficiency in order to make the most effective use of our resources.</b>	
<b>What we said we would do</b>	<b>What we did</b>
Maintain levels of high occupancy in education and residential care schemes.	The occupancy of residential care services is over 95% (against an external national average of 91%). Changes in the funding of education placements, particularly in terms of transport, meant that Nash college had fewer students in the 2010 new academic year than budgeted, whilst Hinwick college and the Victoria school managed to reach their budgeted numbers. We are mindful of public finances, and considerable effort is being invested in effective marketing of our services and in ensuring that our operations demonstrate value for money to prospective funders.
Utilise Information and Communications Systems (ICS) to increase efficiency through implementation of the ICS Business Plan.	We have drawn up and are implementing a revised ICS strategy following recruitment of a new Head of ICS in early 2011, aimed at improving systems and communication links across the wide geographic spread of our services and staff and at achieving cost efficiency without loss of service quality.

<b>What we did in 2010/11 - Aim 6 (cont'd):</b>	
<b>To increase efficiency in order to make the most effective use of our resources.</b>	
<b>What we said we would do</b>	<b>What we did</b>
Continue to deploy strategies to effectively manage procurement.	There is an active procurement exercise in place, partly managed in-house and in part through a trial with an outsourced cost reduction agency. Together, these initiatives are helping to drive down cost by analysing our purchases and contracts with a view to reducing the number of our suppliers and rationalising the prices of our key supplies. This has been particularly successful to date in generating savings in agency staff costs and in gas charges.

**What we plan to do in 2011/12**

As part of their review of Livability’s strategy and corporate business planning for future years, the Trustees have expanded and prioritised six aims through which Livability will deliver its mission in 2011/12:

**1. To develop and grow leading edge, wide ranging, quality services to enable disabled and disadvantaged children, young people and adults to live life to the full and make the choices they need to suit their lifestyle and ambitions.**

We plan to achieve this by:

- Re-shaping existing provision and support services to link up more closely to changes in the disability market, for example through personal budgets and direct payments. This means restyling and growing our Lifestyles programme so that more people have the choice to live independently.
- Expanding and developing existing businesses where possible and researching new business opportunities, including planned expansion of our new service to enable and support disabled people to achieve self employment.
- Embracing the theme of progression and providing supported living and home care services to more people.
- Re-shaping education provision by investigating options for further development.
- Refining and improving Livability’s quality management system in the light of changing registration standards and inspection frameworks.
- Instigating a continuous improvement and performance management system to track and report performance through a performance and quality matrix.

**2. To inspire and train link churches to respond effectively to issues of poverty, homelessness, disability and injustice, and to partner Tearfund in a range of practical ways in community development and social action.**

We plan to achieve this by:

- Widening Community Mission’s partnership work to ensure expansion of the service and to extend the current agreements.
- Raising the profile of Community Mission’s brand so that the service is better known in the community and the work of Livability enhanced.
- Implementing a community involvement and volunteering strategy for Livability and investigating new sources of funding for this activity.

**3. To continue to develop, engage and recognise our staff's contribution to our work in line with our corporate values to achieve the needs of the service users and the services provided to them.**

We plan to achieve this by:

- Implementing a revised and relevant learning and development plan.
- Focusing on leadership and management development.
- Developing relevant strategies to address sickness absence and staff turnover.
- Reviewing the way in which we reward our staff.
- Celebrating the diversity of our workforce and removing any barriers to an inclusive approach.

**4. To raise profile and influence within the regional and national disability arena as Livability seeks to become further known as an expert in the field of disability.**

We plan to achieve this by:

- Developing and implementing a strategy to further raise Livability's profile with its key audiences.
- Championing disabled people's needs and wishes amongst those who can make a real difference to their lives.
- Positioning Livability as a specialist provider of services for disabled people and a widely known expert in the field of disability.

**5. To increase efficiency and secure the financial resources required to deliver Livability's mission through effective management and structures and income generation.**

We plan to achieve this by:

- Reviewing the management and structure of the organisation to increase efficiency.
- Further developing the fundraising strategy and raise the voluntary income to support the quality and growth of Livability's work.
- Maintaining income levels for our services.
- Increasing efficiency in areas such as procurement and purchasing.

**6. To promote and implement a user involvement strategy that ensures Livability is responsive to the needs of the people who use the services and who are the centre of all that the organisation undertakes.**

We plan to achieve this by:

- Further developing and implementing a strategy to better understand the needs and wishes of our clients to ensure that Livability offers relevant and personalised services.
- Supporting clients to make their own decisions about their lives, needs and wants.
- Developing and implementing a learning and development policy for clients to promote their involvement in management and decision making, and their ability to be representatives of their peers.
- Working with our clients to ensure that they have involvement and representation at every level in the organisation.

### REPORT OF THE BOARD

The Board of Trustees (the Board) submits its Report and Financial Statements for the year to 31 March 2011.

#### Structure, Governance and Management

The Charity was founded on 16 October 2006 as Grooms-Shaftesbury, and remained largely dormant until 28 June 2007 when The Shaftesbury Society and John Grooms merged and their assets were transferred. *Livability* was initially adopted as the operational name of the Charity, but on 20 October 2010 this became its legal name.

Livability is a registered Charity (Charity Registered No.1116530) and a company limited by guarantee (Company Registered No.5967087). The Company is governed by its Memorandum and Articles of Association (the governing documents) as amended during 2009. In the event of winding up, Members' liability is limited to £1 each.

#### Board of Trustees

The Board currently comprises 13 Trustees who are collectively responsible for the governance of Livability. They are subject to election or re-election according to procedures set out in the governing document. All members of the Board give their time voluntarily and receive no benefits from Livability. Some claim reasonable expenses in connection with their duties as Trustees (these are shown in Note 7 of the Accounts).

The Board is supported by the Governance and Development Sub-Committee which continually reviews the effectiveness of Livability's governance and makes recommendations to the Board to improve the arrangements.

The Governance Development Sub-Committee has developed a process for recruiting Trustees based on the identification of skills, diversity and experience gaps. This was ratified by the Board in September 2008. No new appointments were made in the year but this follows two appointments which were made in the prior year using this process and three in the year prior to that. These appointments have brought additional skills and experience to the Board and increased its ethnic diversity and experience of disability.

All Trustees follow a comprehensive induction into their role and responsibilities and visit Livability's services as part of their induction and, thereafter, are encouraged to do so as part of their ongoing engagement. Further update training is provided as required during the year on specific issues such as safeguarding, health & safety and governance.

The Board seeks to ensure that all activities of Livability remain within the law and the confines of the organisation's charitable objectives. Its responsibilities include setting the strategic direction and agreeing the annual corporate business plan and budget. Other matters reserved for decision making by the Board are clearly identified as part of the corporate governance framework.

The Board considers, and acts on, advice and information presented at its regular meetings, which are attended by the Chief Executive and Senior Officers. The Board monitors decisions made under delegated authority and plans to meet at least five times a year. One of these meetings is devoted to a longer discussion of the key strategic issues facing Livability and its response to major changes affecting its areas of activity. The Board may establish ad hoc sub-committees to undertake major service reviews or oversee major projects and appeals.

Responsibility for monitoring many key areas of activity and performance is delegated to sub-committees and local governors' boards (at the three specialist education establishments) comprised of Trustees and other members appointed for their particular expertise and knowledge. Some appointments to local governors' boards are made on a representative basis.

The established Sub-Committees are:

- Safeguarding Board – reviews and monitors all safeguarding concerns relating to Livability's service users.
- Audit – oversees internal audit, Corporate Trustee responsibilities, risk management and arrangements for the external audit. The independent chair of this sub-committee, Alastair Collett, is a solicitor and a former Trustee of The Shaftesbury Society.
- Finance and General Purposes – oversees all matters related to finance, funding, asset management, human resources, remuneration and information and communication systems (ICS).
- Fundraising and Marketing – oversees fundraising and marketing together with all internal and external official communications and public relations.
- Governance Development – oversees the governance arrangements of Livability, Trustee recruitment, appointment, induction, together with Board development and appraisal.
- Education Oversight – oversees quality, performance and development issues at each education establishment and receives reports from the local governors' boards. These undertake a pivotal role in relation to the regulatory framework, the quality improvement cycle and capacity to enhance achievement and operate within a formal scheme of delegation.
- Operational Oversight (Residential & Community Services) – oversees quality, performance and development of all services for disabled adults.

### **Chief Executive**

Michael Smith OBE joined Livability as Chief Executive in October 2010, taking over from Mary Bishop who stepped down in September 2010; Mary had been the first Chief Executive of the newly formed Charity formed by the merger of John Grooms and The Shaftesbury Society in 2007. The Board has expressed its thanks to Mary for her leadership during the crucial period following merger which created a stronger and more viable Charity.

The Chief Executive is responsible under the Board for the management and direction of Livability, for implementation of Board policy and for development and delivery of the corporate strategy and business plan. The Chief Executive is assisted by a group of senior executives known collectively as the Directors Management Team. The Board has approved the delegation of levels of financial authority through the Chief Executive to senior executives which are reviewed regularly.

### **Group Structure**

#### **Trusts**

Since the date of merger all but one trust, the Samuel Hale Bibby Endowment Fund, have been vested in the Corporate Trusteeship of Livability.

#### **Subsidiary Entities and Associated Charities**

The Charity has four subsidiary trading entities, as follows:

Livability Contracting Services Limited (formerly John Grooms Contracting Services Limited) is engaged in construction and other contracting services on behalf of Livability, and Livability Icanho Limited (formerly Livability Limited) provides brain injury rehabilitation services at our Icanho centre in Suffolk. Any net surplus arising in these companies is gift aided to Livability.

The two remaining subsidiaries, Shaftesbury Care Limited and Grooms-Shaftesbury Limited (formerly Shaftesbury Care Services Limited), are both currently dormant.

As the Corporate Trustee, Livability fully consolidates the results of The Shaftesbury Society and John Grooms, together with the active trading subsidiaries noted above.

In addition, the financial results of Kingsley Hall have been consolidated into the Accounts of Livability since 2007/8 when the work of Kingsley Hall was transferred from a trust to a registered charity and company limited by guarantee, known as Kingsley Hall Church and Community Centre.

Livability also includes the results of Livability Ireland, a company limited by guarantee and registered as a charity in the Republic of Ireland, which supports the development of spinal injury rehabilitation services in a number of South Asian countries. Livability provides both financial and non-financial support to this charity.

### **Employment of Disabled People**

As a charity supporting disabled people and as part of our Equal Opportunities and Diversity policy, we are members of the 'Two Tick Positive About Disabled People Scheme'. As such we commit to interviewing all disabled applicants who meet the minimum criteria for job vacancies to consider them on their abilities. We make every effort when employees become disabled to make sure they stay in employment and are able to access learning and development and career opportunities. Disability awareness training for all employees and volunteers is part of our standard training programme. We currently review our progress on these commitments each year as part of monitoring our Equal Opportunities and Diversity policy.

### **Employee Communication and Consultation**

We have some 1,200 (full time equivalent) people working for us across a wide range of different units or projects and we are very proud of their commitment which is at the heart of providing quality services to the people we support. We work hard to communicate, consult and engage effectively with our people. In 2010 we revamped a monthly staff update; met quarterly with our Employee Forum, as a representative body, to share information and obtain their views on a range of issues including organisational performance, and carried out a staff survey 'Your Voice' to obtain feedback on how employees feel about working for Livability.

We were encouraged by the very positive responses about working with service users and our values as an organisation. We are working to an action plan with the leadership team and employee forum to support continuous improvement. We were particularly proud that following the AGM in October, HRH The Princess Royal presented The Princess Royal Livability Award to five employees and a whole staff team in recognition of their outstanding achievement, as voted for by a cross-section of their colleagues.

