



## Livability's Strategic Report and Accounts



## ANNUAL REPORT 2015-16



## **LIVABILITY**

### **Annual Report and Accounts 2015-16**

Registered Charity 1116530

Company Registration Number 5967087

## A message from our Patron Her Royal Highness, The Princess Royal



BUCKINGHAM PALACE

For many people in our society, being able to take part and feel included in their community is difficult. From unemployment, poor education opportunities, or prejudices and lack of acceptance from others, there are multiple barriers to a flourishing life and community.

Livability is a charity that is committed to tackling such barriers, which so often impact disabled and vulnerable people the hardest. As Patron, I am proud to see how they have worked during 2015-2016 to bring people together and make community life more inclusive for the people they support. Last year, the charity has provided essential help and care through a range of disability and community projects.

- Disabled and vulnerable people were supported into employment through Livability's enterprise agency.
- A wellbeing and horticultural project in Dorset helped reduce social isolation amongst participants.
- Church leaders working in areas of deprivation were trained in mapping and responding to needs in their communities.
- A campaign to raise awareness for mental health was the topic of a national church conference.
- The charity also placed disability access in the workplace as the central priority of their national office relocation.

In the UK, 3.7 million people are living in families where at least one member is disabled and the family is in relative income poverty. The challenges and inequalities in our society are clear and continue to challenge us. Livability believe that every community is rich with people and strengths to make a difference.

I encourage you to join Livability's vision of creating a more livable community for all, and I thank you for any support you can give us.

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## **A Message from Livability's Chair of Trustees**

For over 160 years, Livability has been at the forefront of enabling people to live full and flourishing lives. From disability care provision, to promoting social inclusion and working to enhance community life – particularly in partnership with the church – Livability's work is impactful and far reaching.

Through all that we do, and shaped by our Christian ethos, we work to place the needs and gifts of the people we support at the centre. For so many people in our society, being able to take part in their community is difficult. Livability is a charity that is committed to not only meeting needs, but also tackling barriers to inclusion, which so often impact disabled and vulnerable people the hardest.

As we deliver this year's Annual Report, we celebrate all that Livability has achieved during 2015-16. The year has been one of excitement as we develop our vision for the future, pioneer new approaches and strategise for how we will scale our growth and impact.

The year has also been one of learning as, like other charities in the sector, we've faced head-on challenges exacerbated by the rapidly changing environment we operate within. With bold and ambitious plans to ensure our charity is at the cutting edge of operational delivery and social change, the year ahead will see us take important steps to gear up our charitable impact and management processes, to ensure that we are efficient and responsive.

On behalf of the board of trustees, we extend our sincere thanks and appreciation to the wonderful staff, volunteers, donors and service users of Livability.

Thank you for helping us to make community more livable for all those we serve.



**Caroline Armitage  
Chair of Trustees**

## A Message from Livability's Chief Executive

Our charity supports over 1,000 people every day. Our commitment is to do all we can to help them fulfil their potential and be fully integrated into their local community.

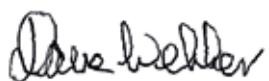
Along with the charity sector as a whole, Livability continues to work in a climate of austerity. 2015-16 has been a year in which we have learned a great deal about our organisation and the importance of driving key changes to ensure we are as efficient and effective as possible.

We are also living in a time of great change in social care provision. As public spending is squeezed and funding budgets are cut, we are determined to deliver high standards to those we serve. Disabled people shouldn't have to bear the brunt and lose out on the support they deserve.

Despite the challenges, the opportunity to drive innovation is also exciting. The UK is seeing a greater fusion, localisation and personalisation of its health and social care services.

Charities like ours must mobilise local people and resources around our services to work with us for lasting, positive transformation in our society.

Going forwards, Livability will keep pace with sector changes, responding and contributing to the conversation at both local and national level.



**Dave Webber**  
CEO

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## Trustees' Report

### Principal Activities, Core Values and Objects

Livability is a national Christian disability and community engagement charity. We deliver disability services, community projects, education and training resources that promote inclusion and wellbeing. We also share our expertise internationally. We are an enabling network, tackling barriers in society to make community livable for those we support. Created by a merger of The Shaftesbury Society and John Grooms, Livability has a 160-year track record in community and inclusion work.

#### Our Vision and Mission

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

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

**Values:** We value all people; work together; invest in our staff; exercise responsible stewardship; and challenge injustice.

#### Objects

Livability is established for the public benefit and for charitable purposes according to the laws of England and Wales. The Objects of the Charity 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; and
- 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.)

#### Ethos

- Livability derives its inspiration and values from the life and message of Jesus Christ and the Christian faith. We have a broad, generous and inclusive Christian ethos, welcoming people from all faiths and none to work together towards the good of the whole community.
- Our charity President is The Most Revd and Rt Hon Justin Welby, Archbishop of Canterbury.
- We actively partner with local churches as key agents of community change.

#### Activities

Our main areas of work include:

- 26 high quality residential care homes, three of which offer nursing care.
- Five domiciliary/Supported Living lifestyle services with an additional 10 services registered to provide care and support to the community.
- Brain injury and spinal cord injury rehabilitation services that operate in the UK and with overseas partners in Bangladesh, Nepal and Sri Lanka.
- High needs education through a school and a further education college, both with registered care provision.
- Business enterprise training and support for disabled people to set up and manage their own businesses.
- A community engagement team that works to raise awareness of disability issues within church audiences and more broadly to support communities tackle poverty and related social issues.
- Raising awareness of issues that are most important to disabled people and making sure that the voices of our disabled service users are heard.

## **Public Benefit**

The Trustees have complied with their duty to have regard to the public benefit guidance published by the Charity Commission in exercising powers and duties to which the guidance is relevant. In preparing this report and the accounts, the Trustees have demonstrated their compliance with the requirements set out in the guidance by:

- providing a review of the significant activities undertaken by the charity to carry out its purposes for the public benefit.
- providing details of purposes and objectives.
- providing details of the strategies adopted and activities undertaken to achieve the purposes and objectives.
- providing details of the achievements by reference to the purposes and objectives set.

## **Structure, Governance and Management**

Livability is a charity registered in England, number 1116530, and a company limited by guarantee registered in England and Wales, number 5967087. It is governed by its Articles of Association dated 7<sup>th</sup> November 2013. In the event of winding up, each Member's liability is limited to £1. Livability was established in 2007 as a merger of The Shaftesbury Society and John Grooms, creating the UK's largest Christian disability charity.

### **Group Structure**

Livability is the parent charity of a group of charities and operating companies.

Operating subsidiary charitable companies in the group are:

- **Prospects for People with Learning Disabilities**, providing adult social care and ministry support in the UK for people with learning disabilities (joined the group on 11<sup>th</sup> May 2016).
- **At Home in the Community**, providing adult social care and support for people with learning disabilities in the North East (joined the group on 11<sup>th</sup> May 2016 as a subsidiary of Prospects).
- **Kingsley Hall Church and Community Centre**, providing community services in Becontree, East London.
- **East Holton Charity**, a nature and wellness centre in Poole, Dorset.

Active subsidiary trading companies in the group are:

- **Livability Icanho Limited**, providing acquired brain injury rehabilitation services
- **Livability Contracting Services Limited**, providing construction services
- **Holton Lee Limited**, providing accommodation rentals and venue hire on the Holton Lee site in Dorset.

Livability and its subsidiary charities also include the assets, liabilities, funds, income and expenditure of a number of charitable trusts that are linked to the charitable companies in the group through linking directions from the Charity Commission. These charities are set out in note 7 to the accounts.<sup>1</sup>

## The Board of Trustees

The Board of Trustees is responsible for the governance of Livability and ensuring that its activities are within its charitable objects. It sets the strategic direction for the charity, the responsibility for the execution of which is delegated to the executive management of the charity through the Chief Executive Officer ("CEO").

The Trustees are non-executive directors who serve a maximum of three terms of three years. After a third term of office a sabbatical of one year is required before reappointment. Trustees are appointed by the Board of Trustees during the year and are reappointed at the charity's Annual General Meeting.

Trustees give their time voluntarily and receive no benefits from Livability. They are able to claim reasonable expenses in connection with their duties as Trustees as shown in note 20 to the accounts.

The Board has continued to appoint additional members during the year, bringing experience and relevant skills identified by the Trustees. All new trustees undertake a comprehensive induction process designed to enable them to contribute effectively as soon as possible. There is a programme of training and updates on current issues prior to each Board meeting. In addition there are two whole day meetings to consider matters of strategic significance.

The Board meets four times each year and delegates responsibility for oversight of key areas of activity to sub-committees and local boards of governors comprised of Trustees and other members, appointed for their particular expertise and knowledge.

The established sub-committees and their remits are:

- **Audit** – risk management, internal audit and external audit.
- **Finance and General Purposes** – all matters relating to finance, funding and fundraising, asset management, remuneration and information and communication systems. Also exercises Livability's role as a Corporate Trustee.
- **Safeguarding Board** – all safeguarding incidents relating to Livability's service users.
- **Services** – quality, performance and development of all services, including Community Engagement, and human resources; receives reports from the local governing bodies at Livability's education centres.

In addition, the Board establishes ad hoc advisory groups as necessary to inform policy in relation to specific areas of the charity's work.

## Chief Executive Officer

The CEO is responsible to the Board for the direction of the activities, the performance of Livability in meeting the strategic goals set by the Trustees and compliance with the policies set by the Board. The CEO and the Executive Directors of Operations, Resources, Public Engagement and Strategy Implementation, make up the Executive Team, responsible for strategic oversight and leadership of the charity.

## Senior Executive Pay

Livability's employees are pivotal to the provision of high quality services to its service user, student and client groups. We aim to attract and retain skilled employees required to deliver these services and to reward them equitably for the roles that they carry out. Senior pay levels reflect the size of the organization and the range of work carried out in health and social care with clinical and nursing service, education and professional support services. Livability has noted the recommendations of the report of the National Council for Voluntary Organisations into senior executive pay. The remuneration sub-committee of the Board has reiterated the policy of the charity to set pay levels in line with median pay rates for the sector. Note 6 to the accounts shows the numbers of employees earning more than £60,000 in bands of £10,000.

**Table showing Trustee Board and Subcommittee Member attendance at Board, Subcommittee and Advisory Group meetings from 1 April 2015 – 31 March 2016**

Trustee / Subcommittee Member	Trustee Board	Audit	Finance & General Purposes	Subcommittees				Ethos & Christian Distinctiveness Advisory Group	
				A	B	A	B		
Caroline Armitage (Chair)	4	4	4	1	7	5		2	2
Leonard Beighton#	4	3	2	2	4	4			
Martin Bradford^	2	0	2	1					
Chris Carr	4	4	2	2	7	7		2	2
Sally Chivers	4	3				4	4	4	4
Kate Clare	4	3				4	4	1	1
Anne-Marie Costigan	4	4				4	3		
Jenny Edwards^	2	1							
Sarah Ellington	4	4	2	2			4	4	
Keith Hickey	4	4			7	7		2	2
Valerie Howarth	4	2					4	2	2
Brian James#	4	4				4	4		
Lynne Morris	4	3							3
Agnita Oyawale#	4	3							3
John Robinson	4	4			7	6			
Nicola Tallett	4	3			3	2			
Hannah Foster~	1	1							
Craig Philbrick~	1	1							
Angus Brown	1	1	4	4					
Alison Grieve			4	3					
Dawn Sugden			4	3				2	2

**Key**

- A number of meetings available to attend
- B number of meetings attended
- # Member of Local Governing Body of a School or College
- ^ Retired in year
- ~ Appointed in year
- \* Non-Trustee member of the Audit Subcommittee
- + Independent Chair of the Audit Subcommittee

The Chair, Caroline Armitage, attends subcommittee meetings on a rolling basis and is not a standing member of those committees.

## **Employment of Disabled People**

As a charity supporting disabled people and building on the work of Livability's Enterprise Agency, we want to increase the number of disabled people who work for Livability. Currently 4.8% of employees have declared themselves to have a disability; this is a slight increase on 2014/15 levels of 4.7%. As part of Livability's Equality and Diversity policy we commit to making adjustments to meet the needs of disabled job applicants, employees and volunteers. We are a member of the 'Two Ticks – Positive About Disabled People' scheme and commit to interviewing all disabled applicants that meet the minimum criteria for job vacancies. When employees become disabled we make appropriate adjustments to ensure that they are able to stay in employment with the charity. Disability, equality and diversity awareness training are part of the core programme for all staff and volunteers. We recognise that we have more to do to promote employment of people with disabilities in the charity and are involving disabled employees and service users in making the charity a place that people with disabilities want to work. This forms part of our equality objectives, set and monitored by our Diversity Steering Group.

## **Employee Engagement**

The charity and its related subsidiaries employ the equivalent of just under 1200 full time staff and have over 1900 staff with employment contracts. They are Livability's most important asset and it is through them that the charity carries out its work. Their dedication and professionalism, supported by a comprehensive training programme, is at the heart of providing services of a high standard to the people we support. We continue to implement and monitor a bespoke leadership development programme for our Registered Managers to support the delivery of the best outcomes for our service users and to meet the challenges of a complex care environment.

