

+ Friendship + Connections



- + Happiness**
- Isolation**
- Barriers**
- + Community**

It all adds up to

Livability

A message from our Patron HRH The Princess Royal



BUCKINGHAM PALACE

As Patron, I am proud to see how Livability continues to deliver vital and grounded services that help disabled and vulnerable people. At the heart of the charity is the belief that people's lives and wellbeing do better when they have the chance to connect with their community. Disabled and vulnerable people are most at risk of becoming isolated, because they face a wide range of barriers to their full inclusion and participation in every day life.

Now in the tenth year of the charity's delivery, Livability is continuing to develop and respond to the challenges that face our clients. It will build on 170 year heritage of disability services and community work, from their founding charities – John Grooms and The Shaftesbury Society. The charity will strive to mobilise people, talents and resources, to provide more joined-up, community based care for the people they support. Through a merger with the disability charity – *Prospects for people with learning disabilities* in May 2016, the charity has grown its potential for wider support and impact on the ground.

Motivated by an inclusive Christian Ethos, I know that the charity will take ambitious steps to innovate, tackle barriers and work for inclusion for all. It will require leadership, dynamic care delivery and a real commitment to creating supportive and caring communities. I commend the work of Livability to you and invite you to join them in their ambitions for the future.

A message from Livability's Chair of Trustees and CEO

As we deliver this year's Annual Report, we celebrate all that Livability has achieved during 2016-17. 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.

From our work at the front line, we know that too many people in our society are facing lonely and isolated lives that can restrict their health, life outcomes and opportunities.

As we enter our next decade of delivery, Livability is committed to tackling the impact of isolation full on. We know that with better community connections – people's lives are better.

Building on our charity's rich heritage of disability services, church partnerships and community work we will mobilise people and resources, to provide more joined-up care for the people we support.

This is an approach that's fully in step with trends in the health and social care arenas. Increasingly, care and support is involving people's personal and community networks.

We invite you to join this new strategic direction for Livability. We call it 'Livable Communities'.

From the people we support, to our staff; volunteers and donors; church friends and delivery partners; our future story is shaped by us all.

We extend our full thanks and appreciation to everyone that plays a part in our charity community.



Caroline Armitage
Chair of Trustees



Dave Webber
CEO

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Trustees' Report

Principal activities, core values and objects

Livability is the disability charity that connects people with their communities. We tackle social isolation and the barriers that can cause this in the lives of disabled and vulnerable people. Through a wide range of disability, education, training and community services, we promote inclusion and wellbeing for all. Together, we work to see people take part, contribute and be valued. We put the elements in place that all add up to connected lives and communities.

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 are open, enabling, inclusive and courageous.

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 has a dynamic and inclusive Christian ethos, welcoming people from all faiths and none to work together towards the good of the whole community. We partner with local churches and faith groups as agents of community change.

Our Christian ethos is our DNA – it's why we were founded 170 years ago and it's why we still exist today. We remain as inspired and challenged as our founders were by the radical message of Jesus Christ. We are committed to using all of our resources to make this world more like the place it should be – where everyone can find their place and take part.

Because of this ethos, we choose to be open, enabling, inclusive and courageous. We strive to make lives and communities livable and reduce social isolation for all.

Our charity President is The Most Revd and Rt Hon Justin Welby, Archbishop of Canterbury.

Activities

Our main areas of work include:

- 32 high quality residential care homes, 5 of which offer nursing care.
- 15 domiciliary/supported living services.
- 22 services providing specialist support for people to access their community.
- Brain injury and spinal cord injury rehabilitation services that operate in the UK and with overseas partners in Bangladesh, Nepal and Sri Lanka.
- An Ofsted Good Independent specialist further education college for young people with disabilities with registered care provision.
- An Ofsted Outstanding special school for children with disabilities with registered care provision.
- 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 7th 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. In May 2016 Prospects for People with Learning Disabilities and its subsidiary At Home in the Community became members of the Livability Group. Their merger with Livability was completed on 31 March 2017.

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 11th 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 11th 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.¹

¹ The Shaftesbury Society, John Grooms and A Cause for Concern are also members of the group as dormant, non-trading entities.

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. While responsibility for the implementation is delegated to the executive team led by the Chief Executive Officer (CEO), the Board rigorously monitors the performance of the charity and the executive.