### **Use of Volunteers**

During 2010/11 Livability has again benefitted from a high level of commitment from volunteers across the Charity. From trusteeship to gardening, the beneficiaries of Livability, spanning all generations, have been supported indirectly or directly by volunteers. A total of 145 people have volunteered with us during this period, some for the first time, others as long term volunteers continuing to support the dynamic vision of Livability to improve the lives of disabled and disadvantaged people. However, Livability also acknowledged during this period that there is scope to engage far more people in a greater diversity of volunteering opportunities from advocacy roles to local fundraisers. Research began at the end of this period to develop a new proactive strategy for volunteer engagement. The intention looking forward is that the Charity will have a greater social impact with individuals, families, communities and society at large as we engage higher numbers of volunteers. The Community Mission Directorate has now assumed a lead on volunteering strategy, working collaboratively with Human Resources and with the other operational directorates.

### Internal Financial Control and Organisational Risk

The Board is responsible for ensuring that appropriate systems of financial control are in place including the provision of satisfactory control over Livability's accounting records and transactions, safeguarding its assets and taking reasonable steps for the prevention and detection of fraud. Financial control is underpinned by:

- Accountabilities and authority levels across all areas of the Charity's operations which are reviewed at least annually.
- Key financial policies and procedures reviewed at least annually.
- Internal audit resources working to a programme based on assessed audit need and risk with direct access, if necessary, to the independent chair of the Audit Sub-Committee.
- An agreed set of key performance indicators which are monitored at least quarterly with leading indicators monitored on a monthly basis.

The Board realises the importance of effective risk management and directs resources to mitigate the major risks to which Livability is exposed. The strategic risks of either a direct financial or non-financial nature have been identified and are documented in Livability's Risk Register and the impact and probability of each risk has been evaluated. Appropriate actions to mitigate each risk to an appropriate level are documented, assigned and monitored. The Risk Register is reviewed regularly by the Directors Management Team and the Audit Sub-Committee, and their reports are, in turn, reviewed by the Board. As a further safeguard, all members of staff have the opportunity to identify risks through both formal and informal processes, including a "whistle blowing" procedure. All such reports are reported to and monitored by the Directors Management Team and the Audit Sub-Committee.

The following strategic risks have been identified:

- 1. Reduced income and operating margins – the impact of public expenditure reductions on fee settlements and the demand for our highly specialised services, coupled with unavoidable increases in the costs of providing these services and the impact of falling living standards and unemployment on levels of unrestricted giving, is making it harder than ever to balance our books.**

We are seeking to mitigate these risks by:

- Continually seeking and implementing efficiency savings.
- Undertaking detailed analysis of and remodelling the cost base for our services.
- Reducing the cost and use of agency staff.
- Reducing occupancy voids through increased marketing activity.
- Continually pressing our funders for full recognition and recovery of all the relevant costs in fee negotiations.
- Undertaking focused donor recruitment and retention activities and eliminating all activities which are inefficient in terms of return on investment.
- Contacting lapsed donors with a view to restoring their support.

**2. Factors that could affect the quality of our service delivery adversely, for example, safeguarding.**

We are seeking to mitigate these risks by:

- Undertaking regular review of issues concerning our clients and students by the Safeguarding Committee, which reports directly to the Livability Board.
- Sharing all safeguarding issues with the relevant local authority commissioner.
- Ensuring that every service user has a voice in the organisation and can influence and change services where necessary. This is undertaken in regular user forums and by means of partnership boards aimed at improving service user governance and representation skills.
- Review of quality matters led by the Quality and Continuous Improvement Manager with regular reports to the Education Oversight Committee and Operational Oversight Committee (Residential & Community Services), which report directly to the Livability Board.

**3. Continued exposure to major government policy initiatives relating to adult care and special needs education resulting in:**

- **Changes in placement arrangements and income streams for many learners attending our educational establishments.**
- **Changes in the commissioning arrangements and funding for adult services arising from the introduction and extension of personal budgets and major changes in local authority procurement structures.**

We are managing the risks from these major changes to our operating environment by:

- Working closely with key educational partners in the regions including the YPLA.
- Closely monitoring the opportunities and risks arising from the policy changes.
- Continuing to develop our models of care for disabled adults to embrace personalisation and, as opportunity permits, seeking to develop our existing residential services as hubs for a range of different services to meet the needs of disabled people in their local communities.
- Providing new services with diversified income streams that fit within a continuum of lifelong care.

**4. The scale of the investment programme that is required to maintain and upgrade the premises and facilities at our education establishments and residential/nursing care services and improve our ICS capability and infrastructure.**

We are addressing the risks here by:

- Conserving our resources and targeting improvements critical to business continuity, efficiency and quality of care/fulfilment of educational attainment.
- Closely analysing the most appropriate form for reprovding services into the future to ensure that these have the flexibility to meet both current and future demands and are resilient to future changes including exploration of innovative forms of design, and building techniques to lower cost of ownership with attention to sustainability and carbon reduction.
- Using cost engineering to ensure that building and systems projects are undertaken at the lowest possible cost without compromising the quality, effectiveness or flexibility and sustainability of the provision.

- Managing Livability's cash reserves and releasing assets no longer required in order to ensure that internal resources are available to sustain a long term investment activity, alongside carefully targeted capital appeals seeking to maximise funding from individual, statutory and trust funding sources.

**5. Following the triennial actuarial revaluations for Livability's two closed final salary pension schemes, which concluded in 2010, a significant deterioration in the funding position of these schemes was revealed despite several years of significantly increased contributions to repair the original deficits. This has resulted in a need for additional funding to the schemes. This inevitably results in Livability having fewer resources to invest in developing sustainably into the future. The Pensions Act 2008 reforms, in particular relating to auto-enrolment, are likely to add to the cost burden from pensions borne by Livability.**

Livability is managing these risks by:

- Considering how to mitigate the cost pressures arising from auto-enrolment.
- Continuing to ensure that the Trustees of the closed defined benefit pension schemes are provided with regular briefings on the strength of the Charity's covenant.
- During the year, the partial buy-out for one section of the John Groom's scheme was managed to a successful conclusion following the merger of Livability Housing and Habinteg, which reduced the potential risks to Livability, as the remaining scheme employer.

### Going Concern

***No material uncertainties that cast significant doubt about the ability of the Charity to continue as a going concern have been identified by the Trustees.***

Livability's charitable activities, together with the factors likely to affect its future development, performance and financial position, are set out in the Trustees' Annual Report. The Charity's net surplus for the year, cash flows, liquidity and borrowings, net asset values and reserves are detailed in the Financial Statements and accompanying notes on pages 29 to 59. The Trustees have considered the diversity and degree of volatility of the Charity's funding sources, its cash flow forecasts, levels of working capital and strengthening of its Balance Sheet, and have concluded that there is a reasonable expectation that Livability is well placed to manage its business risks and has sufficient resources to continue in operational existence for the foreseeable future. Consequently, the Trustees have continued to adopt the going concern basis of accounting in preparing these Financial Statements.

## RESULTS FOR THE YEAR AND RESERVES

### Income and Expenditure Account

In common with many other charities and private sector providers in our sector, Livability operated in a difficult and uncertain funding environment during the year. The impact of the coalition Government's October 2010 Comprehensive Spending Review on disability services remains unclear, and is likely to continue to be so for some time. The market has not yet diversified to the extent that had been expected by the roll out of personal budgets. By December 2010, only some 13% of benefit claimants nationally were in receipt of a personal budget, and we understand that many local authorities have still to devise systems for assessing potential recipients for appropriate allocation of such personal funding pots. The tendering and contracting environment is dominated by local authorities seeking to form lists of organisations on 'preferred provider' status, as they determine their budgets and longer term financial strategy at a time of public spending cuts.

Consequently, the full implication for Livability of the substantial reductions in spending capacity of local authorities and PCTs is still emerging, and although several such funders have sought to reduce our service fee income, so far it has been possible to avoid damaging cuts by using the Care Funding Calculator devised by ADASS, accompanied by the economies we have achieved in our service delivery. The environment for fundraising has been equally difficult this year, particularly in seeking to generate unrestricted funds to underpin our core charitable work.

Achieving break-even in this climate has been challenging and has demanded skill, hard work and a consistent strategic direction to ensure that, overall, net incoming resources at the operating level (before unrealised gains and losses on assets, investments and pensions but after impairments to properties) finished the year with a small surplus of £0.3m. Unsurprisingly, against a background of gross voluntary income 28% (£1.8m) below last year, this net operating result was less favourable than the £2.2m surplus achieved in 2009/10. That previous year had also benefited from profits on disposal of fixed assets of £0.7m, mostly relating to the sale of a single property during 2009.

As a result of all these factors, total incoming resources during 2010/11 reduced by £2.1m (5%) to £40.6m. Shortly before the end of the year, in response to this downwards pressure on our funding, a programme of redundancies had to be put in place, at a cost of £0.2m, aimed primarily at improving the efficiency of our central management services and reducing our back-office costs. This included the unification of the previously separate Directorates of Education and Services for Disabled Adults into a single Operations Directorate. The Charity also made the difficult decision in March to close a small residential care home that had been making unsustainable losses for a number of years.

Total resources expended in the year reduced by £0.7m (2%) to £39.8m (2009/10 £40.5m). The Group's Accounts for 2010/11 also include an unrealised impairment in value of certain properties totalling £0.5m for which insufficient revaluation reserve is available to offset the reduction in carrying value advised by our surveyor. However, this provision needs to be viewed in the context of the £4.4m net increase in value of our other operational properties, shown in the Statement of Financial Activities within "Other recognised gains / (losses)", and a further £0.5m uplift in the value of our investment properties. The underlying operational result, excluding the impairment provision, shows a surplus of £0.7m.

Income generated from our charitable activities increased by 1% (£0.4m) to £35.8m, principally due to a strong performance by our education services for the third consecutive year, with income earned by the school and colleges rising from £16.0m to £16.4m. Income from our other services for disabled adults of £18.9m was in line with that achieved in 2009/10. Total direct charitable expenditure was virtually unchanged at £37.8m.

The cost of providing education services, before allocation of central support costs, increased in line with the growth in income from £15.0m to £15.4m, whilst the direct delivery costs of providing our other care services for disabled adults reduced by 1% (£0.2m) to £18.5m.

Once again, the accounting (FRS 17) valuation of our closed defined benefit pension schemes substantially affected our results, but this year the outcome has been positive in contrast to that experienced in recent years when it was significantly adverse. The improvement in 2010/11 arose due to the actual results being better than the actuarial assumptions, in particular in relation to stronger investment performance, lower salary inflation and to a change in the link for future pension increases from RPI to CPI affecting one of the two closed schemes. As a result, this year a significant unrealised actuarial gain of £2.8m has been recorded in our Accounts (2009/10 - £3.0m actuarial loss). The combined deficits, for FRS 17 purposes, of the two closed schemes totalled £6.8m, much reduced from the position at March 2010 of deficits totalling £10.1m and representing an improvement in the funding position between the two years from 71% to 80%.

### **Key Balance Sheet Movements**

Despite the significant financial challenges that were faced during the year, the closing Balance Sheet reflects a healthy strengthening of Livability's financial position.

Revaluation of the Group's portfolio of operational and investment land and properties resulted in a net increase of £4.4m to our consolidated Balance Sheet, which was further strengthened by reductions in the defined pension scheme deficits totalling £3.3m. Formal triennial valuations for the scheduled 2009 scheme year ends, together with revised deficit recovery plans, were completed and agreed during 2010/11. These plans require the payment of substantially higher contributions, which are projected to repay the deficits by the end of 2023/24.

The Board has approved in principle, subject to contract, the purchase of the remaining interest in the Charity's central office at 50 Scrutton Street, London, for a cash consideration of £1.05m together with the transfer and settlement of certain property interests and accrued costs. This acquisition will enhance the overall value of the property to Livability and provide greater security over the strategic occupation of the building.

### **Cash Flow and Working Capital**

A concerted credit control effort over the year has resulted in a reduction in trade debtors as at the year end and deferred income has increased due to the receipt in advance of annual fees relating to one service. These factors, together with the continued inflow of restricted donations for our principal capital appeals (for the Victoria Education Centre hydrotherapy centre and for refurbishment and expansion of John Grooms Court), have contributed towards the increase showing in the Charity's total cash.