We work hard to involve and engage effectively with our people and during the year have used the results of the review of internal communications carried out in 2014 to consolidate the communications to staff. Employee forums meet quarterly in each operational area and for Livability as a whole to raise and address issues affecting staff and to provide information to staff representatives. Each year we hold the Princess Royal Livability Awards event to celebrate the work of the charity and its staff. Employees and volunteers are nominated by their colleagues for outstanding contribution.

## **Volunteers**

Volunteers play a vital role in Livability's life. Whether it's local project support, running Friends Groups to raise money for services, or acting as Trustees for the charity, the commitment and expertise of this group of people is a rich resource for the charity and the people we support. Volunteering opportunities are published on Livability's website <http://www.livability.org.uk/join-in/become-a-volunteer/>. Around 249 volunteers contributed to Livability's work in the last year. We will continue to seek ways for more people to support us and the users of our services.

# Strategic Report

## Achievements, Performance and Future Plans

### Strategic Goals

To guide our work, Livability's Chair, Board of Trustees, the CEO and senior directors have agreed the following strategic goals to build and secure Livability's future over the five years from 2012 to 2017.

By 2017, we will be the provider of choice, in our chosen geographical areas, of our specialist services.  
We will:

- Have a reputation for services that are high quality, value for money and flexible.
- Place individual choice, empowerment and respect at the centre of all we do, with customers and other stakeholders fully involved in measuring the quality of our business.
- Demonstrate that we are governed, led and managed efficiently and effectively.
- Demonstrate social impact and community engagement by strategically partnering with the Church to create socially inclusive communities.

### Achievement of Objectives and Plans for the Future

To help us measure our progress towards achieving them, we have four strategic objectives.

**Objective 1: Deliver Excellent Services:** By 2017, Livability provides services from six hubs, each of which offers a range of high quality, cost-effective services, which are valued by service users.

**Objective 2: Efficient overheads; Increasing income:** By March 2017, Livability's overhead cost base will have been reduced by 20% and increased gross income by 20% and gross profit by 10%.

**Objective 3: Effective decision-making:** By 2015, staff, service user and stakeholder feedback suggests that the organisation makes decisions swiftly and effectively.

**Objective 4: Doing what we say we will:** By 2017, Livability stakeholders agree that its brand and services reflect the charity's mission, vision, values, ethos and strategic goals.

Our progress against each one during 2015-2016 is now summarized.

#### 1. Deliver Excellent Services

In 2015-16 our Patron HRH The Princess Royal opened a brand new facility for disabled service users in Bognor Regis through the redevelopment of the Russell Hotel into Ashley Place. We advanced plans to create two new services: a spinal injury rehabilitation service based at Livability Holton Lee, to be opened by our patron in January 2017; and a property investment programme to improve existing facilities at our Link Church facility – Kingsley Hall in Dagenham. We successfully implemented *Caresys* – a care management system – to provide care, quality and monitoring support for all our disability services. We also initiated the development of the Livability Community Network – a new initiative within the charity to integrate the voices and experience of our services users for impact and quality measuring.

***In 2016-17 we aim to:*** develop 3 new pilot projects in line with our emerging organisational strategy 'Livable Communities'. These will operate as important community hubs, specializing in disability care, but building in extra resources and support for broader needs within the community. The Livable Community pilots will be in Bognor, Dagenham and Poole. We will continue to work with Local Authority partners to bring a wider variety of disability services to our areas of operation.

## **2. Increasing Income; Efficient Overheads**

Increasing income has been difficult in such challenging times for public spending, with Local Authorities often seeking reductions rather than increases. We have learned a great deal in this year about our own systems and structure and continue to work on a new initiative to ensure that we are as cost efficient as possible.

In 2015-16 we continued to focus on services to ensure that Livability makes a real difference and that services are financially sustainable. Self-catering holiday and hotel accommodation for people with disabilities, the Lifestyles service in the South West and the Orby House service in Hampshire have been closed because they could not attract enough customers or funding to make them viable and more accessible holiday accommodation is more generally available on the market.

Our strategic objective of increasing income by 20% over the five-year period from 2012 to 2017 is behind schedule. Income for 2015-16 excluding asset disposal gains was 7% below that in 2012 primarily because of closing non-viable services. Difficult funding conditions mean that fee rate increases have been limited across Livability's residential and community-based care services and its education services.

In 2015-16 we continued our outreach to potential donors and invested in the growth and strategy development of our fundraising team. Our Home Design Appeal raised £340,000 which helped us upgrade kitchens and bathrooms in some of our services. We also explored acquisition and merger opportunities, identifying a disability charity – Prospects – as an organisation with a strong Christian ethos and strategic alignment. We completed the merger with Prospects on 11<sup>th</sup> May 2016. Prospects brings with it annual income of circa £9m.

The aim of increasing gross profit by 10% by March 2017 has not yet been achieved. We have addressed the challenges we experienced in recruitment and retention by significantly investing in the people, processes and systems that the charity uses for its recruitment activity and increased front-line wages to levels above the government's National Living Wage to make Livability an even more attractive employer. HR is now managed as part of our operational delivery which has further improved the support for front-line services.

In 2015-16 we invested in, quality management systems, management reporting, recruitment and retention, and in increasing the visibility of the charity through a brand refresh program to make our charity more visible and to support fundraising and business development. Our strategic objective of reducing overheads by 20% has not been met in total, nor as a proportion of income. The full integration of Prospects and the refinement of our central systems will undoubtedly help toward achieving this target.

***In 2016/17 we aim to:*** Use the merger of Livability and Prospects to build a combined, sustainable service offering. We will engage with funders to review fee levels for our service users. We will reform support services structures to be more efficient and have lower costs. We will drive through a new fundraising strategy to boost our income. We will continue to identify strategic opportunities for acquisition and merger.

## **3. Effective Decision-Making**

During 2015-16 we continued to implement recommendations of a recent governance review to improve decision making at Board and sub-committee levels. We reorganised and developed the roles in our Executive Leadership Team; expanded our Trustee board and undertook reviews of major areas of work with support from the CASS Business School and Think Fundraising Consultants.

We held a staff conference for Livability senior managers from around the UK and continued with staff forums at hub and whole charity level to exchange information and views. We continued to reward exceptional service by our staff through the Princess Royal Livability Awards.

Finding, motivating and keeping engaged staff is crucial to Livability's success, and how we reward and recognise staff is an important part in achieving that aim. In 2015 we made significant progress in moving towards the aspiration of being a Living Wage employer by uplifting the pay of over 60% of our key front line staff who were below the recommended rate. We will continue to review and, where appropriate, address areas of shortfall.

***In 2016-17 we aim to:*** continuously improve Livability's key performance indicator dashboard and other management information to support the monitoring of our progress and effective decision making. We will use the new National Office location as a centre of collaboration and community and develop engagement strategies throughout the charity staff base to build a sense of 'One Livability'.

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#### **4. Doing What We Say We Will**

During 2015-16 we said we would put the views of the people we support at the heart of what we do. To this end we recruited a Livability Community Network Coordinator to research a strategy to better hear the voices and experiences of our services users. The research involved a variety of workshops with both service users and staff to gather views and information. The research has resulted in a proposal for the launch of 'The Livability Community Network'. The network will gather experiences from service users to help us monitor impact and quality. We also employed three new Service User Engagement Officers to feedback service user experiences on charity operations and service delivery.

Alongside this, Livability put disability access at the heart of their National Office relocation. With the input of Morgan Lovell – the UK's leading office fit-out company – Livability's new national office has been purpose built to fulfil disability access requirements. We have also engaged important work in to the development of our corporate brand to explore our organisational proposition and develop our values.

***In 2016-17 we aim to:*** grow the work and efficiency of the Livability Community Network. We will also develop the Livability brand and values, driving these things through all areas of our work, from recruitment, corporate induction, service delivery and communication programmes.

#### **Developing our 'Livable Communities' Strategy**

As part of driving our organisation forwards, growing our impact and responding to changes in the health and social care sector, Livability is exploring a new organisational strategy. Our work going forwards will seek to build a far more strengths and assets based approach to our service delivery. We will combine our disability services and community engagement expertise to provide services that give people more choice and opportunity. We will work for a Livable Community, in which everyone has the opportunity to participate and fulfil their potential

During 2015-16, Livability have been holding a variety of workshops and planning sessions to build organisational ownership and engagement with our future journey. We are developing and testing new pilot projects in line with these aspirations.

***In 2016-17 we aim to:*** publish a clear organisational strategy and updated objectives.

## Activities in 2015-16: Highlights

In 2015-16 Livability was proud to achieve support for over 1,000 individuals and families every day of the year through our services across the UK.

### Residential and Community Services

- Support for over 270 people in our care homes.
- We opened a newly refurbished building to replace the outdated Ashley House, which was officially opened by our Patron, HRH, The Princess Royal in May 2015.
- Engagement with community activities for 190 clients through Livability's Lifestyle provision.

### Complex Care Services

- The progression of plans to build a brand new spinal injury centre at *Livability at Holton Lee* – an exciting new nature and wellbeing project in Dorset.
- Brain rehabilitation care for 162 people at our service Livability Icanho.

### Education Services

- Education and learning opportunities for 176 children and young people through schools and colleges.
- Winning a prize for *EyeGaze* technology at Victoria Education Centre.
- Developing new plans for a state of the art therapy centre at Victoria Education Centre.

### Enterprise Agency

- Access to employment opportunities for disabled and vulnerable people through two important government employment contracts awarded to Livability Enterprise Agency. Our Discovery programme ran across North and East London, seeing over 100 people express an interest in returning to the workplace. 15 clients were supported into sustainable employment. We continue to work with a further 60 individuals who are still looking to secure employment.

### Livability International

- Advice on capacity building and health provision overseas through partner projects providing spinal cord rehabilitation services in Bangladesh, Nepal and Sri Lanka.
- Running an emergency fundraising appeal to support people affected by the Nepal Earthquake and the heightened instance of spinal injury it caused. This provided support to The Spinal Injury Rehabilitation Centre in Nepal with which Livability partners.
- Being one of the lead hosts at the 14th Asian Spinal Cord Network (ASCoN) Conference in Nepal held on International Day of Persons with Disability.

### Community Engagement

- Wellbeing awareness training through the Happiness Course. The course was run in a variety of settings including local government, workplaces and an RAF base.
- A specialist partnership with mental health charity Premier Mind & Soul. The partnership has developed an online resource called the Mental Health Access Pack to equip church leaders to engage with these issues in the UK.
- The launch of a key report and conference on church and community engagement called 'Fullness of Life'.

### Fundraising

- A fundraising campaign – The Home Design Appeal – to enable service users to enjoy more independence and dignity in their lives.
- Support from 18 London Marathon runners who raised an enormous £40,000 for the charity.

### Quality and Practice Development

- New technology to monitor and evidence our residential care work. The implementation of the *CareSys* IT system is providing our services with a consistent approach to planning and measuring impact.
- Employed Service User Engagement Officers to monitor quality and service user experience.

## **Financial Review**

### **Income and Expenditure Account**

Overall income from charitable activities fell by £2.4m or 7.0%. Portfolio changes have been seen in the closure of the Livability Lifestyles South West service in Cornwall and Devon, Orby House in Hampshire and the sale of the West Shore Hotel in Llandudno. Provision of self-catering holiday accommodation also ceased in the year and a programme of asset disposal is under way.

Despite the reduction in portfolio, Residential and Community Services have maintained income levels, reflecting the price stability and high occupancy levels in the care home portfolio.

Residential student numbers have fallen at both VEC and Nash College. VEC has expanded the Horizons service for post-19 students leading to an increase in income. Nash College had exceptional levels of income in 2014-15 from a grant from the Education Funding Agency to enable it to invest in its facilities. The closure of Hinwick Hall College in July 2014 has also reduced income between the two financial years covered by these accounts.

The charity's level of agency use and vacancy rate was identified as a significant factor in the cost base of the charity. Like many providers operating in the care sector, we experienced difficulties in recruitment and retention of staff as income levels in the wider economy have continued to rise, with the South East of England being an area of pressure. Vacancy levels peaked at 115 full-time equivalent (FTE) posts in November 2015. The charity took the significant decision to implement an above inflation wage rise for its front-line staff across the organization. Wage levels rose on average by 4.5% as a result and the benefits have been seen in reducing vacancy levels, down 45% by the end of the financial year, and in reducing agency hours by one-third over the same period. Since the introduction of the 'Livability wage' in October 2015, the charity has spent £0.4m in additional wages and expects to see continued benefit in future years after a significant fall in vacancies and agency use between October 2015 and March 2016.

These pressures on staffing costs and the reductions in income levels identified above have caused the ratio of direct costs to service income to increase by 6%.

The charity has commenced a programme of working with local authorities to ensure that fee levels are appropriate for the needs of the people that we care for.

### **Fundraising Summary**

The fundraising environment is undergoing change, including increased regulation both from the newly formed Fundraising Regulator, as well as European Union legislation. Livability is a member of the Fund Raising Standards Board and abides by their standards and follows the Code of Fundraising Practice issued by the Institute of Fundraising.

In this financial year Livability's supporters have continued to give generously:

- The number of regular givers has increased by 9%.
- The Home Design Appeal, a programme to refurbish kitchens and bathrooms, has raised in excess of £340,000 from individuals, trusts and corporate partners. Our Garden Appeal, which focused on improving access to gardens in our services, has raised in excess of £52,000 from kind supporters who generously gave more than our original £32,000 target.
- Our Friends Groups have grown to a total of ten, who have raised over £45,000 for local services.
- We are thankful for the support from Trusts, including the Hobson Charity, The Haramead Trust and The Sobell Foundation.
- Benefactors who support our work at the end of their lives through legacies have given generously. In 2016, 70 legacies were received totaling £1.5m (in 2015, there were 120 legacies of £2.4m).