In 2010/11 the net cash inflow from our operating activities was £2.1m, slightly below the £2.4m last year. In the same period there was a modest net cash outflow from purchases and sales of fixed assets, with £1.7m of purchases balanced by £1.6m of disposals. This compares with a small net cash inflow in 2009/10 when asset sales of £1.8m were offset by £1.6m of acquisitions.

The net movements in debtors, cash and short term creditors resulted in Livability's net current assets showing an improvement of £2.0m to £9.0m at March 2011. In such a difficult financial and economic environment, the Trustees have been encouraged that the Charity has strengthened its position and that, since merger, net current assets have increased by almost £6m, substantially securing Livability's ability to continue its vital role as a disability charity serving the interests of disabled children and adults.

### Reserves

The Trustees have reviewed the requirement for general reserves in accordance with Charity Commission guidelines. In this light, they have concluded that the Charity should aim to hold general reserves equivalent to between four and eight weeks' expenditure. This is to provide sufficient flexibility to cover the short-term risks and uncertainties (as described more fully on pages 18 to 20) that arise from changes in public policy and funding for the services provided by Livability, as well as the potential volatility of voluntary income, cash flow timing of Livability's investment programme, the maintenance of adequate levels of working capital and to cover the Charity's contractual obligations to our staff. Our general reserves, which are those unrestricted funds not invested in fixed assets, designated for specific purposes or otherwise committed, stood at £4.6m at 31 March 2011, equivalent to 6 weeks' unrestricted expenditure. This is in line with the present target and in formulating future plans, the Board's policy is to maintain reserves within this targeted range.

The Cyclical Maintenance Reserve Fund represents funds retained to cover the cost of major cyclical repairs to the Group's properties.

The Property and Equipment Funds respectively represent the total amount (at cost or valuation, less depreciation and direct borrowings drawn and undrawn) invested in freehold and leasehold properties and fixtures, fittings and motor vehicles used for the functional purposes of the Charity.

The Endowment Reserve Fund represents those funds where Livability acts as Sole Corporate Trustee and which are required to be amalgamated with Livability's results.

The aggregate deficit of the two closed final salary pension schemes of £6.8m (2009/10: £10.1m) is shown, in accordance with FRS 17, as a long term liability in the Consolidated Balance Sheet. The corresponding pension deficits are shown as a negative reserve within the Charity's Statement of Total Funds. As indicated earlier in this review, such amounts do not represent an immediate cash requirement from the Charity's funds. Deficit recovery plans have been agreed with the respective scheme Trustees, which aim to eliminate the deficits over twelve to thirteen years.

### Investment Policy

Livability plans to expend its restricted and unrestricted income in furtherance of its charitable objects, but will at any point in time hold funds in accordance with the Charity's reserves policy. These funds may be required to underpin the day to day operating cash flow needs of the Livability, or may be designated or restricted towards specified purposes that will crystallise at a future date. Income from capital appeals, by its nature, is raised in advance of its planned expenditure, resulting in funds being accumulated until these are sufficient for the specific projects or developments to which they relate.

Consequently, in line with its fiduciary duties, the Board considers it prudent to invest such reserves over an appropriate term, until they are required as liquid funds. Cash required for the day to day operating needs of the Charity is held in cash at commercial banks that have appropriately low risk profiles, or in UK government Treasury Bills. Those funds held for specific future purposes over a medium or longer term are invested either in deposit accounts or managed balanced funds that satisfy specific minimum risk and credit rating criteria.

Livability also maintains a modest investment portfolio, derived from historic gifts and legacies, that is held within pooled investment funds.

When the Charity has been gifted shareholdings in individual stocks, the decision whether or not to liquidate such shareholdings is made on a case to case basis.

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees are responsible for preparing the Trustees' Annual Report and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare Financial Statements for each financial year that give a true and fair view of the state of affairs of the Group and the parent Charity and of the incoming resources and application of resources, including the net income or expenditure, of the Group for the year. In preparing those Financial Statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the Group and the parent Charity and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the 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 corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

The Trustees have had due regard to the guidance issued by the Charity Commission on public benefit reporting and consider that these reporting requirements have been met.

## **DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the members of the Board of Trustees has confirmed that:

- so far as he/she is aware, there is no relevant audit information of which Livability's auditors are not aware, and
- he/she has taken all the steps that he/she ought to have taken as a member of the Board in order to make himself/herself aware of any relevant audit information and to establish that Livability's auditors are aware of that information.

The report of the Board was approved by the Board on 28 July 2011 and signed on its behalf by:

M P A Langworth  
Company Secretary

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVABILITY**

We have audited the Group and Parent Charity Financial Statements ("the Financial Statements") of Livability for the year ended 31 March 2011 which comprise the consolidated Statement of Financial Activities, the consolidated and Parent Charity Balance Sheets, the consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of Trustees and auditor**

As explained more fully in the statement of Trustees' responsibilities, the Trustees (who are also directors of the company for the purposes of company law) are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. We have been appointed as auditor under the Companies Act 2006 and report in accordance with that Act. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and Parent Charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Parent Charity's affairs as at 31 March 2011 and of the Group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept in respect of the Parent Charity, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charity Financial Statements do not accord with the accounting records; or
- certain disclosures of Trustee's remuneration specified by law are not made; or
- any information or explanation to which we are entitled has not been afforded to us.

Ian Mathieson (Senior statutory auditor)  
for and on behalf of PKF (UK) LLP, Statutory auditor

London, UK

2011

**Consolidated Statement of Financial Activities for the year ended 31 March 2011**

(Incorporating an Income and Expenditure Account)

		Unrestricted Funds	Restricted Funds	Permanent Endowment Funds	Total Funds	Total Funds
		2011	2011	2011	2011	2010
	Note	£'000	£'000	£'000	£'000	£'000
<b>Incoming resources</b>						
<b>Incoming resources from generated funds</b>						
Voluntary income	2	3,344	1,233	–	4,577	6,383
Investment income	3	90	36	41	167	175
<b>Incoming resources from charitable activities</b>						
Income from continuing activities	2	35,606	191	–	35,797	35,443
<b>Other incoming resources:</b>						
Trusts	2	–	–	27	27	27
Profit on disposal of fixed assets	2	38	–	–	38	658
<b>Total incoming resources</b>		<b>39,078</b>	<b>1,460</b>	<b>68</b>	<b>40,606</b>	<b>42,686</b>
<b>Resources expended</b>						
Cost of generating voluntary income	4	1,440	95	–	1,535	2,231
Direct charitable expenditure	4	37,088	665	–	37,753	37,763
Other resources expended:						
Other costs	4	46	–	–	46	98
Trusts	4, 9	–	–	171	171	85
Governance costs	4	330	–	–	330	347
<b>Total resources expended before impairment</b>		<b>38,904</b>	<b>760</b>	<b>171</b>	<b>39,835</b>	<b>40,524</b>
<b>Net income/(outgoings) for the year before transfers</b>		<b>174</b>	<b>700</b>	<b>(103)</b>	<b>771</b>	<b>2,162</b>
<b>Gross transfers between funds</b>	16,17	493	(493)	–	–	–
<b>Net income/(outgoings) for the year after transfers and before impairment</b>		<b>667</b>	<b>207</b>	<b>(103)</b>	<b>771</b>	<b>2,162</b>
Impairment of fixed assets	8	(369)	–	(128)	(497)	–
<b>Net income/(outgoings) for the year before other recognised gains/(losses)</b>		<b>298</b>	<b>207</b>	<b>(231)</b>	<b>274</b>	<b>2,162</b>
<b>Other recognised gains / (losses)</b>						
Net gain/(loss) on revaluation of fixed assets for Charity's own use	8	2,644	122	1,668	4,434	(998)
Gains on investment assets	10	532	–	18	550	171
Actuarial gains/(losses) on defined benefit pension schemes	22	2,795	–	–	2,795	(2,977)
<b>Net movement in funds</b>		<b>6,269</b>	<b>329</b>	<b>1,455</b>	<b>8,053</b>	<b>(1,642)</b>
<b>Reconciliation of funds</b>						
Balance at 1 April 2010		<b>33,759</b>	<b>3,530</b>	<b>4,207</b>	<b>41,496</b>	43,138
<b>Balance at 31 March 2011</b>		<b>40,028</b>	<b>3,859</b>	<b>5,662</b>	<b>49,549</b>	41,496

Total resources expended for the year including impairment were £40,332,000 (2010: £40,524,000) (see Note 4).

All the above results are derived from continuing activities.

The accompanying Notes to the Financial Statements form an integral part of these financial statements.

There were no recognised gains or losses other than those reported above.

**Consolidated and Charity Balance Sheets at 31 March 2011**

	Note	Group 2011 £'000	Group 2010 £'000	Charity 2011 £'000	Charity 2010 £'000
<b>Fixed assets</b>					
Tangible assets	8	47,157	45,995	46,258	43,098
Investments	10	2,680	1,235	2,665	1,220
<b>Total fixed assets</b>		<b>49,837</b>	<b>47,230</b>	<b>48,923</b>	<b>44,318</b>
<b>Current assets</b>					
Stock	11	32	32	32	32
Tangible assets for disposal	12	1,020	–	1,020	–
Debtors	13	2,036	2,487	2,016	2,440
Bank and cash in hand		9,765	7,893	9,702	7,818
		12,853	10,412	12,770	10,290
<b>Current liabilities</b>					
Creditors	14	(3,702)	(3,235)	(5,647)	(4,156)
Provisions	15	(156)	(156)	(156)	(156)
		<b>(3,858)</b>	<b>(3,391)</b>	<b>(5,803)</b>	<b>(4,312)</b>
<b>Net current assets</b>		<b>8,995</b>	<b>7,021</b>	<b>6,967</b>	<b>5,978</b>
<b>Total assets less current liabilities</b>		<b>58,832</b>	<b>54,251</b>	<b>55,890</b>	<b>50,296</b>
<b>Creditors: amounts falling due after one year</b>					
Creditors	14	(2,040)	(2,182)	(2,040)	(2,182)
Provisions	15	(448)	(448)	–	–
		<b>(2,488)</b>	<b>(2,630)</b>	<b>(2,040)</b>	<b>(2,182)</b>
<b>Defined benefit pension liability</b>	22	<b>(6,795)</b>	<b>(10,125)</b>	<b>(6,795)</b>	<b>(10,125)</b>
<b>Net assets</b>		<b>49,549</b>	<b>41,496</b>	<b>47,055</b>	<b>37,989</b>
<b>Funds</b>					
Restricted Funds	16	3,859	3,530	3,782	3,423
Permanent Endowment Funds	9	5,662	4,207	4,418	2,880
<b>Unrestricted Funds:</b>					
Designated Funds	17	42,178	40,197	41,734	38,062
General Funds	17	4,645	3,687	3,916	3,749
Pension scheme deficit	17	(6,795)	(10,125)	(6,795)	(10,125)
<b>Total Funds</b>		<b>49,549</b>	<b>41,496</b>	<b>47,055</b>	<b>37,989</b>

The accompanying Notes to the Financial Statements form an integral part of these financial statements. The financial statements were approved and authorised for issue by the Board on 28 July 2011 and signed on its behalf by:

**Paula Kerr**

**Chair of Trustees**

**Consolidated Cash Flow Statement for the year ended 31 March 2011**

	Note	2011 £'000	2010 £'000
Net cash inflow from operating activities	1	2,149	2,447
Returns on investment and servicing of finance	2	49	73
Purchase and sale of fixed assets	3	(177)	194
<b>Net cash inflow before management of liquid resources and financing</b>		<b>2,021</b>	<b>2,714</b>
Management of liquid resources	4	(1,000)	–
Financing	5	(149)	291
<b>Increase in cash in the year</b>		<b>872</b>	<b>3,005</b>
<b>Reconciliation of net cash flow to movement in net funds</b>		<b>2011 £'000</b>	<b>2010 £'000</b>
Increase in cash in the year		872	3,005
Cash outflow/(inflow) from financing		149	(291)
Non-cash movement in loans		(14)	(8)
Cash outflow from management of liquid resources		1,000	–
<b>Change in net funds</b>		<b>2,007</b>	<b>2,706</b>
Net funds at 1 April 2010		<b>5,653</b>	2,947
<b>Net funds at 31 March 2011</b>		<b>7,660</b>	<b>5,653</b>
<b>Cash Flow Statement Notes</b>			
<b>1. Reconciliation of net incoming/(outgoing) resources to net cash inflow from operating activities</b>		<b>2011 £'000</b>	<b>2010 £'000</b>
<b>Net incoming/(outgoing) resources</b>		<b>274</b>	<b>2,162</b>
Net investment income		(103)	(151)
Interest receivable		(64)	(24)
Interest payable		118	109
Depreciation – fixed assets		869	688
Impairment of fixed assets		497	–
Loss / (profit) on disposal of fixed assets		167	(658)
Decrease in debtors		466	884
Increase / (decrease) in creditors		460	(437)
Decrease in pension provision		(535)	(126)
<b>Net cash inflow from operating activities</b>		<b>2,149</b>	<b>2,447</b>

Cash Flow Statement Notes (cont'd)

2. Returns on investments and servicing of finance

	2011 £'000	2010 £'000
Investment income	104	150
Interest received	50	24
Interest paid	(105)	(101)
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>49</b>	<b>73</b>

3. Purchase and sale of fixed assets

	2011 £'000	2010 £'000
Purchase of tangible fixed assets	(1,720)	(1,584)
Sale of tangible fixed assets	1,553	1,785
Purchase of fixed asset investments	(10)	(7)
<b>Net cash (outflow)/inflow from purchase and sale of fixed assets</b>	<b>(177)</b>	<b>194</b>

4. Management of liquid resources

	2011 £'000	2010 £'000
Purchase of liquid resources	(1,000)	–
<b>Net cash outflow from management of liquid resources</b>	<b>(1,000)</b>	<b>–</b>

5. Financing

	2011 £'000	2010 £'000
New loans drawn	–	440
Repayment of bank loan	(149)	(149)
<b>Net cash (outflow)/inflow from financing</b>	<b>(149)</b>	<b>291</b>

6. Reconciliation of net cash flow to movement in funds

	At 1 April 2010 £'000	Cash flow £'000	Non-cash movement £'000	At 31 March 2011 £'000
Cash at bank and in hand	4,343	(1,829)	–	2,514
Short term deposits	3,550	2,701	–	6,251
<b>Cash as defined by FRS 1</b>	<b>7,893</b>	<b>872</b>	<b>–</b>	<b>8,765</b>
Cash investments	–	1,000	–	1,000
<b>Cash disclosed in the balance sheet</b>	<b>7,893</b>	<b>1,872</b>	<b>–</b>	<b>9,765</b>
Bank loans due within one year	(147)	(1)	–	(148)
Bank loans due after one year	(2,093)	150	(14)	(1,957)
<b>Total bank loans</b>	<b>(2,240)</b>	<b>149</b>	<b>(14)</b>	<b>(2,105)</b>
<b>Net funds</b>	<b>5,653</b>	<b>2,021</b>	<b>(14)</b>	<b>7,660</b>

**Notes to the consolidated financial statements for the year ended 31 March 2011**

**1. ACCOUNTING POLICIES**

**Accounting Basis**

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention as modified by the inclusion of investments and properties at market value. They have also been prepared in accordance with the Statement of Recommended Practice (SORP) 2005, "Accounting and Reporting by Charities", issued in March 2005.

The principal policies that have been adopted by the Board of Trustees are set out below.

Grooms-Shaftesbury was incorporated on 16 October 2006 to acquire the assets of John Grooms and The Shaftesbury Society, the combination of these entities being treated as a merger. The assets and liabilities of those charities were transferred to Grooms-Shaftesbury on 28 June 2007 with the exception of certain assets which have been retained within John Grooms and The Shaftesbury Society. These 'excluded assets' could not be transferred because of legal complexities affecting the properties in question and therefore they have remained within John Grooms and The Shaftesbury Society until the legal complexities could be resolved, together with the Samuel Hale Bibby Endowment Fund which also could not be transferred for the same reasons from The Shaftesbury Society.

Grooms-Shaftesbury changed its legal name to Livability on 20 October 2010.

**Consolidation**

The consolidated financial statements include the financial statements of the Charity and its subsidiary undertakings, John Grooms, The Shaftesbury Society, Livability Contracting Services Limited and Livability Icanho Limited. In addition Kingsley Hall Church and Community Centre and Livability Ireland are also consolidated on the basis that Kingsley Hall Church is an associated charity over which Livability can exercise control and Livability Ireland because the sole purpose of this charity is to manage the activities of a spinal injury rehabilitation project in a number of South Asian countries on behalf of Livability.

The income and expenditure of local groups who support fundraising activities for service users at various of the Charity's units is included in the financial statements of the Charity, provided that such activity has not been set up as a separate 'friends group' charity. In addition, the results include those of various trusts where Livability is Corporate Trustee and where the Charity Commission have granted uniting directions allowing the consolidation of trust results with those of Livability. The results and balance sheets of these trusts are shown under the heading "endowments" in the Accounts.

**Incoming Resources**

All incoming resources, whether restricted, unrestricted or endowment, which become available to the Charity are included in the Consolidated Statement of Financial Activities (SOFA) as soon as it is prudent or practicable to do so. All items of income are accounted for on an accruals basis, including legacies which are accounted for only after notification and where there is reasonable certainty of ultimate receipt and the amount concerned. However no amounts are included in the Accounts for life interests in legacies as the timing of receipt is considered too uncertain. Such reversionary bequests are accounted for on the death of the life interest.

Resources received in advance of expenditure being made are deferred where conditions have been imposed by the donor or fee payer that amount to pre-conditions of use. Deferred income is released to match with the related expenses in subsequent periods.

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

Donated services and gifts in kind are recognised if their value is able to be estimated reliably. The gift is recognised on the date that the goods or services forming the gift become receivable. The gift is recognised in income at the market value of the goods or service received and, depending on the nature of the gift, included in resources expended or additions to fixed assets at the same value and at the same time.

Donations received in relation to specific projects are credited to the project concerned. Costs of raising funds, including an appropriate allocation of management time, are shown on the face of the SOFA and are deducted from appeal totals before allocation to projects.

### **Resources Expended**

All expenditure is accounted for on an accruals basis and has been listed in such a way as to accumulate all the Charity's costs of employees, goods and services relating to a particular activity of the Charity under that activity heading. Direct costs, including attributable salaries and associated costs, are allocated on an actual basis to the key areas of activities. Indirect costs (support costs), primarily comprising staff costs of employees based at the Charity's central office in London, are allocated to each activity heading using a number of identified cost drivers, including allocation of time on the basis of a time apportionment. The allocation drivers and their values were reviewed and updated for the year ended 31 March 2011 in the light of the changing structure of Livability's operations. The result of this change is for a larger share of the support costs to be identified as relating to the Education services provided, and a lower share to be identified with Fundraising and Community Mission activities.

### **Capital Grants**

Capital grants are taken as income in the year in which the grant was given. If a donor has a remaining interest in an asset, for example through a request for a return of funds should the purpose of an asset for which the grant was given change in some way, the existence of the donor's interest is shown separately in the Accounts.

### **Discharge of Restrictions on Grants and Donations**

Funds given by donors to Livability for a specific activity, project or location are logged on the fundraising database in such a manner as to link the donation to the purpose for which it is given. To ensure that donors' wishes are discharged correctly, donations for a specific activity, project or location of the Charity are accounted for as restricted funds. The restriction is only released when the activity, project or location has benefited from the spending of the donation on the purpose for which it was given. In the event that funds were given for a particular location but a specific use was not prescribed by the donor, such funds will be utilised at that location, using the Trustees' discretion.

### **Governance Costs**

Governance costs are those costs associated with the governance arrangements of Livability. The costs comprise mainly internal and external audit, legal advice for Trustees and costs associated with constitutional and statutory requirements. Included in this category are also costs associated with the strategic activities of the organisation and a portion of allocated overheads in relation to strategic activities.

### **Fundraising Costs**

Fundraising costs comprise salary costs and other associated expenditure relating to the generation of voluntary income. These appear on the face of the SOFA as "Cost of generating voluntary income".

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

### Operating Leases

Income and costs with respect to operating leases are either credited or charged to the SOFA, on an accruals basis, in line with agreements in place during the year.

### Pension Costs

The Charity maintains a Group Personal Pension arrangement which is open to all qualifying members of staff and contributes to an Aegon Scottish Equitable scheme. Contributions paid by the employer are directly expensed in the SOFA.

In addition, the Charity is responsible for two defined benefit pension schemes which have been closed to new members and further accrual of benefits since June 2007. Details of the schemes are disclosed in Note 22 to the Financial Statements.

In calculating the pension scheme deficits, the requirements of FRS 17: "Retirement Benefits" have been applied, namely that:

- Pension scheme assets are stated at market value at the balance sheet date.
- Pension liabilities are measured using the projected unit method and are discounted using the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities.

The scheme deficits on an FRS 17 basis are recognised as a defined benefit pension liability in the Accounts and matched by a corresponding pension deficit reserve.

The annual net movement in the pensions reserve comprises four main elements:

1. The monetary contributions paid into the scheme by the employer on the employees' behalf.
2. The current service cost – the increase in the present value of the schemes' liabilities and the administration costs of the schemes arising in the year to 31 March 2011.
3. Other finance charges – the difference between the expected return on the schemes' assets and the interest on the schemes' liabilities.
4. Actuarial gains and losses – changes in the actuarial deficits or surpluses because the actuarial assumptions have changed or events have not coincided with the actuarial assumptions made for the last valuation.

The sum of items 1-3: the contribution, current service cost and other finance charges is allocated across the headings in the expenditure part of the SOFA in proportion to the Charity's pension contributions to each area of expenditure.

The unrealised actuarial gains and losses are shown in the lower part of the SOFA under the heading of "Actuarial gains/(losses) on defined benefit pension schemes".

### Taxation Status

No liability to Corporation Tax arises on these Accounts as the activities of the Charity and its subsidiaries are exempt from tax under the provisions of the Corporation Tax Act 2010, and any profits earned are applied in the furtherance of the Charity's objects.

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

**Tangible Assets**

Fixed assets are capitalised when their value exceeds £5,000. Assets are depreciated on a straight line basis at rates dependent on the useful lives and residual values of the assets, initially as detailed in the table below:

<b>Asset category</b>	<b>Useful life</b>	<b>Residual value</b>	<b>Annual depreciation</b>
Freehold buildings	20 - 100 Years	Nil	1% - 5%
Horticultural buildings	25 years	Nil	4%
Equipment, fittings and furniture	5 years	Nil	20%
Plant and machinery	20 years	Nil	5%
Cars	4 years	Nil	25%
Minibuses and coaches	6 years	10%	15%
Computers and software	3 years	Nil	33.3%
Chalets and mobile homes	10 to 30 years	Nil	3.33% - 10%

Freehold land is not depreciated.

An annual impairment review of buildings with remaining economic lives of more than 50 years from the balance sheet date is carried out in accordance with FRS 15: "Tangible Fixed Assets".

Freehold property is held at existing use market value in the balance sheet and undergoes regular market valuation by either external professional valuers or by in-house employees with appropriate knowledge and experience, having regard to various external indicators and in accordance with the Royal Institute of Chartered Surveyors' Appraisal and Valuation Manual. The valuation cycle completes every five years such that every property is valued at least once every five years. Gains and losses on revaluation are reflected in the lower part of the SOFA as unrecognised gains or losses.

Leasehold land and buildings are held at market value, using the same valuation process as outlined for freehold property. The re-valued amount is amortised evenly over the remaining life of the lease.

Assets which have been donated to the Charity are taken into the books at estimated market value at the date of acquisition and are depreciated in accordance with this policy.

Profits and losses on disposal of tangible assets are included in the SOFA within unrestricted, restricted or permanent endowment funds, as appropriate.

**Investments**

Listed investments and investment properties are stated at market value at the balance sheet date. Unlisted investments are stated at Board valuation. Any gain or loss on revaluation, realised or unrealised, is shown in the lower part of the SOFA.

**Stocks**

The value of stock is stated at the lower of cost and net realisable value. Cost is calculated on a first in, first out basis by reference to the invoiced value of supplies and attributable costs in bringing each product to its present location and condition.

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

### **Tangible Assets for Disposal**

Tangible fixed assets that have been put up for sale are transferred from fixed assets to current assets at recorded depreciated cost or valuation. They are stated at the lower of either depreciated cost or valuation, or net realisable value, taking into account anticipated costs of sale.

### **Giving by Lending Deposit Taking Scheme**

Amounts received from supporters under this scheme are invested in high interest earning deposits.

### **Funds**

#### *Restricted Income Funds*

Restricted Income Funds represent income given for particular purposes within the objects of the Charity. These funds are expendable at the discretion of the Trustees in furtherance of a particular aspect of the objects of the Charity. Where funds have been received for the purpose of providing fixed assets these assets remain within the restricted fund where the terms of the donation require it.

#### *Permanent Endowment Funds*

The Permanent Endowment Funds represent capital assets required to be held on a long-term basis for specific charitable purposes within the objects of the Charity and the assets of trusts subject to uniting directions with the Charity.

#### *Unrestricted Designated Funds*

These comprise funds that have been set aside at the discretion of the Trustees for specific purposes. The purpose and use of the designated unrestricted funds are set out in the Notes to the Accounts and in the Report of the Board.

#### *Unrestricted General Funds*

The General Fund represents accumulated surpluses and deficits arising from the Charity's activities, which can be appropriated for any charitable purpose that is compatible with the Charity's objects.

#### *Transfers between Funds*

Transfers between funds in the SOFA are required where restricted funds have been expended or have, for other specific reasons, ceased to be restricted.

### **Restatement of Prior Year Comparatives**

The following prior year comparative items have been restated:

- Rental income relating to operational properties has been reclassified from Investment income to income from charitable activities. This has resulted in a reduction in investment income and an increase in income from charitable activities of £255,000 in each case (see Note 3).
- Operating lease commitments to include commitments under leases other than property leases (see Note 5).
- Full time equivalent staff numbers to better represent hours worked (see Note 7).
- Movements in pension assets and liabilities to include £182,000 of payments of costs not reported in the 2010 Accounts (see Note 22). This restatement has no effect on the closing net pension deficit at 31 March 2010 or the SOFA for the year then ended.

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

## 2. INCOME FROM CHARITABLE ACTIVITIES

The following is analysed according to the different services provided by the Charity:

	2011 Unrestricted Funds £'000	2011 Restricted Funds £'000	2011 Permanent Endowment Funds £'000	2011 Total Funds £'000	2010 Total Funds £'000 Restated*
<b>Income from services</b>					
Education	16,267	96	–	16,363	16,016
Services for Disabled Adults	18,835	93	–	18,928	19,005
Community Mission & Link Churches	65	–	–	65	76
Other	439	2	–	441	346
	<b>35,606</b>	<b>191</b>	<b>–</b>	<b>35,797</b>	<b>35,443</b>
<b>Voluntary income</b>					
<b>Donations &amp; Gifts</b>					
Education	–	667	–	667	842
Services for Disabled Adults	–	319	–	319	546
Community Mission & Link Churches	29	3	–	32	2
General fundraising for Livability operations	1,724	–	–	1,724	2,016
	<b>1,753</b>	<b>989</b>	<b>–</b>	<b>2,742</b>	<b>3,406</b>
<b>Legacies</b>					
Education	–	114	–	114	74
Services for Disabled Adults	–	130	–	130	7
General fundraising for Livability operations	1,591	–	–	1,591	2,896
	<b>1,591</b>	<b>244</b>	<b>–</b>	<b>1,835</b>	<b>2,977</b>
<b>Total voluntary income</b>	<b>3,344</b>	<b>1,233</b>	<b>–</b>	<b>4,577</b>	<b>6,383</b>
<b>Other income</b>					
Trust income	–	–	27	27	27
Investment income	90	36	41	167	175
Profit on disposal of fixed assets	38	–	–	38	658
	<b>128</b>	<b>36</b>	<b>68</b>	<b>232</b>	<b>860</b>
<b>Total other income</b>	<b>128</b>	<b>36</b>	<b>68</b>	<b>232</b>	<b>860</b>
<b>Total income from charitable activities</b>	<b>39,078</b>	<b>1,460</b>	<b>68</b>	<b>40,606</b>	<b>42,686</b>

\* See Note 1: Accounting Policies

At the date of the Accounts, Livability had been notified of interests in legacies where there is a life-interest with an estimated value of £0.3m and unrecognised residuary legacies of £0.6m. These interests are not included as income as set out in the accounting policy for incoming resources. During the year, the Charity Commission made orders authorising the Trustees to make waivers of property in relation to £7,100 due to Livability under the terms of two wills.

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

**3. INVESTMENT INCOME**

	2011 Unrestricted £'000	2011 Restricted £'000	2011 Endowment £'000	2011 Total £'000	2010 Total £'000
Listed investments	9	–	18	27	Restated* 21
Unlisted investments	3	–	–	3	3
Bank interest	28	36	–	64	24
Rent receivable	50	–	23	73	127
	<b>90</b>	<b>36</b>	<b>41</b>	<b>167</b>	<b>175</b>

\* See Note 1: Accounting Policies

**4. TOTAL RESOURCES EXPENDED**

	2011 Unrestricted Funds £'000	2011 Restricted Funds £'000	2011 Permanent Endowment Funds £'000	2011 Total Funds £'000	2010 Total Funds £'000
<b>Direct charitable expenditure:</b>					
Education	15,225	186	–	15,411	15,032
Services for Disabled Adults	18,064	472	–	18,536	18,771
Community Mission & Link Churches	397	5	–	402	458
Other	206	2	–	208	359
	<b>33,892</b>	<b>665</b>	<b>–</b>	<b>34,557</b>	<b>34,620</b>
<b>Direct support costs:</b>					
Education	1,350	–	–	1,350	843
Services for Disabled Adults	1,799	–	–	1,799	2,102
Community Mission & Link Churches	47	–	–	47	198
	<b>3,196</b>	<b>–</b>	<b>–</b>	<b>3,196</b>	<b>3,143</b>
<b>Total direct charitable expenditure</b>	<b>37,088</b>	<b>665</b>	<b>–</b>	<b>37,753</b>	<b>37,763</b>
<b>Other expenditure:</b>					
Other costs	46	–	–	46	98
Fundraising	1,440	95	–	1,535	2,231
Governance costs	330	–	–	330	347
	<b>1,816</b>	<b>95</b>	<b>–</b>	<b>1,911</b>	<b>2,676</b>
Trusts	–	–	171	171	85
<b>Total resources expended before impairment</b>	<b>38,904</b>	<b>760</b>	<b>171</b>	<b>39,835</b>	<b>40,524</b>
Impairment of fixed assets	369	–	128	497	–
<b>Total resources expended</b>	<b>39,273</b>	<b>760</b>	<b>299</b>	<b>40,332</b>	<b>40,524</b>

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

**4. TOTAL RESOURCES EXPENDED (cont'd)**

**Allocation of support costs**

	Senior Management	Finance	Corporate Support	HR	Marketing	Total Directorate Support
	£'000	£'000	£'000	£'000	£'000	£'000
Education	78	323	480	320	149	1,350
Services for Disabled Adults	88	471	712	373	155	1,799
Community Mission & Link Churches	2	9	30	3	3	47
Fundraising	16	65	61	13	3	158
Governance	16	114	138	62	–	330
<b>TOTAL COST 2011</b>	<b>200</b>	<b>982</b>	<b>1,421</b>	<b>771</b>	<b>310</b>	<b>3,684</b>
<b>TOTAL COST 2010</b>						<b>3,860</b>

**Governance costs are made up of the following:**

	2011 £'000	2010 £'000
Apportionment of senior management time	264	288
External audit fees and other services	40	50
Internal audit fees	22	7
Trustee costs	4	2
	<b>330</b>	<b>347</b>

**Total resources expended is arrived at after charging:**

	2011 £'000	2010 £'000
Depreciation (including Central Office depreciation of £84,000 2010: £45,000)	869	688
Impairment of fixed assets	497	–
Loss on disposal of fixed assets	205	–
Auditors remuneration :		
Audit current year	40	44
Audit prior year (under accrued)	–	6
Other services	–	5
Interest payable	118	109
Operating lease charges		
- land and buildings	433	331
- other equipment	63	45

**The breakdown of costs incurred in generating voluntary  
income for Livability is as follows:**

	2011 £'000	2010 £'000
Salaries and other staff related costs	669	682
Bought in services	269	248
Central administration	158	369
Other non-staff costs, mostly direct mailing costs	439	932
	<b>1,535</b>	<b>2,231</b>

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

**5. OPERATING LEASES**

Annual obligations due under operating leases are as follows:

Leases expiring:	2011			2010		
	Within 1 year £'000	Between 2 - 5 years £'000	After 5 years £'000	Within 1 year £'000	Between 2 - 5 years £'000	After 5 years £'000
Land and buildings	199	123	2	219	109	3
Motor vehicles	–	–	–	–	6	–
Other equipment	–	69	12	–	57	–
	<b>199</b>	<b>192</b>	<b>14</b>	<b>219</b>	<b>172</b>	<b>3</b>

**6. SUBSIDIARY UNDERTAKINGS**

The results of the wholly-owned subsidiary undertakings John Grooms (JG), The Shaftesbury Society (TSS), Livability Icanho Limited (LIL), Livability Contracting Services Limited (LCSL) and Livability Ireland (LI) (a company registered in Ireland that includes the results of the Charity's overseas division) have been consolidated within the SOFA. The results and net assets of the trading subsidiaries are summarised as follows:

	2011 JG £'000	2011 TSS £'000	2011 LIL £'000	2011 LCSL £'000	2011 LI £'000
Turnover or incoming resources	–	1	795	–	141
Operating profit or net incoming / (outgoing) resources	(347)	(124)	–	–	(117)
Unrealised gains / (losses)	(18)	10	–	–	–
Transfer to the Charity	(395)	(592)	–	–	–
Aggregate assets	350	2,375	740	73	48
Aggregate liabilities	–	(448)	(738)	(73)	(5)
Aggregate net assets	<b>350</b>	<b>1,927</b>	<b>2</b>	<b>–</b>	<b>43</b>

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

**7. EMPLOYEES**

	<b>Group 2011 FTE</b>	<b>Group 2010 FTE</b> Restated*
Nursing, care services & ancillary staff	1,070	1,093
Teachers and lecturers	58	60
Community Mission and Link Churches	17	17
Central Office and administration	55	50
Fundraising and communications	20	20
	<u><b>1,220</b></u>	<u><b>1,240</b></u>
	<b>Group 2011 £'000</b>	<b>Group 2010 £'000</b>
Wages and salaries	25,193	24,747
Social security costs	1,943	1,879
Pension & other costs	1,878	2,261
	<u><b>29,014</b></u>	<u><b>28,887</b></u>

The employee numbers above, expressed as FTEs (full time equivalents), represent the number of staff employed averaged throughout the year.

The number of employees receiving remuneration in the following ranges was:

	<b>Group 2011 No. of employees</b>	<b>Group 2010 No. of employees</b>
£60,001 - £70,000	7	4
£70,001 - £80,000	6	3
£80,001 - £90,000	1	3
£90,001 - £100,000	–	1

Employers' pension contributions made on behalf of 13 of these employees totalled £80,901 in the year (2010: 11 employees £83,050).

Trustees receive no remuneration in respect of their services as Trustees of Livability. Travel and other out of pocket expenses were reimbursed to eight Trustees in the year to the value of £5,097 and costs of providing training to Trustees in relation to their duties were £2,347 (2010: seven Trustees to the value of £2,208; training costs of £nil).