We are very grateful to all those who choose to support our work, including the organisations and individuals mentioned, as well as those who support us through our church partnerships, people who take part in events, such as the London Marathon, and the multitude of other ways in which people feel inspired to make a difference in people's lives.

## **Central Support Costs**

Investment has been made in restructuring the Human Resources team to meet the recruitment challenges discussed above. This included expenditure on staffing and computer systems to manage recruitment activity.

The Finance department has led investment in designing and implementing efficient administrative processes. The charity's new National Office building and the costs of relocating from the previous building have increased the costs of providing for the whole National Office.

Communications activity and resourcing have also increased, resulting in improvements in the quantity and quality of external communications and a new website.

The level of cost of the central support costs at £6.1m represents 16.8% of income excluding disposal and merger gains (2015: £4.3m 10.8% of income). The Trustees and Executive Team are committed to reducing central support costs to a level at or below that previously incurred.

## **Balance Sheet Movements**

Tangible fixed asset values have fallen by £0.4m in the year. The charity does not revalue its functional properties. We have continued to reinvest in the fabric of buildings, while disposals of assets from the holidays portfolio have followed their decommissioning as operational properties.

Trade receivables have increased significantly this year, reflecting delays in payment from a small group of local authorities for education services. The causes of the delays have been cleared since the end of March 2016 and the debtors are being recovered.

Changes to the rental portfolio in the charity, with new leases signed at Brookside and for the National Office, have led to significant increases in accrued charges. The Trustees commissioned legal, financial and operational due diligence work to enable them to approve the merger with the Prospects charity. This work was carried out ahead of the year end, was unbilled and accrued for at that date.

## **Cash Flow and Working Capital**

The operating challenges discussed above and the impact of increasing debtor balances mean that the charity's cash flow for the year was negative despite realising £5.4m from the disposal of assets including the redundant Hinwick Hall and Ashley House sites.

## **Reserves Policy**

At the year ended 31 March 2016, Livability held a total of £47.1m in reserves. These reserves are split between:

- Permanent endowment funds that represent assets that must be retained for the use in the charity or to generate investment income have a value of £5.4m.
- Restricted funds that are held for specific purposes which have a value of £5.4m.
- Assets currently in use by the charity, such as buildings, equipment, vehicles and social investments estimated to be valued, net of associated bank loans and other creditors, at £33.8m.
- Free reserves of £2.5m

Free reserves include £1.5m of the revaluation fund that relates to investments and represent 3.4 weeks of general fund expenditure. Free reserves include a pension deficit of £10.2m for which there is a ten-year deficit reduction plan. Contributions to the deficit schemes for 2015/16 were £1.6m.

Free reserves excluding the pension deficit are £12.8m which are the equivalent of 16.5 weeks' general fund expenditure including deficit pension scheme contributions. This is above the reserves policy level set by the Trustees of 8-12 weeks of general fund expenditure. The Trustees plan to return free reserves to within the range in the policy through a combination of expenditure on expanding delivery of services at its Holton Lee and VEC sites, the integration of the Prospects charity into Livability's operations and further mergers.

## **Investment Policy**

Because of its reserves policy, at any point in time, Livability may hold cash and other assets that are surplus to immediate requirements. The policy of the Board of Trustees is to invest surplus funds to meet the following objectives:

- To match the risk and maturity of the investments with the requirement for funds;
- To invest in liquid assets so that they can be converted to cash quickly; and
- To invest in a way that does not conflict with the charity's aims and objectives and which is prudently risk free.

All of Livability's surplus funds are currently invested in cash-based investments, with the exception of funds held for long-term investment that form the Endowed Funds and a low value of shareholdings that have been donated to the charity. In light of the increased cash balances generated by asset disposals, the Trustees are reviewing the investment policy.

The charity uses the services of Royal London Cash Management to invest its surplus funds, at an annual fee of 0.10%. A decision is taken on a case-by-case basis as to whether to retain or dispose of any donated investments.

## **Principal Risks and Uncertainties**

The Board takes steps to assure itself of effective systems of control over the operations and finances of the charity that are appropriate to the scale and complexity of its activities. These controls include those to safeguard vulnerable people; financial and operational delegations and further controls to prevent and detect fraud and ensure the security of assets and the integrity of the services we provide for our beneficiaries.

Policies and procedures encompass all operations and are regularly updated. Quality assurance is provided through an internal Quality and Practice Development ("QPD") Team and an outsourced internal audit function.

Livability's service users are drawn from amongst the most vulnerable. Our reputation is critical to maintaining our status as a trusted provider. The risk of damage to our reputation through regulatory and other failings associated with the delivery of our services is managed through a robust set of performance indicators allied to the assurance mechanisms outlined above.

In common with other providers of services funded by the public sector, Livability's operating margins (the difference between the income from and cost of delivering services) continue to be under pressure from limited income growth and increasing costs. Failing to improve the margins as planned will limit the amount of unrestricted funds available to invest in the future development of our services and their delivery. The Board and Executive Team monitor the financial performance of the charity through a performance dashboard and regular meetings with relevant staff. Livability is actively seeking opportunities to increase the breadth of services through merger, acquisition and other collaborations to enable the costs of delivery support to be shared across a wider base.

Livability's three closed defined benefit pension schemes are subject to risks around their funding that are outside the control of the charity. The risks derive from longevity, financial asset returns, inflation and salary growth as well as broader economic factors such as quantitative easing. The continued requirement to fund the deficits has a material impact on Livability's ability to invest in the growth and development of its services and facilities. Livability seeks expert advice and support to ensure that the needs of the current beneficiaries of the charity and those of its current and future pensioner populations are balanced correctly. The strength of the charity's covenant with the pension schemes is maintained and enhanced through the management of its activities for sustainable growth.

## **Statement of Trustees' Responsibilities for the Financial Statements**

The Trustees (who are also the directors of the charitable company for the purposes of Company law) are responsible for preparing the Trustees Annual Report, incorporating the Strategic Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## **DISCLOSURE OF INFORMATION TO AUDITOR**

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

- so far as he or she is aware, there is no relevant audit information of which Livability's auditors are not aware, and
- he or she has taken all the steps that he or she ought to have taken as a member of the Board in order to make himself or 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 20th July 2016 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 financial statements of Livability for the year ended 31 March 2016 which comprise the Consolidated and Charity Statements of Financial Activities, the Group and Charity Balance Sheets, the Group and Charity Statements of Cash Flow 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 the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the charity's affairs as at 31 March 2016 and of the group's and charity'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' report, which includes the strategic 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: the parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or the parent charitable company financial statements are not in agreement with the accounting records and returns; or certain disclosures of trustees' remuneration specified by law are not made; or we have not received all the information and explanations we require for our audit.

*BDO LLP*

Julia Poulter, Senior Statutory Auditor  
for and on behalf of BDO LLP, Statutory Auditor London, United Kingdom  
Date: 25th July 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Financial Activities	Year ended 31 March 2016				Year ended 31 March 2015				
	Unres- tricted Funds	Rest- ricted Funds	Endow- ment Funds	Total Funds	Unres- tricted Funds	Rest- ricted Funds	Endow- ment Funds	Total Funds	
	Note	£000	£000	£000	£000	£000	£000	£000	
<b>Income from:</b>									
Donations and legacies	2	2,441	1,090	—	3,531	3,775	564	—	4,339
Charitable activities	2	32,179	389	88	32,656	34,236	782	79	35,097
Other trading activities	2	112	11	—	123	18	13	—	31
Investments	3	152	39	9	200	228	—	12	240
Gains on disposal of fixed assets	4	1,326	—	—	1,326	4,294	—	—	4,294
Income from gift of a charity	2	—	—	—	—	997	54	—	1,051
<b>Total income</b>		<b>36,210</b>	<b>1,529</b>	<b>97</b>	<b>37,836</b>	43,548	1,413	<b>91</b>	<b>45,052</b>
<b>Expenditure on:</b>									
Raising funds	5	1,195	3	—	1,198	1,346	1	—	1,347
Charitable activities	5	38,440	1,042	99	39,581	36,543	928	119	37,590
Other	5	604	—	—	604	467	—	—	467
<b>Total expenditure</b>		<b>40,239</b>	<b>1,045</b>	<b>99</b>	<b>41,383</b>	38,356	929	<b>119</b>	<b>39,404</b>
Net gains on revaluation of investments	9, 10	710	55	244	1,009	520	46	80	646
<b>Net income / (expenditure)</b>		<b>(3,319)</b>	<b>539</b>	<b>242</b>	<b>(2,538)</b>	5,712	530	<b>52</b>	<b>6,294</b>
Transfer between funds	15	174	(174)	—	—	799	(829)	30	—
<b>Other recognised gains / (losses)</b>									
Actuarial gains / (losses) on defined benefit pension schemes	14	3,643	—	—	3,643	(3,575)	—	—	(3,575)
<b>Net movement in funds</b>		<b>498</b>	<b>365</b>	<b>242</b>	<b>1,105</b>	2,936	(299)	<b>82</b>	<b>2,719</b>
<b>Reconciliation of funds</b>									
Total funds brought forward	15	35,840	5,025	5,163	46,028	32,904	5,324	5,081	43,309
<b>Total funds carried forward</b>		<b>36,338</b>	<b>5,390</b>	<b>5,405</b>	<b>47,133</b>	35,840	5,025	<b>5,163</b>	<b>46,028</b>

All the results in the Statement of Financial Activities ("SOFA") derive from continuing operations. There were no other recognised gains and losses other than those reported in the SOFA. The notes on pages 25 to 54 form part of these financial statements.

Livability Charity Statement of Financial Activities	Year ended 31 March 2016					Year ended 31 March 2015				
	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds		Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	
	Note	£000	£000	£000	£000	£000	£000	£000	£000	
<b>Income from:</b>										
Donations and legacies	2	2,426	1,042	—	3,468	3,748	508	—	4,256	
Charitable activities	2	31,360	36	88	31,484	33,433	538	79	34,050	
Other trading activities	2	—	—	—	—	—	13	—	13	
Investments	3	152	1	7	160	228	—	12	240	
Gains on disposal of fixed assets	4	1,326	—	—	1,326	4,294	—	—	4,294	
Income from gift of a charity	2	—	—	—	—	997	54	—	1,051	
<b>Total income</b>		<b>35,264</b>	<b>1,079</b>	<b>95</b>	<b>36,438</b>	42,700	1,113	91	43,904	
<b>Expenditure on:</b>										
Raising funds	5	1,195	—	—	1,195	1,346	1	—	1,347	
Charitable activities	5	37,401	597	99	38,097	35,637	481	119	36,237	
Other	5	504	—	—	504	467	—	—	467	
<b>Total expenditure</b>		<b>39,100</b>	<b>597</b>	<b>99</b>	<b>39,796</b>	37,450	482	119	38,051	
Net gains on revaluation of investments	9, 10	710	—	243	953	520	7	78	605	
<b>Net income / (expenditure)</b>		<b>(3,126)</b>	<b>482</b>	<b>239</b>	<b>(2,405)</b>	5,770	638	50	6,458	
Transfer between funds	15	174	(174)	—	—	689	(719)	30	—	
<b>Other recognised gains / (losses)</b>										
Actuarial gains / (losses) on defined benefit pension schemes	14	3,643	—	—	3,643	(3,575)	—	—	(3,575)	
<b>Net movement in funds</b>		<b>691</b>	<b>308</b>	<b>239</b>	<b>1,238</b>	2,884	(81)	80	2,883	
<b>Reconciliation of funds</b>										
Total funds brought forward	15	35,973	3,356	5,131	44,460	33,089	3,437	5,051	41,577	
<b>Total funds carried forward</b>		<b>36,664</b>	<b>3,664</b>	<b>5,370</b>	<b>45,698</b>	35,973	3,356	5,131	44,460	

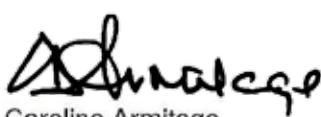
All the results in the Statement of Financial Activities ("SOFA") derive from continuing operations. There were no other recognised gains and losses other than those reported in the SOFA. The notes on pages 25 to 54 form part of these financial statements.

**Group and charity balance sheets**

At 31 March 2016

	<b>Note</b>	<b>Group</b>		<b>Charity</b>	
		<b>2016</b> £000	<b>2015</b> £000	<b>2016</b> £000	<b>2015</b> £000
<b>Fixed assets:</b>					
Tangible assets	8	35,736	36,124	33,404	33,791
Financial investments	9	4,221	3,989	4,613	4,437
Social investments	10	9,059	8,700	9,059	8,700
<b>Total fixed assets</b>		<b>49,016</b>	<b>48,813</b>	47,076	46,928
<b>Current assets:</b>					
Debtors and stocks	11	2,949	2,430	3,285	2,487
Properties held for sale	12	854	2,698	854	2,698
Cash at bank and in hand		13,974	15,569	13,668	15,335
<b>Total current assets</b>		<b>17,777</b>	<b>20,697</b>	17,807	20,520
<b>Liabilities</b>					
Creditors: amounts falling due within one year	13	(5,295)	(4,222)	(5,205)	(4,132)
Net current assets		12,482	16,475	12,602	16,388
<b>Total assets less current liabilities</b>		<b>61,498</b>	<b>65,288</b>	59,678	63,316
Creditors: amounts falling due after more than one year					
	13	(4,124)	(4,474)	(3,739)	(4,070)
Net assets excluding pension liability		57,374	60,814	55,939	59,246
Defined benefit pension liability	14	(10,241)	(14,786)	(10,241)	(14,786)
<b>Total net assets</b>		<b>47,133</b>	<b>46,028</b>	45,698	44,460
<b>The funds of the charity:</b>					
Permanent endowment funds	15	5,405	5,163	5,370	5,131
Restricted funds	15	5,390	5,025	3,664	3,356
Unrestricted funds	15	46,579	50,626	46,905	50,759
Pension reserve	15	(10,241)	(14,786)	(10,241)	(14,786)
<b>Total funds</b>		<b>47,133</b>	<b>46,028</b>	45,698	44,460

Approved by the Board of Trustees on 20th July 2016 and signed on their behalf by



Caroline Armitage  
Chair of Trustees

The notes on pages 25 to 54 form part of these financial statements.

## Statement of cash flows

For the year ended 31 March 2016

	Note	Group		Charity	
		2016 £000	2015 £000	2016 £000	2015 £000
<b>Cash flows from operating activities</b>					
<i>Net cash provided by / (used in) by operating activities</i>	C1	(4,446)	(1,477)	(4,600)	(1,389)
<b>Cash flows from investing activities</b>					
Dividends, interest and rent from investments		139	240	160	240
Proceeds from the sale of property, plant and equipment		5,364	10,797	5,350	10,797
Purchase of property, plant and equipment		(2,802)	(3,197)	(2,746)	(3,183)
Proceeds from sale of investments		427	77	427	77
Purchase of investments		(9)	(9)	(9)	(9)
Purchase of a business net of cash acquired		–	(1,341)	–	(1,521)
<b>Net cash provided by / (used in) investing activities</b>		<b>3,119</b>	<b>6,567</b>	<b>3,182</b>	<b>6,401</b>
<b>Cash flows from financing activities</b>					
Repayments of borrowings		(268)	(236)	(249)	(230)
Cash inflows from new borrowing		–	2,800	–	2,800
<b>Net cash provided by / (used in) financing activities</b>		<b>(268)</b>	<b>2,564</b>	<b>(249)</b>	<b>2,570</b>
Change in cash and cash equivalents in the period		(1,595)	7,654	(1,667)	7,582
Cash and cash equivalents at the start of the period		15,569	7,915	15,335	7,753
<b>Cash and cash equivalents at the end of the period</b>		<b>13,974</b>	<b>15,569</b>	<b>13,668</b>	<b>15,335</b>

There is no difference between cash and cash equivalents reported in the cash flow statements and the cash at bank and in hand reported on the balance sheet

## Notes to the statement of cash flows

		Group		Charity	
		2016 £000	2015 £000	2016 £000	2015 £000
<b>C1. Reconciliation of net income / (expenditure) to net cash flow from operations</b>					
Net income / (expenditure) for the year as stated in the Statement of Financial Activities					
Statement of Financial Activities		(2,538)	6,294	(2,405)	6,458
<i>Adjustments for:</i>					
Depreciation charges		1,009	1,437	953	1,402
(Gains) / losses on investments		(1,009)	(646)	(953)	(605)
Dividends, interest and rent from investments		(139)	(240)	(160)	(240)
Income from the gift of a charity		–	(1,051)	–	(1,051)
(Gains) / losses on the disposal of fixed assets		(1,340)	(4,294)	(1,326)	(4,294)
(Increase) / decrease in stocks		4	(1)	4	(1)
(Increase) / decrease in debtors		(524)	417	(802)	342
Increase / (decrease) in creditors		993	(1,499)	991	(1,506)
Increase / (decrease) in provisions		(902)	(1,894)	(902)	(1,894)
<b>Net cash flow provided by / (used in) operations</b>		<b>(4,446)</b>	<b>(1,477)</b>	<b>(4,600)</b>	<b>(1,389)</b>

The notes on pages 25 to 54 form part of these financial statements.

### **Notes to the statement of cash flows (cont'd)**

#### **C2. Reconciliation of net cash flow to movement in net funds**

	At 1 April 2015 £000	Cash flow £000	Non- cash movem ent £000	At 31 March 2016 £000
Cash at bank and in hand	15,569	(1,595)	—	13,974
Short-term deposits	—	—	—	—
Cash as defined by	15,569	(1,595)	—	13,974
Cash investments	—	—	—	—
Cash disclosed in the balance sheet	15,569	(1,595)	—	13,974
Bank loans	(4,623)	268	—	(4,355)
<b>Net funds</b>	<b>10,946</b>	<b>(1,327)</b>	—	<b>9,619</b>

## 1 Accounting Policies

The policies below set out the bases of recognition and measurement used by Livability and its subsidiary charities and companies for material items in the financial statements.

### A. Basis of preparation

The consolidated financial statements have been prepared on a going concern basis, in accordance with applicable accounting standards, under the historical cost convention, as modified by the inclusion of investments at market value. They have also been prepared in accordance with Reporting for Charities: Statement of Recommended Practice (SORP 2015) and in accordance with the Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland (FRS102), effective 1 January 2015 and the Companies Act 2006 as applied to charitable companies.

To comply with the requirements of FRS102 and SORP 2015, some accounting policies have been changed and the resulting impact is reported on in note 22.

The consolidated financial statements include the income, expenditure, assets, liabilities and funds of Livability and its subsidiary charities and companies. These amounts are included on each line in the financial statements with investments, transactions and balances between the members of the Livability charity group eliminated so that the consolidated financial statements report the interactions between the Livability group and external parties.

### B. Transition to reporting under FRS 102 and SORP 2015

#### *Date of transition*

The date of transition to reporting under FRS 102 and SORP 2015 was 1 April 2014.

#### *Restatement of prior year accounts*

The opening balance sheet at 1 April 2014, the Consolidated Statement of Financial Activities, the statement of cash flows and the notes to the financial statements have been restated in accordance with the accounting policies set out in this note and with the disclosure requirements of FRS 102 and SORP 2015. Details of the adjustments to values and classifications of assets, liabilities and funds are set out in note 22.

#### *Optional accounting treatments*

Livability has adopted the following optional accounting treatments permitted by FRS 102 and SORP 2015:

- The values of functional properties at the date of transition held at valuation have been taken to be their deemed cost at the date of transition.
- FRS 102 Section 19 Business Combinations has not been applied to entity combinations that arose prior to the date of transition.

## **1 Accounting Policies (cont'd)**

### **C. Funds**

#### *Unrestricted funds*

Unrestricted funds arise from income donated to or earned by the charity in pursuit of its charitable objects and may be applied in any way that meets those charitable objects.

#### *Designated funds*

Designated funds are those unrestricted funds that the Trustees have identified and set aside to meet particular purposes or to segregate them from the General Fund. A more detailed description of funds is available at note 15.

#### *General Fund*

The charity's General Fund is the balance of unrestricted funds after setting aside the designated funds identified above.

#### *Restricted funds*

Restricted funds are those funds that are available for specific, restricted purposes within the overarching charitable objects of Livability. Restricted funds arise from conditions attached to them by the donor or the activity generating the funds, by deliberate requests for such funds by the charity. Subsidiary charities whose objects are consistent with, but more narrowly drawn than, those of Livability are also reported within restricted funds.

#### *Permanent endowment funds*

Restricted endowment funds represent assets that are intended by their donor to be retained and used by the charity to pursue its objects either by its use or by generating income.

#### *Transfers between funds*

Purchases of fixed assets generate a transfer from the fund providing the funding for the purchase to the relevant designated reserve. Disposals of fixed assets generate a transfer from the designated reserve to general funds unless there is a restriction on the use of the disposal proceeds.

Payments of deficit contributions to pension schemes cause a transfer from General Fund to the Pension deficit fund, and repayment of loans generates a transfer from the General Fund to the Property Fund.

## 1 Accounting Policies (cont'd)

### D. Income

#### Donations, legacies and grants

Income from donations, legacies and grants is recorded in the financial statements when entitlement to the income is established, it is more likely than not that the income will be received and the amount to be received can be reliably estimated and any conditions required to receive the funds have been met or are within the control of the charity. In practice, most donations income is recognised when received.

Legacies are recognised following the principles of income recognition used for other donated income. Entitlement is taken to be confirmed by grant of probate over the estate of the donor; probability of receipt is judged on a combination of the granting of probate and knowledge of the valuation of the net estate; the amount to be received is assessed based on probate and the valuation of the estate. Where a life interest in an estate exists, no income is recognised other than from distributions from that estate to Livability. The value of legacies where a life interest exists is shown in note 17.

#### Income from charitable activities

Where Livability provides services or goods in return for payment, the income from these items is recognised when Livability completes its part of the agreement by delivering the services or goods.

Grants related to performance of contractual obligations are recognised when Livability has entitlement to the income, it is probable that income will be received and the amount of income can be measured reliably.

### E. Expenditure

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 National Office in London, are allocated to each activity heading using a number of identified cost drivers, including expenditure and staff numbers.

### F. Fundraising Costs

Fundraising costs comprise salary costs and other associated expenditure relating to the generation of voluntary income.

### G. Tangible fixed assets

Tangible fixed assets are significant physical items of property, plant and equipment held for continuing use by the charity in delivering its charitable objectives.

#### *Recognition*

A tangible fixed asset is recorded in the accounts at cost including irrecoverable VAT when the cost of the asset can be measured reliably and it will be of benefit in delivering charitable objectives. As a result of adopting FRS102 and SORP 2015 the charity has taken the transitional provision to take the value of properties at the date of transition, 1 April 2014 and treat it as the deemed cost of the assets.

Assets are capitalised when the cost exceeds £5,000.

## 1 Accounting Policies (cont'd)

### *Separate components*

The charity holds freehold buildings with significant components that have materially different useful lives from the rest of the building. These components are depreciated separately over their individual lives at the following rates:

Main Fabric	- 100 years
Pitched Roof	- 70
Flat Roof	- 40
Windows and Doors	- 40
Boilers and Heaters	- 15
Mechanical systems	- 30
Bathrooms	- 30
Kitchens	- 20
Lifts	- 25
Electrics	- 40
Alarm and Security	- 15

Freehold land and assets in the course of construction are not depreciated.

### *Other Fixed Assets*

Assets are depreciated evenly to their estimated residual values over their estimated useful lives as follows:-

Leasehold buildings	over the lease term
Horticultural buildings	over 25 years
Equipment, fittings and furniture	over 5 years
Plant and machinery	over 20 years
Cars	over 4 years
Minibuses and coaches	over 6 years
Computers and software	over 3 years
Chalets and mobile homes	over between 10 and 30 years

The residual value of all assets is assumed to be zero.

### **H. Financial Investments**

Investments are items of property and other assets held to generate income and capital growth for the charity.

#### *Listed and other financial investments*

Investments that have a ready market where the value can be determined by reference to published data are valued at the bid price. Where no market is available in the investments, they are valued at cost less impairment.

#### *Property investments*

Property investments are recorded at their fair value at the date of the accounts.

## 1 Accounting Policies (cont'd)

### *Investments in group entities*

Investments in group entities are held at their cost less any identified impairment.

#### *Gains and losses*

All gains and losses are taken to the Statement of Financial Activities as arise. Realised gains and losses on investments is calculated as the difference between sales proceeds and their opening carrying value. Unrealised gains and losses are calculated as the difference between fair value at year end and their carrying value. Realised and unrealised gains and losses are combined in the Statement of Financial Activities.

### I. Social investments

#### *Programme-related investments*

Programme-related properties are properties that are held by the charity and provided to individuals or organisations in delivering charitable objects which are line with Livability's own charitable objects. This type of fixed asset is held without seeking to make a return, other than one which is incidental.

These investments are carried at fair value at the date of the accounts.

### J. Financial Instruments

Financial instruments are contracts that give rise to a financial asset for one party to the contract and a financial liability or equity instrument for the other party.

#### *Basic Financial Instruments*

Livability and its group entities have basic financial instruments that are recognised when the provisions of the contract are met and for which the accounting policies are as follows:

#### *Trade debtors and other amounts receivable*

Trade debtors and other amounts receivable are recognised at the value defined by the contract, agreement or legislation giving rise to the amount receivable. Impairment of receivable amounts is recognised as expenditure in the SOFA.

#### *Trade creditors and other amounts payable*

Trade creditors and other amounts payable are recognised at the value defined by the contract, agreement or legislation giving rise to the liability.

#### *Bank loans*

Bank loans are recognised at the present value of the cash flows under the loan agreement, discounted at the effective interest rate for each bank loan.

#### *Other Financial Instruments*

The accounting policies for other financial instruments are as follows:

## 1 Accounting Policies (cont'd)

### *Derivative financial assets and liabilities*

Livability carries derivative financial assets and liabilities at their fair value and accounts for changes in fair value through the Statement of Financial Activities. Interest rate collars, which are a combination of a put and a call interest rate option, are valued at the option value using standard tools for the calculation of such items. Amounts payable or receivable under loan contracts for the purchase of property made to or by the charity that vary with the price of the related property are recognised separately from the loan itself and changes in the value are recognised in the Statement of Financial Activities. The loan is accounted for as a basic financial instrument as set out above.