Livability paid £6,083 in the year (2010: £6,083) to provide Indemnity Insurance for the Trustees.

\* The calculation of FTE has been revised in the year to more accurately reflect the number of hours worked compared to a normal working week.

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

**8. FIXED ASSETS**

All of the tangible assets shown below are used for direct charitable purposes.

**TANGIBLE ASSETS**

**Group**

	Freehold land & buildings	Long leasehold land & buildings	Short leasehold land & buildings	Furniture, fittings, vehicles, other	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 April 2010	45,089	364	595	7,407	53,455
Additions	1,080	–	–	640	1,720
Revaluation	3,893	–	–	–	3,893
Disposals	(1,753)	–	–	(9)	(1,762)
Transfer to investment property	(885)	–	–	–	(885)
Transfer to current assets	(1,025)	–	–	–	(1,025)
<b>At 31 March 2011</b>	<b>46,399</b>	<b>364</b>	<b>595</b>	<b>8,038</b>	<b>55,396</b>
<b>Depreciation</b>					
At 1 April 2010	1,132	25	264	6,039	7,460
Charged in year	313	5	43	508	869
Impairment	497	–	–	–	497
Revaluation	(541)	–	–	–	(541)
Disposals	(33)	–	–	(8)	(41)
Transfer to current assets	(5)	–	–	–	(5)
<b>At 31 March 2011</b>	<b>1,363</b>	<b>30</b>	<b>307</b>	<b>6,539</b>	<b>8,239</b>
<b>Net book value</b>					
<b>At 31 March 2011</b>	<b>45,036</b>	<b>334</b>	<b>288</b>	<b>1,499</b>	<b>47,157</b>
<b>At 31 March 2010</b>	<b>43,957</b>	<b>339</b>	<b>331</b>	<b>1,368</b>	<b>45,995</b>

Properties have been transferred to investment property when they cease to be used for the operational purposes of the Charity and are retained for their rental income or capital appreciation potential.

Properties identified as surplus to operational requirements and that are being marketed for disposal are transferred to current assets in accordance with the accounting policies.

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

**8. FIXED ASSETS (cont'd)**

**TANGIBLE ASSETS**

**Charity**

	<b>Freehold land &amp; buildings</b>	<b>Long leasehold land &amp; buildings</b>	<b>Short leasehold land &amp; buildings</b>	<b>Furniture, fittings, vehicles, other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>					
At 1 April 2010	<b>42,207</b>	<b>364</b>	<b>510</b>	<b>7,363</b>	<b>50,444</b>
Additions	1,080	–	–	638	1,718
Disposals	(558)	–	–	(9)	(567)
Revaluation	3,420	–	–	–	3,420
Transfer from predecessor charities	1,000	–	–	–	1,000
Transfer to investment property	(885)	–	–	–	(885)
Transfer to current assets	(1,025)	–	–	–	(1,025)
<b>At 31 March 2011</b>	<b>45,239</b>	<b>364</b>	<b>510</b>	<b>7,992</b>	<b>54,105</b>
<b>Depreciation</b>					
At 1 April 2010	<b>1,042</b>	<b>25</b>	<b>248</b>	<b>6,031</b>	<b>7,346</b>
Charged in year	307	5	35	503	850
Impairment	155	–	–	–	155
Revaluation	(488)	–	–	–	(488)
Disposals	(16)	–	–	(8)	(24)
Transfer from predecessor charities	13	–	–	–	13
Transfer to current assets	(5)	–	–	–	(5)
<b>At 31 March 2011</b>	<b>1,008</b>	<b>30</b>	<b>283</b>	<b>6,526</b>	<b>7,847</b>
<b>Net book value</b>					
<b>At 31 March 2011</b>	<b>44,231</b>	<b>334</b>	<b>227</b>	<b>1,466</b>	<b>46,258</b>
<b>At 31 March 2010</b>	<b>41,165</b>	<b>339</b>	<b>262</b>	<b>1,332</b>	<b>43,098</b>

Certain properties had been retained in Livability's predecessor charities, John Grooms and The Shaftesbury Society, until the legal requirements for transfer were resolved. In respect of these properties the legal requirements for transfer have been completed in the year and the properties transferred from those charities at the values shown above.

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

**8. FIXED ASSETS (cont'd)**

The Group's freehold land & buildings comprise:

	Unrestricted Funds	Restricted Funds	Permanent Endowment Funds	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 April 2010	41,176	129	3,784	45,089
Additions	1,080	–	–	1,080
Revaluation	2,181	111	1,601	3,893
Disposals	(959)	–	(794)	(1,753)
Transfer to investment property	(365)	–	(520)	(885)
Transfer to current assets	(1,025)	–	–	(1,025)
<b>At 31 March 2011</b>	<b>42,088</b>	<b>240</b>	<b>4,071</b>	<b>46,399</b>
<b>Depreciation</b>				
At 1 April 2010	1,081	8	43	1,132
Charged in year	259	3	51	313
Impairment	369	–	128	497
Revaluation	(463)	(11)	(67)	(541)
Disposals	(20)	–	(13)	(33)
Transfer to current assets	(5)	–	–	(5)
<b>At 31 March 2011</b>	<b>1,221</b>	<b>–</b>	<b>142</b>	<b>1,363</b>
<b>Net book value</b>				
<b>At 31 March 2011</b>	<b>40,867</b>	<b>240</b>	<b>3,929</b>	<b>45,036</b>
<b>At 31 March 2010</b>	<b>40,095</b>	<b>121</b>	<b>3,741</b>	<b>43,957</b>

All of the tangible assets shown above are used for direct charitable purposes.

Fixed assets include properties revalued as disclosed in the accounting policies. The cost and revaluation amount of freehold property assets is shown below.

	<b>Total £'000</b>
Cost of assets revalued	31,792
Assets under uniting directions	4,071
Revaluation	10,536
Market value at 31 March 2011	<b>46,399</b>

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

**8. FIXED ASSETS (cont'd)**

The Charity's properties are revalued over a rolling five year cycle. A number of different professional firms with appropriate specialist knowledge were engaged for the valuations carried out in the year ended 31 March 2011. A review of these valuations, along with the carrying values of properties not subject to professional revaluation, was undertaken at 31 March 2011 by Hilbery Chaplin Chartered Surveyors with adjustments made to carrying values where considered material.

The central office property at 50 Scrutton Street (included in freehold land and buildings) is subject to a shared interest with Habinteg Housing Association Ltd. At the date of approval of the Accounts, the Trustees have authorised the purchase of Habinteg's interest in this property, as indicated in Note 21.

**9. TRUSTS**

With the exceptions of the Samuel Hale Bibby Endowment Fund (SHBEF) and the Platt Mission (where Livability acted Co-Trustee with a former Livability Trustee by virtue of the provisions of the founding trust deed) Livability acted as Sole Corporate Trustee for the following Trusts during the year and in accordance with uniting directions given under Section 96(5) of the Charities Act 1993 by the Charity Commission, the results for the Trusts are amalgamated with the results of Livability. A summary of the objects, and the relationship to Livability, of each Trust is shown in the table below. SHBEF is included because it is consolidated with the Shaftesbury results (for further information see the section under the heading Accounting Basis in the accounting policy note). Livability also acts as a custodian Trustee of Kilburn Evangelical Free Church and sole Corporate Trustee of the David Livingstone Charity for Handicapped Young People. The funds of this small Charity are not consolidated there being no uniting direction in place.

<b>Trust</b>	<b>Commonly known as</b>	<b>Objects</b>
Chiswick Mission	Chiswick	To promote local mission purposes
Highway Evangelical Church (Stratford)	Highway	To promote local church and mission purposes
Marsh Street Mission (Walthamstow)	Marsh Street	To promote local mission purposes
The Coney Hill Will	Coney Hill Will	To promote the education and welfare of children and young persons
The Shaftesbury Welcome Mission (Battersea)	Welcome	To promote local mission and community purposes
Samuel Hale Bibby Endowment Fund	SHBEF	To advance the education of children and young persons with physical disabilities
The Shaftesbury Development Fund	Shaftesbury Development	To apply income to the general purposes of Livability
The Beddington Fund	Beddington	To benefit children and young persons by ministering to their needs; aiding their advancement in life; establishing, taking over and maintaining homes; generally promoting their education and welfare
Platt Mission, Putney	Platt	To promote local mission purposes and the religious education of children and young people

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

**9. TRUSTS (cont'd)**

A summary of the Financial Results of each trust is laid out below:

	Income	Expenses	Net surplus/ (deficit)	Unrealised gains	Net increase/ (decrease)	Funds b/fwd	Funds c/fwd
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chiswick	–	(5)	(5)	96	91	459	550
Highway	50	(68)	(18)	898	880	977	1,857
Marsh St.	–	(132)	(132)	–	(132)	433	301
Coney Hill Will	–	–	–	–	–	26	26
Welcome	2	(8)	(6)	282	276	406	682
SHBEF	2	(83)	(81)	–	(81)	1,323	1,242
Shaftesbury Development	14	(2)	12	13	25	421	446
Beddington	–	–	–	2	2	27	29
Platt	–	(1)	(1)	395	394	135	529
	<b>68</b>	<b>(299)</b>	<b>(231)</b>	<b>1,686</b>	<b>1,455</b>	<b>4,207</b>	<b>5,662</b>

**10. INVESTMENTS**

	Group 2011 £'000	Group 2010 £'000	Charity 2011 £'000	Charity 2010 £'000
<b>Securities market value</b>				
At 1 April	760	582	745	570
Additions	10	7	10	7
Revaluations	50	171	50	168
<b>At 31 March</b>	<b>820</b>	<b>760</b>	<b>805</b>	<b>745</b>
<b>UK</b>				
Treasury Deposits	4			
Equities	674			
Overseas equities	67			
Giving by Lending deposit fund	74			
Unlisted	1			
	<b>820</b>			

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

**10. INVESTMENTS (cont'd)**

	<b>Group 2011 £'000</b>	<b>Group 2010 £'000</b>	<b>Charity 2011 £'000</b>	<b>Charity 2010 £'000</b>
<b>Investment properties</b>				
At 1 April	455	455	455	455
Transfers from fixed assets	885	–	885	–
Revaluations	500	–	500	–
<b>At 31 March</b>	<b>1,840</b>	<b>455</b>	<b>1,840</b>	<b>455</b>
<b>Other investments</b>				
Listed investments	819	759	804	744
Unlisted investments	1	1	1	1
Mortgage loan	20	20	20	20
<b>Total investments</b>	<b>2,680</b>	<b>1,235</b>	<b>2,665</b>	<b>1,220</b>
<b>Analysis of movement on investments</b>				
	<b>Group 2011 £'000</b>	<b>Group 2010 £'000</b>	<b>Charity 2011 £'000</b>	<b>Charity 2010 £'000</b>
At 1 April	1,235	1,057	1,220	1,045
Additions	10	7	10	7
Transfers from fixed assets	885	–	885	–
Revaluation gains	550	171	550	168
<b>At 31 March</b>	<b>2,680</b>	<b>1,235</b>	<b>2,665</b>	<b>1,220</b>

Of the investments above, the cost of investment properties is £960,000 (2010: £291,000), while the cost of listed investments is £445,000 (2010: £445,000). Properties no longer used for operational purposes but held to generate rental income and potential capital growth have been transferred to investment properties in the year.

**11. STOCKS**

	<b>Group 2011 £'000</b>	<b>Group 2010 £'000</b>	<b>Charity 2011 £'000</b>	<b>Charity 2010 £'000</b>
Plants	27	27	27	27
Food	4	4	4	4
Bar	1	1	1	1
	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

**12. TANGIBLE ASSETS FOR DISPOSAL**

	<b>Group 2011 £'000</b>	<b>Group 2010 £'000</b>	<b>Charity 2011 £'000</b>	<b>Charity 2010 £'000</b>
Freehold land and buildings	1,020	–	1,020	–

Assets surplus to requirements and being actively marketed for sale are transferred to current assets at the lower of carrying value or net realisable value.