### **K. Entity combinations**

Entity combinations are the effect on the accounts of Livability and the Livability group of changes to the structure of the charity and the group that arise from the purchase of businesses and companies, the gift of charities and mergers between charities. In accounting for entity combinations, Livability applies the requirements of FRS 102 s19 and section PBE34.75 – PBE34.86.

Unless the requirements for merger accounting are met, an acquiring entity is identified in an entity combination, being the dominant party in a charity merger or the contractual acquirer of a business or company.

In all combinations the assets and liabilities of the entity joining the group that exist at the date of combination are included in the group accounts. These assets and liabilities may include Intangible assets such as brand value, customer lists and order books that are not recognised in the individual financial statements of an acquired entity. All assets and liabilities in the combination are initially recognised at their fair values. After that date, the accounting policies set out in this note are applied to recognition, de-recognition and valuation of the assets and liabilities.

When the transaction is in substance a gift from the Trustees or members of an existing charity, a gift with the value of the net asset value of the assets and liabilities of the gifted charity is recorded and an investment with the same value is recorded in the books of the charity. Transaction costs associated with the combination are recognised in the SOFA as incurred.

When a business or company is purchased, the cost of the investment is recognised as the fair value of the consideration payable, including transaction costs.

In a purchase combination, the difference between the fair values of the cost of the purchase and the net assets of the acquired entity is recognised as goodwill. Positive goodwill is amortised over the shorter of the life of the goodwill acquired or five years.

### **L. Impairment of assets**

At each accounts date, the recoverable amounts of assets are assessed to determine whether they have fallen below their carrying values. When the recoverable amount of an asset falls below its carrying amount, the value of the asset is said to be impaired. The carrying amount is reduced to the recoverable amount with the loss in value reported in income and expenditure.

## 1 Accounting Policies (cont'd)

The recoverable amount of an asset is the higher of the amount that can be generated by using the asset or by selling it. When assessing the recoverable amount of purchased goodwill, the cash flows arising from the group of assets that make up the cash-generating unit in an entity combination are used to assess the amount generated by using the assets. The amount attributable to goodwill is taken to be the excess of the recoverable amount of the cash-generating unit over the fair values of the individual assets in the cash-generating unit.

### M. Leases

#### *Operating leases*

Where Livability acts as the lessee, the cost of operating leases is recognised by spreading the total payments under the lease, including lease premiums paid, evenly over the lease term. Lease incentives that reduce the rent payable under the lease are taken as part of the total payments.

Where Livability acts as the lessor, income is recognised by spreading the total receipts under the lease evenly over the lease term. Lease incentives paid and premiums received are treated as part of the total receipts. Costs of arranging the lease of an asset are added to the cost of the leased asset and recognised over the lease term in the same way as the lease income.

### N. Short-term employee benefits

The liability to pay short-term employee benefits, which are mainly salary, the entitlement to paid leave and related employment taxes, is recognised as the employees earn entitlement to pay and paid leave under the terms of their employment contract, with a corresponding expense recognised in expenditure. Amounts paid are deducted from the liability when paid.

### O. Redundancy and termination payments

Redundancy and termination payments are recognised in the Statement of Financial Activities when they become due for payment as a result of notice given to staff or agreement between the charity and the employee.

### P. Pensions

#### *Defined contribution pension schemes*

Contributions to defined contribution pension schemes are recognised in the Statement of Financial Activities when entitlement to the contributions has been earned by the member of staff. The cost is allocated to the activity within which the staff member has worked and the fund that is resourcing the activity.

#### *Defined benefit pension schemes – single employer schemes*

As the principal employer in such schemes, Livability has a duty to fund the schemes to enable them to pay the benefits due to the scheme members. A liability equal to the net present value of future liabilities payable under the schemes net of the fair value of the assets of the scheme is recognised at the date of the accounts.

## 1 Accounting Policies (cont'd)

The net present value of the future liabilities is calculated for each scheme by a qualified actuary using the project unit credit method, taking account of expected changes to future benefits arising from salary changes and changes in pension payments from inflation and other effects. The discount rate applied to the future liabilities is set by reference to the return rate from high-quality corporate bonds with the same currency and similar maturity as the pension payments.

An interest charge equal to the unwinding of the discount on the net liability is recognised each year. The costs of administration of the schemes are recognised as an expense each year.

### O. Pensions (cont'd)

Changes to the net liability from changes to actuarial assumptions underlying the valuation and the difference between the actual return on assets and that included in the annual interest charge are recorded as actuarial changes and presented in the SOFA within other recognised gains and losses.

#### *Defined benefit pension schemes – multi-employer schemes*

The multi-employer defined benefit pension scheme is accounted for as a defined contribution scheme, due to insufficient information available from the actuary, to split the assets and liabilities of the scheme by employer, to enable the scheme to be accounted for as a defined benefit scheme.

Contributions made towards the scheme are charged to the Statement of Financial Activities when they become payable.

Where Livability has a liability to pay deficit reduction payments to multi-employer schemes, the present value of the agreed payments are discounted using the corporate bond rate as an appropriate discount rate. The discount is unwound annually with the unwinding effect charged to the Statement of Financial Activities.

### Q. Cash flows

The consolidated cash flows of Livability and its subsidiary companies are shown and reported using the indirect method of calculating cash flows, eliminating flows between the entities in the Livability groups.

### R. Properties held for Sale

Properties held for sale are stated at the lower of carrying value and net realisable value (NRV). NRV is based on the actual or estimated selling price less all further costs to completion.

### S. Taxation Status

The primary purpose activities of the charity and its charity subsidiaries are exempt from Corporation Tax under the provisions of the Corporation Tax Act 2010. Trading subsidiaries donate any profits generated to Livability under the Gift Aid rules. Therefore no liability to Corporation Tax arises in these accounts.

## 2 Income analysis

Group	Unrestricted Funds 2016 £000	Restricted Funds 2016 £000	Endowment Funds 2016 £000	Total Funds 2016 £000	Unrestricted Funds 2015 £000	Restricted Funds 2015 £000	Endowment Funds 2015 £000	Total Funds 2015 £000
<b>Donations and legacies</b>								
Donations	1,289	584	—	1,873	1,353	562	—	1,915
Income from charitable events	26	95	—	121	—	—	—	—
Legacies	1,126	411	—	1,537	2,422	2	—	2,424
<b>Total donations and legacies</b>	<b>2,441</b>	<b>1,090</b>	—	<b>3,531</b>	<b>3,775</b>	<b>564</b>	—	<b>4,339</b>
<b>Charitable activities</b>								
Residential and community care services	19,293	81	—	19,374	19,761	27	—	19,788
Education and care services	12,850	203	—	13,053	14,443	677	—	15,120
Community Engagement	36	105	—	141	32	78	—	110
Trusts	—	—	88	88	—	—	79	79
<b>Total charitable activities</b>	<b>32,179</b>	<b>389</b>	<b>88</b>	<b>32,656</b>	<b>34,236</b>	<b>782</b>	<b>79</b>	<b>35,097</b>
Other trading activities	112	11	—	123	18	13	—	31
Investments	152	39	9	200	228	—	12	240
Gains on disposals of fixed assets	1,326	—	—	1,326	4,294	—	—	4,294
Income from gift of a charity	—	—	—	—	997	54	—	1,051
<b>Total income</b>	<b>36,210</b>	<b>1,529</b>	<b>97</b>	<b>37,836</b>	<b>43,548</b>	<b>1,413</b>	<b>91</b>	<b>45,052</b>
<b>Charity</b>								
Charity	Unrestricted Funds 2016 £000	Restricted Funds 2016 £000	Endowment Funds 2016 £000	Total Funds 2016 £000	Unrestricted Funds 2015 £000	Restricted Funds 2015 £000	Endowment Funds 2015 £000	Total Funds 2015 £000
<b>Donations and legacies</b>								
Donations	1,274	536	—	1,810	1,326	506	—	1,832
Income from charitable events	26	95	—	121	—	—	—	—
Legacies	1,126	411	—	1,537	2,422	2	—	2,424
<b>Total donations and legacies</b>	<b>2,426</b>	<b>1,042</b>	—	<b>3,468</b>	<b>3,748</b>	<b>508</b>	—	<b>4,256</b>
<b>Charitable activities</b>								
Residential and community care services	18,474	25	—	18,499	18,958	22	—	18,980
Education and care services	12,850	11	—	12,861	14,443	516	—	14,959
Community Engagement	36	—	—	36	32	—	—	32
Trusts	—	—	88	88	—	—	79	79
<b>Total charitable activities</b>	<b>31,360</b>	<b>36</b>	<b>88</b>	<b>31,484</b>	<b>33,433</b>	<b>538</b>	<b>79</b>	<b>34,050</b>
Other trading activities	—	—	—	—	—	13	—	13
Investments	152	1	7	160	228	—	12	240
Gains on disposals of fixed assets	1,326	—	—	1,326	4,294	—	—	4,294
Income from gift of a charity	—	—	—	—	997	54	—	1,051
<b>Total income</b>	<b>35,264</b>	<b>1,079</b>	<b>95</b>	<b>36,438</b>	<b>42,700</b>	<b>1,113</b>	<b>91</b>	<b>43,904</b>

### 3 Income from investments

Group	Unres-	Rest-	Endow-	Total Funds 2016 £000	Unres-	Rest-	Endow-	Total Funds 2015 £000
	tricted Funds	riicted Funds	ment Funds		tricted Funds	riicted Funds	ment Funds	
	2016 £000	2016 £000	2016 £000		2015 £000	2015 £000	2015 £000	
<b>Analysis of income from investments</b>								
Property rental	74	38	—	112	176	—	—	176
Bank interest receivable	61	—	—	61	39	—	—	39
Dividends from investments	17	1	9	27	13	—	12	25
<b>Total income from investments</b>	<b>152</b>	<b>39</b>	<b>9</b>	<b>200</b>	<b>228</b>	<b>—</b>	<b>12</b>	<b>240</b>
<b>Analysis of gains from investment valuations</b>								
Listed investments	(38)	—	(52)	(90)	55	46	(13)	88
Investment property	205	55	150	410	145	—	99	244
Social investments	543	—	146	689	320	—	(6)	314
<b>Total gains from investment valuations</b>	<b>710</b>	<b>55</b>	<b>244</b>	<b>1,009</b>	<b>520</b>	<b>46</b>	<b>80</b>	<b>646</b>

### 4 Gains on disposal of fixed assets

Gains on asset disposals	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
Disposal proceeds net of costs	5,350	10,797	5,350	10,797
Net book value of disposed assets	(4,024)	(6,503)	(4,024)	(6,503)
<b>Gains on disposal</b>	<b>1,326</b>	<b>4,294</b>	<b>1,326</b>	<b>4,294</b>

## 5 Expenditure analysis

Group	Unres-	Rest-	Endow-	Total	Unres-	Rest-	Endow-	Total
	tricted	riicted	ment		tricted	riicted	ment	
	Funds	Funds	Funds		Funds	Funds	Funds	
	2016	2016	2016	2016	2015	2015	2015	2015
	£000	£000	£000	£000	£000	£000	£000	£000
Raising funds								
Internal fundraising costs	706	—	—	706	682	—	—	682
Bought in services	253	3	—	256	431	1	—	432
Support costs	236	—	—	236	233	—	—	233
<b>Total raising funds</b>	<b>1,195</b>	<b>3</b>	<b>—</b>	<b>1,198</b>	<b>1,346</b>	<b>1</b>	<b>—</b>	<b>1,347</b>
Costs of charitable activities								
Residential and community care services	23,830	414	—	24,244	21,089	184	—	21,273
Education and care services	14,114	382	—	14,496	14,964	556	—	15,520
Community Engagement	496	246	—	742	490	188	—	678
Trusts	—	—	99	99	—	—	119	119
<b>Total charitable activities</b>	<b>38,440</b>	<b>1,042</b>	<b>99</b>	<b>39,581</b>	<b>36,543</b>	<b>928</b>	<b>119</b>	<b>37,590</b>
Other	604	—	—	604	105	—	—	105
Impairment of fixed assets	—	—	—	—	362	—	—	362
<b>Total expenditure</b>	<b>40,239</b>	<b>1,045</b>	<b>99</b>	<b>41,383</b>	<b>38,356</b>	<b>929</b>	<b>119</b>	<b>39,404</b>

Charity	Unres-	Rest-	Endow-	Total	Unres-	Rest-	Endow-	Total
	tricted	riicted	ment		tricted	riicted	ment	
	Funds	Funds	Funds		Funds	Funds	Funds	
	2016	2016	2016	2016	2015	2015	2015	2015
	£000	£000	£000	£000	£000	£000	£000	£000
Raising funds								
Internal fundraising costs	706	—	—	706	682	—	—	682
Bought in services	253	—	—	253	431	1	—	432
Support costs	236	—	—	236	233	—	—	233
<b>Total raising funds</b>	<b>1,195</b>	<b>—</b>	<b>—</b>	<b>1,195</b>	<b>1,346</b>	<b>1</b>	<b>—</b>	<b>1,347</b>
Costs of charitable activities								
Residential and community care services	23,580	353	—	23,933	20,183	23	—	20,206
Education and care services	13,325	241	—	13,566	14,964	449	—	15,413
Community Engagement	496	3	—	499	490	9	—	499
Trusts	—	—	99	99	—	—	119	119
<b>Total charitable activities</b>	<b>37,401</b>	<b>597</b>	<b>99</b>	<b>38,097</b>	<b>35,637</b>	<b>481</b>	<b>119</b>	<b>36,237</b>
Other	504	—	—	504	105	—	—	105
Impairment of fixed assets	—	—	—	—	362	—	—	362
<b>Total expenditure</b>	<b>39,100</b>	<b>597</b>	<b>99</b>	<b>39,796</b>	<b>37,450</b>	<b>482</b>	<b>119</b>	<b>38,051</b>

## 5 Expenditure analysis (cont'd)

	Allocation of support costs		Residential and community			Community Engage- ment £000	Total £000
	Raising funds £000	care services £000	Education services £000				
<b>Senior Management</b>	17	366	210		8	601	
<b>Human Resources</b>	15	752	550		5	1,322	
<b>Finance</b>	52	1,121	646		23	1,842	
<b>Information technology</b>	12	605	434		4	1,055	
<b>Corporate services</b>	95	509	157		5	766	
<b>Marketing &amp; Communications</b>	45	289	194		2	530	
<b>Total</b>	<b>236</b>	<b>3,642</b>	<b>2,191</b>		<b>47</b>	<b>6,116</b>	
<b>2015 Total</b>	<b>233</b>	<b>2,245</b>	<b>1,668</b>		<b>52</b>	<b>4,198</b>	

All costs are allocated on the basis of total expenditure other than those for Human Resources which are allocated on the basis of headcount.