**13. DEBTORS**

	<b>Group 2011 £'000</b>	<b>Group 2010 £'000</b>	<b>Charity 2011 £'000</b>	<b>Charity 2010 £'000</b>
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR:</b>				
Trade debtors and fees receivable	1,089	1,379	1,085	1,355
Other debtors	452	521	436	498
Prepayments and accrued income	465	563	465	563
Short term loans	30	24	30	24
	<b>2,036</b>	<b>2,487</b>	<b>2,016</b>	<b>2,440</b>

**14. CREDITORS**

	<b>Group 2011 £'000</b>	<b>Group 2010 £'000</b>	<b>Charity 2011 £'000</b>	<b>Charity 2010 £'000</b>
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR:</b>				
Trade creditors	853	890	838	875
Accruals and deferred income	1,495	931	757	931
Taxes and social security	576	543	576	543
Other creditors	625	719	697	671
Bank loans	148	147	148	147
Amount due to a Trust	–	–	1,229	461
Amount due to group entities	–	–	1,397	523
Trust loans	5	5	5	5
	<b>3,702</b>	<b>3,235</b>	<b>5,647</b>	<b>4,156</b>

	<b>Group 2011 £'000</b>	<b>Group 2010 £'000</b>	<b>Charity 2011 £'000</b>	<b>Charity 2010 £'000</b>
<b>FALLING DUE AFTER MORE THAN ONE YEAR:</b>				
Bank loans	1,957	2,093	1,957	2,093
Deferred income	83	89	83	89
	<b>2,040</b>	<b>2,182</b>	<b>2,040</b>	<b>2,182</b>

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

**14. CREDITORS (cont'd)**

**Bank loans**

The Charity had five loan facilities in place at the balance sheet date.

1. The first facility comprises four separate loans at an interest rate of 1.375% over Barclays Bank Base Rate. The loans are secured by means of a fixed charge over three of the Charity's properties.
2. The second facility is a loan secured on certain of the Charity's properties. The interest rate on the loan is 1.2% over LIBOR.
3. The third facility is a mortgage secured on one of the Charity's residential care homes. The mortgage attracts an interest rate of 1.2% over LIBOR but the arrangement is subject to a "cap and collar", with the cap rate set at 7.75% and collar at 6.55%.
4. The fourth facility is a 20-year mortgage repayable in monthly instalments at an interest rate of 1.25% above the Barclays Lending Rate, secured by a first charge over one of the Charity's properties.
5. The fifth facility is a loan from Futurebuilders England (now the Social Investment Business) drawn in the year and repayable over the period to April 2022. This loan carries interest at 6% per annum.

The loans are repayable by instalments as follows:

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Within 1 year	148	147
1-2 years	148	147
2-5 years	389	487
Due after 5 years	1,420	1,459
	<u>1,420</u>	<u>1,459</u>

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

**15. PROVISIONS**

<b>Group:</b>	<b>Site equity £'000</b>	<b>Part-time workers' pension claims liability £'000</b>	<b>Total £'000</b>
<b>Falling due within one year:</b>			
At 1 April 2010	80	76	156
Net movement	–	–	–
<b>At 31 March 2011</b>	<b>80</b>	<b>76</b>	<b>156</b>
<b>Falling due after one year:</b>			
At 1 April 2010	448	–	448
<b>At 31 March 2011</b>	<b>448</b>	<b>–</b>	<b>448</b>

All the above provisions are included in the Charity with the exception of the long-term site equity provisions of £448,000 which are held by a subsidiary, along with the related assets.

Provisions for site equity have been made where other agencies or individuals hold equity stakes in the Charity's property. The equity stakes will be released on sale of the property. Where the decision to sell can be made by a third party, the liability has been recognised as a short-term liability. Where the Charity has sole control of the decision, the liability is recognised as a long-term one.

The Charity has provided for claims from part-time workers for back-dated pension costs. Up to 31 March 1996, under then Shaftesbury policy, part-time workers were ineligible to join the Shaftesbury Pension Scheme. Legislation has now indicated that the exclusion of part-time workers may have been incorrect. Accordingly provision has been made for the costs of back-dating pension provision for potential claimants. £76,000 has been provided for claim costs.

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

**16. RESTRICTED FUNDS**

	Balance at 1 April 2010	Incoming resources	Outgoing resources	Transfers between funds	Unrealised gains	Balance at 31 March 2011
	£000	£000	£000	£000	£000	£000
<b>Specific Project Funds</b>						
Education Services for Disabled Adults	1,981	809	(150)	(431)	–	2,209
Holidays / Lifestyle workers / others	1,004	274	(246)	(26)	122	1,128
Community Mission	181	199	(152)	(28)	–	200
Overseas	103	3	(5)	–	–	101
Giving by Lending	113	85	(123)	–	–	75
F Clements Trust Fund	57	–	–	–	–	57
Faith Training Centre	22	–	–	–	–	22
Kingsley Hall	48	2	(1)	–	–	49
	21	88	(83)	(8)	–	18
<b>Total Restricted Funds</b>	<b>3,530</b>	<b>1,460</b>	<b>(760)</b>	<b>(493)</b>	<b>122</b>	<b>3,859</b>

Name of Fund	Description, nature and purpose of Fund
Giving by Lending	Monies received from individuals
F Clements Trust Fund	Income from this fund is to support the Charity's general activities
Education	Various funds received to support individual educational establishments
Adult Support	Various funds received to support individual adult support establishments
Community Mission	To support the work of the community mission team and the link churches
Faith Training Centre	To support the work of the Faith Horticultural Centre
Holidays/Lifestyle workers/others	Various funds to support the work of our holiday, lifestyle and other operations
Overseas	Various funds to support our overseas work
Kingsley Hall	To support the work of Kingsley Hall Community Centre and the pre-school

The transfers above represent the costs of purchasing fixed assets with restricted funds and in Kingsley Hall the transfer of a contribution to the running costs of the Church facilities from restricted funds.

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

**17. UNRESTRICTED FUNDS**

	Balance at 1 April 2010 £'000	Net Incoming/ (outgoing) resources £'000	Transfers £'000	Other gains and losses £'000	Balance at 31 March 2011 £'000
Property Fund	28,104	–	117	–	28,221
Revaluation Fund	8,819	–	(911)	2,644	10,552
Equipment Fund	1,368	–	131	–	1,499
Cyclical Maintenance Fund	1,906	–	–	–	1,906
<b>Total Designated Funds</b>	<b>40,197</b>	<b>–</b>	<b>(663)</b>	<b>2,644</b>	<b>42,178</b>
General Funds	3,687	(730)	1,156	532	4,645
<b>Unrestricted Funds before Pension Liability</b>	<b>43,884</b>	<b>(730)</b>	<b>493</b>	<b>3,176</b>	<b>46,823</b>
Pension Reserve	(10,125)	535	–	2,795	(6,795)
<b>Total Unrestricted Funds</b>	<b>33,759</b>	<b>(195)</b>	<b>493</b>	<b>5,971</b>	<b>40,028</b>

Name of fund	Description, nature and purpose of Fund
Property Fund	Represents the total amount (at cost or valuation, less depreciation and unamortised government grants and direct borrowings) invested in freehold and leasehold properties used for the functional purposes of the Charity.
Revaluation Fund	Represents the increase or (decrease) in the value of the Charity's property assets.
Equipment Fund	Represents the total amount at cost or valuation, less depreciation and unamortised government grants and direct borrowing, invested in fixtures and fittings and motor vehicles used for the functional purposes of the Charity.
Cyclical Maintenance Fund	Represents monies set aside for the cost of major cyclical repairs for all significant properties (apart from horticultural buildings and mobile homes). The future cost of repair and replacement of major items is estimated and set aside over the repair or replacement period.
General Funds	Represents undesignated monies retained to provide the working capital to enable the Charity to carry out its activities.
Pension Reserve	Represents the deficit on the Charity's defined benefit pension schemes.

Funds balances include £880,000 of investment asset revaluation reserve (2010: £162,000).

**18. ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS**

	General £'000	Designated £'000	Pension £'000	Restricted £'000	Permanent Endowment £'000	Total Funds £'000
Tangible fixed assets	–	42,988	–	240	3,929	47,157
Investments	865	905	–	–	910	2,680
Cash	4,322	1,001	–	3,619	823	9,765
Other current assets	3,088	–	–	–	–	3,088
Current liabilities	(3,630)	(228)	–	–	–	(3,858)
Long-term liabilities	–	(2,488)	(6,795)	–	–	(9,283)
<b>Funds at 31 March 2011</b>	<b>4,645</b>	<b>42,178</b>	<b>(6,795)</b>	<b>3,859</b>	<b>5,662</b>	<b>49,549</b>

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

**19. RELATED PARTY TRANSACTIONS**

There have been no related party transactions in the year (2010: Nil).

**20. PARENT CHARITY RESULTS**

As permitted by section 480 of the Companies Act 2006 and the provisions of paragraph 397 of the Charities SORP 2005, no separate Statement of Financial Activities is presented for the parent charity, Livability. In the year ended 31 March 2011, the individual results of Livability were:

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Income	39,453	41,403
Expenditure	(38,671)	(39,204)
Unrealised gains / (losses)	7,297	(3,807)
<b>Total surplus / (deficit)</b>	<b>8,079</b>	<b>(1,608)</b>
Transfers from predecessor charities	987	–
<b>Net increase / (decrease) in funds</b>	<b>9,066</b>	<b>(1,608)</b>

**21. CAPITAL COMMITMENTS**

There were £337,000 of outstanding capital commitments at 31 March 2011 (2010: none). Capital expenditure totalling £1.6m had been approved but not contracted for (2010: £555,000), including £1.2m for the acquisition of Habinteg's interest in the Central Office property at Scrutton Street.

**22. PENSIONS**

The Charity contributes to five staff pension schemes:

- A Group Personal Pension Plan, a defined contribution scheme operated by Aegon Scottish Equitable which all permanent non-bank employees of Livability, who have successfully completed their probationary period of employment, are eligible to join.
- The Shaftesbury Society defined benefit scheme ("TSS scheme") which was closed to new members and further service accrual in June 2007. This scheme is administered by The Pensions Trust.
- The John Grooms Pension and Assurance Scheme ("JGPAS"), a defined benefit scheme, which had been closed to new members some years ago, was closed to further service accrual in June 2007. This scheme is administered by Punter Southall.
- The Teachers' Pension Scheme (a multi-employer defined benefit scheme) of which teaching staff are eligible to be members, and to which the Charity contributes at a rate fixed by the Fund actuaries.
- The Pensions Trust Growth Plan. There are two active members of this scheme which is closed to further benefit accrual; contributions are made at the minimum level required to maintain membership of the scheme. Withdrawal from the scheme would trigger a liability estimated at 31 March 2011 at £600,000. There is no intention to withdraw from the scheme and therefore this liability is not recognised in the Accounts at 31 March 2011.

While the TSS scheme and JGPAS were closed in June 2007, members who were employed at the closure date retain a link between their salary and benefits payable until their retirement or their earlier date of leaving employment.

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

### 22. PENSIONS (cont'd)

The cost of employer contributions to the Scottish Aegon plan and the Teachers' Pension Scheme was £1,174,000 in the year (2010: £1,196,000). There are no prepaid contributions in respect of any of the schemes at the balance sheet date. The deficits in the defined benefit schemes have reduced significantly on the FRS 17 measure since last year, mainly due to higher rates used to value future liabilities in today's money, which have reduced the valuation of the liabilities of the schemes, and the TSS scheme basis for calculating increases in pensions in payment having changed from one based on the Retail Prices Index (RPI) to one based on the Consumer Prices Index (CPI).

Livability Housing (formerly John Grooms Housing Association) was a participating employer in JGPAS. In February 2010, Livability Housing merged with Habinteg. As part of the merger the liabilities relating to employment with Livability Housing have been replaced with an insurance-backed scheme, with this arrangement being concluded in the year ended 31 March 2011. This does not affect the rights of the pensioners, the assets or the liabilities of JGPAS relating to employment within Livability or the predecessor employer, John Grooms.

The defined benefit schemes are both contracted-out of the State Second Pension Scheme (S2P) and their assets are held separately from those of the Charity. Contributions to the schemes were agreed with the schemes' Trustees, in accordance with the agreed Technical Provision and Recovery Period agreed for each scheme.

The subsequent disclosures combine data for both schemes where possible and reflect only Livability's share of the JGPAS assets, liabilities and transactions.

The latest triennial valuation of the TSS scheme as at 30 September 2009 was updated to 31 March 2011 by an independent qualified actuary in accordance with FRS 17. The recovery contribution made to the TSS scheme by the employer in the year was £441,000 as set out in the deficit recovery plan agreed at the previous formal valuation, plus administration expenses of £107,000. As a result of the 2009 triennial valuation the Trustees of the TSS scheme and Livability have agreed that contributions to the scheme increase to £811,000 per year.

A full actuarial valuation of JGPAS was carried out as at 31 March 2009 and updated to 31 March 2011 by an independent qualified actuary. The recovery contribution made to the Scheme by the Employer in the year was £369,000, plus administration expenses of £124,000. Recovery contributions of £400,000 per annum (payable in quarterly instalments until 1 October 2022) are currently paid to address the deficit calculated at the last formal valuation with an additional contribution payable of £2,500 for each 0.1% that the average growth in Pensionable Salary for quasi-deferred members exceeds inflation in any Scheme year ending 31 March.

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

**22. PENSIONS (cont'd)**

The principal assumptions used by the actuaries were (in nominal terms):

	<b>At 31 March 2011</b>	<b>At 31 March 2010</b>
Discount rate	5.75%	5.70%
Rate of increase in salaries	3.30%	3.50%
Inflation assumption		
CPI	2.70%	N/A
RPI	3.30%	3.50%
<b>Pension increases:</b>		
<i>The Shaftesbury Society scheme</i>		
Pension accrued pre 6/4/05	2.70%	3.40%
GMP accrued post 5/4/05	2.00%	2.30%
Excess accrued post 5/4/05	3.30%	3.50%
<i>The John Grooms Pension and Assurance Scheme</i>		
Pre 94 Pension	5.00%	5.00%
Post 94 GMP	2.55%	2.70%
Post 94 Excess	3.20%	3.40%
<b>Assumed life expectancies in years on retirement at age 65 are:</b>		
Retiring today		
Males	21.1 – 21.4	20.4
Females	23.7 – 23.1	22.9
Retiring in 20 years time		
Males	23.0 – 23.3	21.7
Females	25.6 – 25.7	24.1

The assumptions used in determining the overall expected return of the scheme have been set with reference to yields available on government bonds and appropriate risk margins.

The mortality assumptions used in the valuation of both schemes were the SAPS All Pensioners using Medium Cohort mortality improvement based on year of birth, with a 0.5% minimum improvement. The JGPAS mortality assumptions were varied by the BeLonG study prepared for the scheme.

The assets in the schemes and the expected rates of return were:

	<b>Long-term rate of return expected at 31 March 2011</b>	<b>Value at 31 March 2011 £'000</b>	<b>Long-term rate of return expected at 31 March 2010</b>	<b>Value at 31 March 2010 £'000</b>
Equity	8.00% - 8.40%	14,235	8.40%	13,671
Bonds	4.20% - 5.75%	11,113	4.60% - 5.70%	9,767
Property	7.40%	1,104	7.40%	1,019
Cash and current liabilities	0.50%	(59)	0.50%	151
<b>Fair value of scheme assets</b>		<b><u>26,393</u></b>		<b><u>24,608</u></b>
<b>The actual return on assets over the period was</b>		<b><u>1,754</u></b>		<b><u>5,422</u></b>

The amounts recognised in the balance sheet are as follows:

Present value of scheme liabilities	(33,188)	(34,733)
Fair value of scheme assets	<u>26,393</u>	<u>24,608</u>
<b>Deficit and net pension liability recognised</b>	<b><u>(6,795)</u></b>	<b><u>(10,125)</u></b>

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

**22. PENSIONS (cont'd)**

**Reconciliation of opening and closing balances of the present value of the scheme liabilities**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
		Restated*
Liabilities at beginning of year	34,733	26,382
Current service cost	244	256
Interest cost	1,959	1,740
Actuarial (gain) / loss	(2,338)	7,486
Benefits paid	(1,410)	(1,131)
<b>Liabilities at end of year</b>	<b>33,188</b>	<b>34,733</b>

**Reconciliation of opening and closing balances of the fair value of scheme assets**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
		Restated*
Fair value of scheme assets at beginning of year	24,608	19,108
Expected return on scheme assets	1,697	1,159
Actuarial gain	457	4,509
Contributions by employers	1,041	963
Benefits paid	(1,410)	(1,131)
<b>Fair value of scheme assets at end of year</b>	<b>26,393</b>	<b>24,608</b>

**Recognised gains and losses in the Statement of Financial Activities**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Actuarial gains / (losses)	2,795	(2,977)
Impact of surplus restriction	-	-
<b>Total</b>	<b>2,795</b>	<b>(2,977)</b>

**History of scheme assets, obligations and experience adjustments**

	<b>At</b>	<b>At</b>	<b>At</b>	<b>At</b>	<b>At</b>
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>Restated*</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Present value of scheme liabilities	(33,188)	(34,733)	(26,382)	(27,178)	(30,352)
Fair value of scheme assets	26,393	24,608	19,108	23,228	23,307
<b>Deficit in the schemes</b>	<b>(6,795)</b>	<b>(10,125)</b>	<b>(7,274)</b>	<b>(3,950)</b>	<b>(7,045)</b>
Experience adjustments arising on scheme liabilities	(1,558)	(384)	92	22	(691)
Experience item as a percentage of scheme liabilities	(5)%	(1)%	0%	0%	(2)%
Changes in assumptions underlying the present value of scheme liabilities	3,896	(7,102)	1,775	4,545	944
Changes in assumptions as a percentage of scheme liabilities	12%	(20)%	7%	17%	3%
Experience adjustments arising on scheme assets	457	4,509	(5,711)	(2,123)	(158)
Experience item as a percentage of scheme assets	2%	18%	(30)%	(9)%	(1)%

\* Closing scheme assets and liabilities at 31 March 2010 and the movements for the year then ended have been restated to take account of £182,000 of payments of benefits and operating expenses that were not reflected in the asset and liability movements for that year. The restatement has no effect on the reported values of the closing net deficits in the schemes, nor on the items included in the SOFA whether shown within resources expended or unrealised gains and losses.

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

**22. PENSIONS (cont'd)**

**Analysis of the amount charged to net incoming/(outgoing) resources**

	<b>Year ended 31 March 2011 £'000</b>	<b>Year ended 31 March 2010 £'000</b>
Current service cost	244	256
Expected return on pension scheme assets	(1,697)	(1,159)
Interest on pension scheme liabilities	1,959	1,740
<b>Total cost</b>	<b>506</b>	<b>837</b>

**Contributions and administration fees payable in the year ending 31 March 2012 are expected to be:**

	<b>Year ending 31 March 2012 £'000</b>
The Shaftesbury Society scheme	811
John Grooms Pension and Assurance Scheme	565
	<b>1,376</b>

**23. POST BALANCE SHEET EVENTS**

One material event has taken place between the end of the financial year and the approval of the Accounts by the Board, this being the completion of sale of the assets shown as Fixed Assets Held for Disposal, for a consideration at or above the carrying amounts shown in these Accounts.

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

**LIVABILITY INFORMATION  
STRUCTURE, GOVERNANCE AND MANAGEMENT**

**PATRON**

Her Royal Highness, The Princess Royal

**VICE PATRONS**

Baron Green of Hurstpierpoint

Lady Hobson MBE

**LIFE PRESIDENTS**

Sir Ron Hobson KCVO

Mr David Thompson LLB OBE

**PRESIDENT**

Baroness Howarth of Breckland OBE

**VICE-PRESIDENTS**

Rt Revd Dr T Butler MSc PhD LLD DSc

The Bishop of London, The Rt Revd and Rt Hon R J Chartres DDF SA

Mr Michael Edgar MA MChir RCS

Mrs Pamela Farrell Tredinnick OBE

Prof Ram Gidoomal CBE FRSA CCMl

Mr Robert Hodge

The Most Reverend and Rt Hon D M Hope, Baron Hope of Thornes, FRCP MA DPhil DD LLD

Mr John Hughesdon

Mr Roy McCloughry BSc (Econ) MSc

Professor Lord McColl of Dulwich CBE

Mr Robert Powell

Ms Esther Rantzen CBE

Ms Pam Rhodes

The Revd Canon Roger Royle

Lady Wilkins

The Archbishop of Canterbury, The Most Revd R D Williams MA DPhil DD FBA

**Trustees**

Leonard J H Beighton\* CB MA, Chair of Education Oversight Sub-Committee

Martin Bradford\* FCA

Chris Carr BSc FCA CF, Chair of Fundraising and Marketing Sub-Committee

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

Kate Clare BEd Dip Ed NPQH PDD (Appointed on 2<sup>nd</sup> June 2011)

Anne-Marie Costigan RGN DMS Cert in Ed

Jenny Edwards RSCN SRN NNEB

Peter N Griffiths\* BSc (Econ) FCA, Vice Chair of the Board of Trustees, Honorary Treasurer, Chair of Finance and General Purposes Sub-Committee

David J Harmer (Resigned on 19<sup>th</sup> October 2010)

Keith Hickey BSc (Hons) MSc FCCA DChA

Baroness Howarth of Breckland OBE (Resigned as Chair of Trustees on 10<sup>th</sup> February 2011)

Paula Kerr MSc BSc, Chair of SDA Oversight Committee (Appointed Chair of Trustees on 10<sup>th</sup> February 2011)

Agnita Oyawale MA BD (Hons) AKC PGCE

Rodger Scott

Dawn Sugden\* LLB

Non-Trustee Independent Chair of Audit Sub-Committee – Alastair J C Collett LLB

\*Trustee Members of the Audit Sub-Committee

## **SENIOR OFFICERS**

### **Chief Executive**

Mike Smith BA MSc MCIPD OBE (Appointed 11<sup>th</sup> November 2010) (Mary Bishop MBA BSc (Hons) CQSW FRSA resigned in September 2010)

### **Director of Operations**

Dave Webber Dip MS (Appointed Director of Operations on 1<sup>st</sup> April 2011. Previously Director of Services for Disabled Adults)

### **Director of Community Mission**

Adam Bonner BA (Hons) (Appointed 18<sup>th</sup> October 2010) (Jon Kuhrt BA (Hons) resigned on 30<sup>th</sup> June 2010)

### **Director of Fundraising**

Vacant  
(John Chamberlain BA (Hons) MIOF resigned on 30<sup>th</sup> May 2011 as Director of Fundraising and Marketing)

### **Director of Education#**

Mark Hughes MA BEd (Resigned on 31<sup>st</sup> August 2010)

### **Director of Human Resources**

Anne Strach MA BA (Hons) FCIPD

### **Director of Finance and ICS**

Jackie Bliss BA (Hons) ACA

### **Company Secretary and Director of Secretariat and Estates**

Michael Langworth BSc (Econ) (Hons) ACIS

# This post has been dissolved

Notes to the consolidated financial statements for the year ended 31 March 2011 cont'd

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Website: [www.livability.org.uk](http://www.livability.org.uk)



**'I learned to be independent  
at Hinwick Hall College'**

**Louise, former Hinwick Hall College  
student**



**'I love coming here. I've  
done two carriage-driving  
exams already'**

**Nigel, supported by Lifestyle Choices  
Dorset**

**'Doing my own laundry is  
one way I've gained more  
independence this year'**

**Suzanne, supported by Lifestyle  
Choices North**





**livability**  
Choices for disabled people

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Email [info@livability.org.uk](mailto:info@livability.org.uk)

Patron **HRH The Princess Royal**

Charity registration no. 1116530  
Company registration no. 5967087

Livability is the new face of John Grooms and the Shaftesbury Society