Analysis of direct and support costs	Direct Support			Direct Support		
	costs	costs	Total	costs	costs	Total
	2016	2016	2016	2015	2015	2015
	£000	£000	£000	£000	£000	£000
Raising funds						
Internal fundraising costs	706	236	942	682	233	915
Bought in services	256	—	256	432	—	432
<b>Total raising funds</b>	<b>962</b>	<b>236</b>	<b>1,198</b>	<b>1,114</b>	<b>233</b>	<b>1,347</b>
Costs of charitable activities						
Residential and community care services	20,602	3,642	24,244	19,028	2,245	21,273
Education and care services	12,305	2,191	14,496	13,852	1,668	15,520
Community Engagement	695	47	742	626	52	678
Trusts	99	—	99	119	—	119
<b>Total charitable activities</b>	<b>33,701</b>	<b>5,880</b>	<b>39,581</b>	<b>33,625</b>	<b>3,965</b>	<b>37,590</b>
Other	604	—	604	105	—	105
Impairment of fixed assets	—	—	—	362	—	362
<b>Total expenditure</b>	<b>35,267</b>	<b>6,116</b>	<b>41,383</b>	<b>35,206</b>	<b>4,198</b>	<b>39,404</b>

## 5 Expenditure analysis (cont'd)

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

	2016 £000	2015 £000
Depreciation	1,009	998
Amortisation of intangible fixed assets	–	64
Impairment of intangible fixed assets	–	362
Auditor's remuneration:		
Audit current year	48	47
Other services	10	2
Interest payable	169	147
Operating lease charges:		
Land and buildings	406	487
Other equipment	75	86

## 6 Staff and staffing costs

The average monthly number of staff employed and average number of full-time equivalents (FTE) was:

	2016		2015	
	Number	FTE	Number	FTE
Education services	769	423	910	456
Residential and community services	1,049	663	1,030	659
Community Engagement	8	5	6	9
Generating funds	23	18	24	17
Support functions	99	80	98	78
<b>Total</b>	<b>1,948</b>	<b>1,189</b>	<b>2,068</b>	<b>1,219</b>

Analysis of staff costs	2016		2015	
	£000	£000	£000	£000
Wages and salaries	24,410		23,775	
Social security costs	1,849		1,775	
Employer contributions to defined contribution pension schemes	982		1,018	
Operating costs of defined benefit pension schemes	720		749	
Redundancy and termination payments	164		76	
Agency staff	2,177		1,890	
<b>Total staff costs</b>	<b>30,302</b>		<b>29,283</b>	

Redundancy payments were £72,000 (2015: £76,000) and termination payments were £92,000 (2015: £Nil).

## 6 Staff and staffing costs (cont'd)

### Higher paid staff

The number of staff with remuneration excluding employer pension contributions of £60,000 or above, split into bands of £10,000, was:

	2016	2015
£60,000 - £69,999	7	9
£70,000 - £79,999	2	1
£80,000 - £89,999	1	1
£90,000 - £99,999	1	–
£100,000 - £109,999	–	1
£110,000 - £119,999	1	–
£120,000 - £129,999	1	–

### Remuneration of key management personnel

	2016 £000	2015 £000
The remuneration of key management personnel was:		
Wages and salaries	555	598
Contributions to defined contribution pension schemes	38	35
Termination payments	57	–
<b>Total</b>	<b>650</b>	<b>633</b>

## 7 Subsidiary entities

At the date of the accounts, Livability has seven wholly-owned subsidiary entities that carry out particular functions or provide services. They are:

Name	Function	Registration number	Company	Charity
John Grooms, a company limited by guarantee	Predecessor charity to Livability	113685	212463	
The Shaftesbury Society, a company limited by guarantee	Predecessor charity to Livability	38751	221948	
Livability Icanho Limited a limited company	Acquired brain injury rehabilitation services	2167304		N/A
Kingsley Hall Church and Community Centre, a company limited by guarantee	Social and religious services to the Becontree Estate	6129881	1120001	
Livability Contracting Services Limited	Construction and related services to the Livability group	3594964		N/A
East Holton Charity, a company limited by guarantee	Therapy services	2717228	1011867	
Holton Lee Limited	Holiday accommodation	2871759		N/A

## 7 Subsidiary entities (cont'd)

The results and balance sheets of these subsidiaries are consolidated into the financial statements of the Livability Group reported in the Trustees Annual Report and Accounts.

Information relating to the subsidiary entities is set out in the table below.

	Operating profit or net incoming / (outgoing) resources					
	Turnover or incoming resources		Transfer to the Charity	Aggregate assets	Aggregate liabilities	Net assets
	£000	£000	£000	£000	£000	£000
John Grooms	—	—	—	—	—	—
The Shaftesbury Society	3	3	—	34	—	34
Livability Icanho Limited	789	—	—	2	—	2
Kingsley Hall Church and Community Centre	393	61	—	1,673	(161)	1,556
Livability Contracting Services Limited	—	—	—	9	9	—
East Holton Charity	103	(200)	—	1,457	(662)	2,119
Holton Lee Limited	112	12	—	64	(66)	130

## 8 Tangible fixed assets

Group	Functional freehold property £000	Functional leasehold property £000	Other fixed assets £000	Total £000
<b>Cost</b>				
At 1 April 2015	35,026	315	8,079	43,420
Additions	971	1,078	752	2,801
Disposals and retirements	(1,331)	(12)	(1,027)	(2,370)
Transfer to current assets	(858)	—	—	(858)
<b>At 31 March 2016</b>	<b>33,808</b>	<b>1,381</b>	<b>7,804</b>	<b>42,993</b>
<b>Depreciation</b>				
At 1 April 2015	400	5	6,891	7,296
Charged in the year	432	45	532	1,009
Released on disposal or retirement	(16)	(1)	(1,021)	(1,038)
Transfer to current assets	(10)	—	—	(10)
<b>At 31 March 2016</b>	<b>806</b>	<b>49</b>	<b>6,402</b>	<b>7,257</b>
<b>Net book value</b>				
<b>At 31 March 2016</b>	<b>33,002</b>	<b>1,332</b>	<b>1,402</b>	<b>35,736</b>
At 31 March 2015	34,626	310	1,188	36,124

Group fixed assets include assets with carrying values of £ 8,945,000 (2015: £9,002,000) which have been pledged as security for bank loans disclosed in note 13.

## 8 Tangible fixed assets (cont'd)

Charity	Functional freehold property £000	Functional leasehold property £000	Other fixed assets £000	Total £000
<b>Cost</b>				
At 1 April 2015	32,738	315	7,973	41,026
Additions	927	1,078	743	2,748
Disposals, retirements and write offs	(1,331)	(12)	(1,027)	(2,370)
Transfer to current assets	(858)	–	–	(858)
<b>At 31 March 2016</b>	<b>31,476</b>	<b>1,381</b>	<b>7,689</b>	<b>40,546</b>
<b>Depreciation</b>				
At 1 April 2015	387	5	6,843	7,235
Charged in the year	401	45	509	955
Released on disposal, retirement and write offs	(16)	(1)	(1,021)	(1,038)
Transfer to current assets	(10)	–	–	(10)
<b>At 31 March 2016</b>	<b>762</b>	<b>49</b>	<b>6,331</b>	<b>7,142</b>
<b>Net book value</b>				
<b>At 31 March 2016</b>	<b>30,714</b>	<b>1,332</b>	<b>1,358</b>	<b>33,404</b>
<b>At 31 March 2015</b>	<b>32,351</b>	<b>310</b>	<b>1,130</b>	<b>33,791</b>

Charity fixed assets include assets with carrying values of £ 8,945,000 (2015: £ 9,002,000) which have been pledged as security for bank loans disclosed in note 13.

## 9 Financial investments

Financial investments and the movements in their values are as follows:

	<b>Group 2016 £000</b>	<b>Group 2015 £000</b>	<b>Charity 2016 £000</b>	<b>Charity 2015 £000</b>
Investments at the start of the year	<b>3,989</b>	3,723	<b>4,437</b>	3,162
Additions	<b>9</b>	9	<b>9</b>	1,061
Disposals	<b>(97)</b>	(77)	<b>(97)</b>	(77)
Gains / (losses) on revaluation	<b>320</b>	334	<b>264</b>	291
<b>Investments at the end of the year</b>	<b>4,221</b>	3,989	<b>4,613</b>	4,437
<b>Analysis of investments</b>				
Investment properties	<b>3,290</b>	2,880	<b>2,650</b>	2,295
Cash and cash equivalents	<b>116</b>	109	<b>109</b>	109
Listed investments	<b>814</b>	904	<b>802</b>	886
Other investments	<b>1</b>	96	<b>1</b>	96
Investments in subsidiary entities	—	—	<b>1,051</b>	1,051
<b>Total investments</b>	<b>4,221</b>	3,989	<b>4,613</b>	4,437

## 10 Social investments

Movements in social investments, all of which are properties, held by the group and the charity are as follows:

	<b>Group 2016 £000</b>	<b>Group 2015 £000</b>	<b>Charity 2016 £000</b>	<b>Charity 2015 £000</b>
Investments at the start of the year	<b>8,700</b>	8,386	<b>8,700</b>	8,386
Disposals	<b>(330)</b>	—	<b>(330)</b>	—
Gains / (losses) on revaluation	<b>689</b>	314	<b>689</b>	314
<b>Investments at the end of the year</b>	<b>9,059</b>	8,700	<b>9,059</b>	8,700

## 11 Debtors and stock

	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
Stocks of materials	—	4	—	4
Trade receivables	1,679	853	1,635	819
Prepayments and accrued income	1,127	1,440	1,099	1,440
Other debtors	143	133	148	120
Amounts due from Subsidiary undertakings	—	—	403	104
	<b>2,949</b>	<b>2,430</b>	<b>3,285</b>	<b>2,487</b>

## 12 Properties held for sale

Movements in properties held for sale in the year have been:

	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
At the start of the year	<b>2,698</b>	2,864	<b>2,698</b>	2,864
Transferred from fixed assets	848	398	848	398
Disposals	(2,692)	(564)	(2,692)	(564)
<b>At the end of the year</b>	<b>854</b>	2,698	<b>854</b>	2,698

## 13 Creditors

	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
<b>Amounts falling due within one year:</b>				
Derivative financial instrument liabilities	208	196	208	196
Trade payables	936	1,038	912	1,037
Accrued charges and deferred income	2,153	1,317	2,123	1,251
Taxation and social security	656	628	641	623
Bank loans	303	269	284	250
Other creditors	1,039	774	1,023	762
Amounts due to Group Entities	—	—	14	13
	<b>5,295</b>	<b>4,222</b>	<b>5,205</b>	<b>4,132</b>

### Amounts falling due after more than one year:

Derivative financial instrument liabilities	19	61	19	61
Accrued charges and deferred income	53	59	53	59
Bank loans	4,052	4,354	3,667	3,950
	<b>4,124</b>	<b>4,474</b>	<b>3,739</b>	<b>4,070</b>

### 13 Creditors (cont'd)

The bank loans are repayable by instalments falling due in the following periods:

	2016 £000	2015 £000
Within 1 year	303	269
Within 1-2 years	303	300
Within 2 - 5 years	2,099	2,234
After 5 years	1,650	1,820
	<b>4,355</b>	<b>4,623</b>

The lenders, principal terms of borrowing and the security given for the borrowings are set out in the table below:

Facility provider	Interest base	Margin	Outstanding at March 2016 £000		Repayable by
			91	36	
Barclays Bank	Barclays base rate	1.375%			April 2018
Barclays Bank	Barclays base rate	2.000%			July 2021
Barclays Bank	Barclays base rate	3.000%			February 2022
Barclays Bank	3 month LIBOR	1.00%; LIBOR collar applies until August 2017		863	August 2027
Triodos Bank	Royal Bank of Scotland plc base rate + 3% or ICAP published Costs of Funds + 3%	3.000%			August 2039
Lloyds Bank	LIBOR + regulatory costs	1.900%		1,297	
Unity Trust Bank	Unity Trust Bank base rate	1.500%		1,369	March 2020
				404	September 2018
				<b>4,355</b>	

Apart from the Unity Trust Bank loan which is secured on the assets of East Holton Charity, all loans are secured on properties owned by Livability. Refer to note 8.

## 14 Pensions

The charity contributes to seven staff pension schemes, which are:

**A Group Personal Pension Plan** defined contribution scheme operated by **Aegon** which all permanent non-bank employees of Livability, who have successfully completed their probationary period of employment, were eligible to join until October 2013.

**A Group Personal Pension Plan** defined contribution scheme operated by the **People's Pension** into which all employees are enrolled when they meet the criteria for automatic enrolment and are not already enrolled in a pension scheme that meets the criteria of the Pensions Regulator.

**The Livability Final Salary Pension Scheme** ("Livability DB scheme"), a defined benefit 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) in 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** (a multi-employer defined benefit scheme). 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 and for reduction of the deficit in the scheme. Withdrawal from the scheme would trigger a liability estimated at 31 March 2016 at £537,000 (2015: £694,000). There is no intention to withdraw from the scheme and therefore this liability is not recognised in the accounts at 31 March 2016.

**Kingsley Hall Church and Community Centre** contributes to a defined contribution scheme operated by the Pensions Trust for one member of staff.

The Livability DB scheme and JGPAS were closed to new members and benefit accrual in June 2007; members employed at the closure date retain a link between their salary and benefits payable until their retirement or their earlier date of leaving employment.

The cost of employer contributions to the defined contribution plans was £982,000 in the year (2015: £1,016,000). There are no prepaid contributions in respect of any of the schemes at the balance sheet date.

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 provisions and recovery periods agreed for each scheme.

The last triennial valuation of the Livability DB scheme was carried out as at 30 September 2012 and was updated to 31 March 2016 by an independent qualified actuary, in accordance with FRS 102. The recovery contribution made to the Livability DB scheme by the charity in the year was £876,000, as set out in the previous agreed deficit recovery plan, plus a contribution for administration expenses of £116,000. The deficit recovery plan agreed during the year to 31 March 2015 requires recovery contributions of £875,000 per annum in the year to 31 March 2016 and of £985,000 per annum thereafter, rising at 2.6% per year, until 31 July 2026. The scheme is undergoing a triennial valuation which will be

## 14 Pensions (cont'd)

finalised during the 2016/17 financial year.

An actuarial valuation of JGPAS was carried out as at 31 March 2015 and updated to 31 March 2016 by an independent qualified actuary. The recovery contribution made to the Scheme by the employer in the year was £405,000, plus administration expenses of £162,000. Recovery contributions of £532,000 per annum (payable in quarterly instalments until 1 October 2022) are currently paid, 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 2016.

The principal assumptions used by the actuaries for the purposes of the valuation were (in nominal terms):

		At 31 March 2016	At 31 March 2015
<b>Defined benefit schemes</b>			
Discount rate		3.50%	3.10%
Rate of increase in salaries		3.00%	3.00%
Inflation assumption	CPI	2.00%	2.00%
	RPI	3.00%	3.00%
<b>Pension increases:</b>			
<i>The Livability Final Salary Pension Scheme</i>			
Deferred pensions of RPI or 5% pa if less		3.00%	3.00%
Pensions in payment of CPI or 5% pa if less		2.10%	2.10%
Pensions in payment of CPI or 3% pa if less		1.80%	1.80%
Pensions in payment of CPI or 2.5% pa if less		1.70%	1.70%
<i>The John Grooms Pension and Assurance Scheme</i>			
Pension earned before 6 April 1994		5.00%	5.00%
GMP earned after 5 April 1994		1.80%	2.20%
Pension in excess of GMP earned after 5 April 1994		2.90%	3.30%
<b>Assumed life expectancies in years on retirement at age 65 are:</b>			
<i>The Livability Final Salary Pension Scheme</i>			
Retiring today	Males	23.1	23.3
	Females	24.8	25.0
Retiring in 20 years' time	Males	24.8	25.1
	Females	26.3	26.5
<i>The John Grooms Pension and Assurance Scheme</i>			
Retiring today	Males	21.7	22.1
	Females	23.6	24.4
Retiring in 20 years' time	Males	23.4	23.9
	Females	25.1	26.4
<b>The Growth Plan</b>			
Discount rate		2.07%	1.74%

Discount rates for all schemes have been set by reference to high-quality corporate bond yields with maturity profiles that correspond to the liabilities of the defined benefit schemes and the deficit recovery payments for the Growth Plan.

## 14 Pensions (cont'd)

The assets in the schemes were:

	Livability		Growth		Livability		Growth		Total 2015 £000
	DB 2016 £000	JGPAS 2016 £000	Plan 2016 £000	Total 2016 £000	DB 2015 £000	JGPAS 2015 £000	Plan 2015 £000	Total 2015 £000	
Equity	16,107	4,617	—	20,724	14,681	4,618	—	19,299	
Bonds	6,915	9,741	—	16,656	7,985	9,914	—	17,899	
Property	1,652	—	—	1,652	1,516	—	—	1,516	
Cash and current liabilities	192	91	—	283	236	44	—	280	
<b>Fair value of scheme assets</b>	<b>24,866</b>	<b>14,449</b>	—	<b>39,315</b>	<b>24,418</b>	<b>14,576</b>	—	<b>38,994</b>	
Present value of scheme liabilities	(32,940)	(16,059)	(557)	(49,556)	(34,868)	(18,384)	(528)	(53,780)	
<b>Pension liability disclosed in the financial statements</b>	<b>(8,074)</b>	<b>(1,610)</b>	<b>(557)</b>	<b>(10,241)</b>	<b>(10,450)</b>	<b>(3,808)</b>	<b>(528)</b>	<b>(14,786)</b>	
The actual return on scheme assets over the period was:	336	14	—	350	4,415	2,005	—	6,420	

### Movements in the present value of the scheme liabilities have been:

	Livability DB £000	JGPAS £000	Total £000
Present value of liabilities at 31 March 2014	29,047	14,963	44,010
Current service cost	112	129	241
Interest cost	1,262	648	1,910
Remeasurement (gains) / losses	5,311	3,245	8,556
Benefits paid	(864)	(601)	(1,465)
<b>Present value of liabilities at 31 March 2015</b>	<b>34,868</b>	<b>18,384</b>	<b>53,252</b>
Current service cost	127	162	289
Interest cost	1,069	562	1,631
Remeasurement (gains) / losses	(2,245)	(2,341)	(4,586)
Benefits paid	(879)	(708)	(1,587)
<b>Present value of liabilities at 31 March 2016</b>	<b>32,940</b>	<b>16,059</b>	<b>48,999</b>

### Movements in the fair value of scheme assets have been:

	Livability DB £000	JGPAS £000	Total £000
Fair value of scheme assets at 31 March 2014	19,877	12,643	32,520
Interest income	877	555	1,432
Remeasurement gains / (losses)	3,538	1,450	4,988
Contributions by employer	990	529	1,519
Benefits paid	(864)	(601)	(1,465)
<b>Fair value of scheme assets at 31 March 2015</b>	<b>24,418</b>	<b>14,576</b>	<b>38,994</b>
Interest income	759	450	1,209
Remeasurement gains / (losses)	(423)	(436)	(859)
Contributions by employer	991	567	1,558
Benefits paid	(879)	(708)	(1,587)
<b>Fair value of scheme assets at 31 March 2016</b>	<b>24,866</b>	<b>14,449</b>	<b>39,315</b>

## 14 Pensions (cont'd)

### The Growth Plan

Movements in the recognised liability for payments due to the Growth Plan were:

	£000
Present value of payments at 31 March 2014	553
Interest cost	15
Contributions	(62)
Remeasurements	22
<b>Present value of payments at 31 March 2015</b>	<b>528</b>
Interest cost	9
Contributions	(64)
Remeasurements	84
<b>Present value of payments at 31 March 2016</b>	<b>557</b>

Amounts recognised in the Consolidated Statement of Financial Activities have been:

	2016 £000	2015 £000
Current service cost	289	241
Net interest cost	431	493
Included in net income / (expenditure)	720	734
<b>Actuarial (gains) / losses</b>	<b>(3,643)</b>	<b>3,575</b>
<b>Total recognised gains and losses reported in the SOFA</b>	<b>(2,923)</b>	<b>4,309</b>

Contributions and administration fees payable in the year ending 31 March 2017 are expected to be:

	£000
The Livability Final Salary Pension Scheme	1,101
The Pensions Trust Growth Plan	57
John Grooms Pension and Assurance Scheme	690
	1,848

## 15 Funds (Group)

Movements in funds in the year have been:

	Balance at 1 April 2015 £000	Incoming resources £000	Outgoing resources £000	Unrealised gains / (losses) £000	Transfers £000	Balance at 31 March 2016 £000
<b>Designated Funds:</b>						
Property fund	21,571	–	(435)	–	931	22,067
Equipment fund	1,188	–	(532)	–	746	1,402
Revaluation fund	12,358	–	(36)	710	(1,140)	11,892
<b>Total designated funds</b>	<b>35,117</b>	<b>–</b>	<b>(1,003)</b>	<b>710</b>	<b>537</b>	<b>35,361</b>
General Fund	15,509	36,210	(38,516)	–	(1,985)	11,218
<b>Unrestricted funds before pension liability</b>						
	<b>50,626</b>	<b>36,210</b>	<b>(39,519)</b>	<b>710</b>	<b>(1,448)</b>	<b>46,579</b>
Pension reserve	(14,786)	–	(720)	3,643	1,622	(10,241)
<b>Total unrestricted funds</b>	<b>35,840</b>	<b>36,210</b>	<b>(40,239)</b>	<b>4,353</b>	<b>174</b>	<b>36,338</b>
Education	1,243	543	(241)	–	(167)	1,378
Residential & Community Services	1,844	479	(276)	–	(7)	2,040
Community Engagement	35	12	(3)	–	–	44
Overseas	93	43	(77)	–	–	59
Giving by Lending	57	–	–	–	–	57
F Clements Will Trust	25	–	–	–	–	25
Faith & Hope Nurseries	78	–	–	–	–	78
Kingsley Hall Church & Community Centre	125	393	(387)	–	–	131
Kingsley Hall, Dagenham	1,494	–	–	55	–	1,549
Holton Lee	31	59	(61)	–	–	29
<b>Total Restricted Funds</b>	<b>5,025</b>	<b>1,529</b>	<b>(1,045)</b>	<b>55</b>	<b>(174)</b>	<b>5,390</b>
<b>Permanent Endowment Funds</b>						
Chiswick	585	–	(1)	2	–	586
Highway	2,422	88	(83)	146	–	2,573
Marsh St.	317	1	(1)	48	–	365
Coney Hill Will	26	–	–	–	–	26
Welcome	801	–	(14)	65	–	852
SHBEF	27	2	1	–	–	30
Shaftesbury Development	521	5	–	(47)	–	479
Beddington	43	–	(1)	–	–	42
Platt	421	1	–	30	–	452
<b>Total Permanent Endowment Funds</b>	<b>5,163</b>	<b>97</b>	<b>(99)</b>	<b>244</b>	<b>–</b>	<b>5,405</b>
<b>Total funds</b>	<b>46,028</b>	<b>37,836</b>	<b>(41,383)</b>	<b>4,652</b>	<b>–</b>	<b>47,133</b>

Restricted and permanent endowment funds include revaluation reserves of £624,000 and £2,692,000 respectively (2015: £569,000 and £2,607,000).

Included in restricted funds above are the following funds that require specific disclosure under the terms of the grants awarded:

	Balance at 1 April 2015 £	Grants received / (repaid) £	Expend- iture £	Balance at 31 March 2016 £
Skills for Care grant	–	22,440	(22,440)	–

## 15 Funds (Group) (cont'd)

Name of fund	Description, nature and purpose of Fund
<b>Unrestricted Funds</b>	
Property Fund	Represents the total amount (at cost less depreciation, impairment, unamortised government grants, mortgages and secured bank loans) invested in freehold and leasehold properties used for the functional purposes of the charity
Revaluation Fund	Represents the difference between depreciated historical cost and carrying value of the charity's property and investment assets resulting from revaluation
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
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 in the charity's defined benefit pension schemes, as calculated under FRS 102
<b>Restricted Funds</b>	
Education	Various funds received to support individual educational establishments
Residential & Community Services	Various funds received to support individual adult support establishments and holidays, lifestyle and other operations
Giving by Lending	Monies received from individuals
F Clements Trust Fund	Income from this fund is to support the charity's general activities
Community Engagement	To support the work of the Community Engagement team and the Link Churches
Faith Training Centre	To support the work of the Faith Horticultural Centre
Overseas	Various funds to support our overseas work
Kingsley Hall Church & Community Centre	Represents the net assets of Kingsley Hall Church and Community Centre
Kingsley Hall, Dagenham	To promote social, educational and religious nature for the benefit of local residents
Holton Lee	Various funds supporting the work at Holton Lee
<b>Permanent Endowment funds</b>	
Chiswick Mission	<b>Commonly known as</b> Chiswick <b>Objects</b> 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

## 16 Analysis of net assets by funds

The assets and liabilities of the group are allocated between funds as follows:

	General	Designated	Pension	Restricted	Permanent Endowment	Total
	£000	£000	£000	£000	£000	£000
Tangible fixed assets	–	31,927	–	2,192	1,617	35,736
Financial investments	641	1,542	–	640	1,398	4,221
Social investments	–	6,299	–	–	2,760	9,059
Cash	11,345	–	–	2,558	71	13,974
Other current assets	3,803	–	–	–	–	3,803
Current liabilities	(4,571)	(283)	–	–	(441)	(5,295)
Long-term liabilities	–	(4,124)	(10,241)	–	–	(14,365)
<b>Funds at 31 March 2016</b>	<b>11,218</b>	<b>35,361</b>	<b>(10,241)</b>	<b>5,390</b>	<b>5,405</b>	<b>47,133</b>

## 17 Commitments and contingent assets

As at 31st March the capital commitments of the charity and the group were as follows:

	2016 £000	2015 £000
Contracted	234	Nil
Approved not contracted	Nil	Nil

At the date of the accounts, the charity has been notified of legacies in which a life interest is held with a value of £0.2m (2015: £0.3m) that are contingent assets.

## 18 Obligations under operating leases

Obligations under non-cancellable operating leases are set out in the periods in which they will fall due:

Group	Land and	Other	Land and	Other	Total	
	Buildings	Equipment	Buildings	Equipment		
	2016 £000	2016 £000	2016 £000	2015 £000		
Within one year	224	73	297	256	83	339
In two to five years	1,729	276	2,005	710	127	837
In over five years	4,785	–	4,785	3,689	–	3,689
	<b>6,738</b>	<b>349</b>	<b>7,087</b>	<b>4,655</b>	<b>210</b>	<b>4,865</b>

## 18 Obligations under operating leases (cont'd)

Charity	Land and	Other	Total 2016 £000	Land and	Other	Total 2015 £000
	Buildings	Equipment		Buildings	Equipment	
	2016 £000	2016 £000		2015 £000	2015 £000	
Within one year	224	72	296	256	82	338
In two to five years	1,729	273	2,002	710	123	833
In over five years	4,785	–	4,785	3,689	–	3,689
	<b>6,738</b>	<b>345</b>	<b>7,083</b>	<b>4,655</b>	<b>205</b>	<b>4,860</b>

## 19 Financial instruments

	Group		Charity	
	2016	2015	2016	2015
	£000	£000	£000	£000
<i>Financial assets at fair value through income and expenditure</i>				
Financial investments	4,221	3,985	4,613	4,437
Social investments	9,059	8,700	9,059	8,700
<i>Financial assets that are debt instruments measured at amortised cost</i>				
Accounts receivable	1,679	853	1,632	821
Other debtors	141	133	148	120
Amounts due from subsidiaries	–	–	404	102
<i>Financial liabilities at fair value through income and expenditure</i>				
Interest rate options	(62)	(107)	(62)	(107)
Secured loans	(166)	(150)	(166)	(150)
<i>Financial liabilities measured at amortised cost</i>				
Bank loans	(4,355)	(4,623)	(3,951)	(4,200)
Trade creditors	(936)	(1,038)	(912)	(1,037)
Amounts due to subsidiaries	–	–	(14)	(13)

Included within financial investments for the Group and Charity in 2015 is a loan receivable of £95,000 with a settlement value dependent on the value of the property which the loan was used to purchase. The loan was redeemed in the year ended 31 March 2016.

Livability entered into a ten-year interest rate collar arrangement with Barclays Bank in August 2007. The collar was designed to protect the charity against extreme movements in interest rates. It was not and is not designated as a hedge of fair value. The options underlying the interest rate collar have been valued using standard option pricing techniques.

Livability has one secured loan payable with a settlement value which is dependent on the value of the property it was used to purchase.

## 20 Related parties

### Trustees

Trustees receive no remuneration in respect of their services as Trustees of Livability. Travel and other out of pocket expenses were reimbursed to 10 Trustees in the year to the value of £7,458 and cost of providing training to Trustees in relation to their duties were £280. (2015: 5 Trustees to the value of £2,263; training costs of £222.)

Livability paid £4,882 in the year (2015: £6,448) to provide indemnity insurance for the Trustees.

Livability received donations of £1,308 (2015: £10,286) from the Trustees.

#### Transactions with Subsidiary Undertakings

	The Shaftesbury Society	Livability Icanho Limited	Kingsley Hall Church and Community Centre	Livability Contracting Services Limited	East Holton Charity	Holton Lee Limited
	£	£	£	£	£	£
<b>2016</b>						
<b>Balance sheet amounts</b>						
Amounts due to Parent undertaking	–	–	133,347	7,896	252,211	9,735
Amounts due from Parent undertaking	11,892	1,718	–	–	–	–
<b>Income</b>						
Donation from Parent Charity	–	–	8,000	–	–	–
<b>Expenditure</b>						
Charitable Donations Paid	–	–	–	–	–	–
<b>2015</b>						
<b>Balance sheet amounts</b>						
Amounts due to Parent undertaking	–	–	76,827	7,896	18,892	–
Amounts due from Parent undertaking	11,178	1,718	–	–	–	–
<b>Income</b>						
Donation from Parent Charity	–	–	6,000	–	–	–
<b>Expenditure</b>						
Charitable Donations Paid	–	–	–	3,659	–	–

## 21 Events after the balance sheet date

On 11th May 2016 Livability became the parent charity of Prospects for People with Learning Disabilities, a Christian charity for disabled people.

## 22 Transition to reporting under FRS 102 and SORP 2015

The Group and charity transitioned to FRS 102 from previously extant UK GAAP as at 1 April 2014.

The impact from the transition of reporting to FRS 102 and SORP 2015 is as follows:

	Group £000	Charity £000
<b>Reconciliation of funds at 1 April 2014</b>		
Total funds under previous UK GAAP	44,711	42,894
On adoption of deemed cost and component accounting	(553)	(475)
Recognition of derivative financial instruments	(126)	(126)
Reclassification of Social Investments	57	57
Early recognition of legacies	288	288
Holiday pay accrual	(515)	(508)
Pensions	(553)	(553)
	<hr/> 43,309	41,577
<b>Reconciliation of funds at 31 March 2015</b>		
Total funds under previous UK GAAP	48,842	47,189
On adoption of deemed cost and component accounting	(2,732)	(2,647)
Recognition of derivative financial instruments	(102)	(102)
Reclassification of Social Investments	57	57
Early recognition of legacies	917	917
Holiday pay accrual	(426)	(426)
Pensions	(528)	(528)
	<hr/> 46,028	44,460
<b>Reconciliation of reported income for the year ended 31 March 2015</b>		
	Group £000	Charity £000
Net Income/(outgoings) as previously stated	5,923	6,128
Early recognition of legacies	629	629
On adoption of component accounting	(587)	(585)
Holiday pay accrual	89	89
Pensions	(432)	(432)
Derivatives	24	24
Gains/losses in net income	646	605
	<hr/> 6,292	6,458

The values of functional properties at 1<sup>st</sup> April 2014 have been taken to be their deemed cost at the date of transition. Component accounting requires major components to be depreciated over their useful lives, capitalisation of major repairs which have previously been expensed and writing off the residual values of any components that have been replaced. Previously these properties were stated at valuation. The write off of valuation gains recorded in 2015 and increased depreciation charge due to shorter life cycles have been marginally offset by capitalisation of major repairs which would otherwise have been expensed.

## 22 Transition to reporting under FRS 102 and SORP 2015 (cont'd)

Derivative financial instruments have been recognised at their fair value, reducing net assets and funds at the date of transition and at 31 March 2015. The reduction in the fair value of derivative financial instruments in the year ended 31 March 2015 has resulted in a net credit to the Statement of Financial Activities.

Social investments are carried at their fair value at the date of the accounts. As these properties were previously stated at valuation the resulting change is a marginal increase in value.

Income from legacies is recorded in the financial statements when entitlement to the income is established, whereas previously income was recognised when notified, resulting in legacy income being recognised earlier.

Holiday pay accrual represents the right of employees at the date of the balance sheet to paid leave that had not yet been taken.

Livability is required to recognise a liability for obligations to make deficit contributions to multi-employer schemes; previously these contributions were recognised as a cost when paid. Under FRS 102, the rate of return from pension scheme assets is effectively limited to the discount rate on the liabilities in the scheme resulting in an increased charge for deficit pension schemes.

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## **Trusts and supporters 2015-2016**

Livability would like to thank the organisations below for their generous contribution towards our work; those organisations who wished to remain anonymous; the families of those who remembered Livability in their will and the thousands of generous individuals whose support makes such a huge difference to our work.

The Edith Murphy Foundation  
Awareness Fund  
The Hobson Charity  
The Childwick Trust  
The Shelroy Trust  
Hospital Saturday Fund  
The Thomson Bree Charitable Trust  
The Nora and Olive Brewer Memorial Trust  
Joan Ainslee Charitable Trust  
The Sobell Foundation  
The Haramead Trust

Anglian Home Improvements  
Howdens  
Olympus KeyMed

Friends of Brackley  
Friends of Dolphin Court  
Friends of Icanho  
Friends of John Grooms Court  
Friends of Keefield Close  
Friends of Nash College  
Friends of Netteswell Rectory  
Friends of Treetops  
Friends of VEC  
Friends of York House

## ORGANISATIONAL DETAILS

<b>PATRON</b>	Her Royal Highness, The Princess Royal
<b>VICE-PATRON</b>	Lady Marina Hobson OBE
<b>PRESIDENT</b>	The Most Revd and Rt Hon the Lord Justin Welby, Archbishop of Canterbury
<b>LIFE PRESIDENT</b>	Sir Ron Hobson KCVO
<b>SENIOR VICE PRESIDENT &amp; TRUSTEE</b>	Baroness Valerie Howarth of Breckland OBE

### VICE PRESIDENTS

Michael Brunson OBE  
The Rt Revd and Rt Hon R J Chartres, Bishop of London KCVO  
Michael Edgar MA MChir RCS  
Prof Ram Gidoomal CBE  
David Harmer  
Roy McCoughry  
The Rt Hon Lord McColl of Dulwich CBE  
Sarah Omond  
Robert Powell  
Pamela Rhodes  
The Revd Canon Roger Royle  
Revd Michael Shaw  
The Rt Revd and Rt Hon the Lord Williams of Oystermouth

### TRUSTEES

Caroline Armitage, Chair of Trustees  
Leonard Beighton CB\*  
Martin Bradford\* (resigned 22 October 2015)  
Baroness Howarth of Breckland OBE, Chair of Safeguarding Board  
Chris Carr, Honorary Treasurer, Chair of Finance and General Purposes Sub-committee (until 22 October 2015); Vice Chair of Trustees  
Sally Chivers, Chair of Services Sub-committee  
Kate Clare  
Anne-Marie Costigan  
Jenny Edwards MBE, Chair of Partnership Board (resigned 22 October 2015)  
Sarah Ellington\*  
Keith Hickey, Honorary Treasurer, Chair of Finance and General Purposes Sub-committee (from 22 October 2015)  
Brian James  
Lynne Morris  
Revd Agnita Oyawale  
John Robinson CBE  
Nicola Tallett  
Craig Philbrick (appointed 16 March 2016)  
Hannah Foster (appointed 16 March 2016)  
Angus Brown\* (appointed 16 March 2016)  
David Bentley (appointed 11 May 2016)

\*Trustee Members of the Audit Sub-Committee

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## **NON-TRUSTEE INDEPENDENT CHAIR OF AUDIT SUB COMMITTEE**

Dawn Sugden

### **SENIOR OFFICERS**

Chief Executive – Dave Webber  
Executive Director of Operations – Liz Mell  
Executive Director of Public Engagement – Adam Bonner  
Executive Director of Strategy Implementation – Jill Garner from January 2016  
Interim Director of Resources – Philip Oldfield from March 2016  
Company Secretary – Michael Langworth

### **PREVIOUS SENIOR OFFICERS IN THE REPORTING PERIOD**

Executive Director of Fundraising – Alison Shotter until June 2015  
Executive Director of HR – Anne Kippax until October 2015  
Executive Director of Resources – Liz Walker until March 2016

### **PRINCIPAL SOLICITORS**

Mills & Reeve LLP, 24 Monument Street, London EC3R 8AJ

### **PRINCIPAL BANKERS**

Barclays Bank plc, Charities, Housing and Education Team, 1 Churchill Place, London E14 5HP

### **AUDITORS**

BDO LLP, 55 Baker Street, London W1U 7EU

### **INTERNAL AUDITORS**

Crowe Clark Whitehill, St. Bride's House, 10 Salisbury Square, London EC4Y 8EH

### **CHARTERED SURVEYORS, PROPERTY VALUERS**

Mass & Co, 25 High Street, Brentwood, Essex CM14 4RG  
Bruton Knowles, Greybrook House, 28 Brook Street, London W1K 5DH

### **REGISTERED AND CENTRAL OFFICE**

6 Mitre Passage, London SE10 0ER  
[www.livability.org.uk](http://www.livability.org.uk)









Livability's story from 2015-16 can be seen in our Annual Review

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**Patron:** HRH The Princess Royal   **President:** The Rt Revd Justin Welby, Archbishop of Canterbury

Charity registration no. 1116530   Company registration no. 5967087