All Trustees are non-executive directors who serve a maximum of three terms of three years. Trustees are appointed initially by the Board of Trustees and then reappointed at the charity's Annual General Meeting.

Trustees give their time voluntarily and receive no benefits from Livability but claim reasonable expenses in connection with their duties as Trustees as shown in note 19 to the accounts.

The Board ensures its members provide the experience and skills required to perform its critical role effectively. During the year, a planned overall reduction in the number of Trustees was effected. Preparation for this had been made through considered appointments in the prior year. 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 prior to Board meetings and two "away days" in each annual governance cycle to ensure matters of strategic significance are considered in depth.

Business meetings of the Board are held quarterly. Monitoring of the performance of key areas of activity is delegated to sub-committees and local boards of governors, including 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.
- **Remuneration Committee** – talent management, reward strategy and policy, annual review of remuneration and benefits and publicly reportable data.
- **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 standing and short term ad hoc advisory groups as necessary to inform policy in relation to specific areas of the charity's work and governance.

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. The CEO has announced that he will be retiring in 2018 and the Board are leading a process of recruiting a successor.

Table showing Trustee Board and Subcommittee Member attendance at Board, Subcommittee and Advisory Group meetings from 1 April 2016 – 31 March 2017

Trustee/ Subcommittee Member	Subcommittees															
	Trustee Board		Audit		Finance & General Purposes		Remuneration		Safe-guarding		Services		Board Performance Advisory Group		Ethos & Christian Distinctiveness Advisory Group	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Caroline Armitage (Chair)	5	5					1	1					2	2		
Leonard Beighton^	3	3	3	3												
David Bentley~	4	4					1	1			4	3				
Angus Brown	5	4	4	2												
Chris Carr^	3	3			7	6							1	1	2	2
Sally Chivers	5	5					1	0	4	4	4	4				
Kate Clare	5	5							4	4	4	4	1	0		
Anne-Marie Costigan#	5	4									4	3				
Sarah Ellington^	3	3	3	3					2	2						
Hannah Foster	5	5					1	1			4	3				
Alison Grieve*			4	2												
Julie Griffiths*									4	4						
Keith Hickey	5	5			9	9	1	1					2	2		
Valerie Howarth^	3	2							2	2						
Brian James#	5	5									4	4				
John McCorkell															2	2
Roy McCloughry															2	2
Lynne Morris^	3	1													2	2
Agnita Oyawale	5	5													2	2
Craig Philbrick	5	2														
John Robinson	5	5	1	1	9	6							1	1		
Craig Rowland*					2	2										
Dawn Sugden^*			3	3									1	1		
Sheila Stephen*															2	1
Nicola Tallett	5	1			9	6										

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 Subcommittee Member

Dawn Sugden was Chair of the Audit Committee until 24 November 2016. 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 we want to increase the number of disabled people who work for Livability. Currently 3.5% of employees have declared themselves to have a disability; 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 'Disability Confident' scheme and have achieved a Level 2 rating. We 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 disabled people in the charity and are involving disabled employees, volunteers and the people that use our services in making the charity a place that people want to work. We have recently won a contract to support disabled people back in to the workplace and we are developing a work experience programme.

Employee engagement

The charity and its related subsidiaries employ the equivalent of 1,204 full time staff and have 2,100 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, sending regular communications and staff updates to all. 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.

At every opportunity we consult with relevant staff who may be affected by changes and we carry out elections for staff representatives to support formalised change processes. We have a network of employee staff forums at a local level within our services to help consult and manage local staff issues and we are developing an organisation-wide forum as part of our harmonisation work.

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 organisation 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 subcommittee 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.

Volunteers

Volunteers play a vital role in Livability's life. Whether through 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 www.livability.org.uk/volunteer. Around 179 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.

Fundraising

Livability takes a long term, supporter-led, relationship fundraising approach to our activity. We work with partners who too carry out ethical fundraising practices to a high standard. During 2016/17 we were represented by professional fundraisers as part of our payroll giving program. Professional Fundraising Organisations represented Livability in corporations where employees can choose if they want to give as they earn.

In November 2016, Livability became a member of the new Fundraising Regulator, that sets and maintains the standard for charitable giving and holds the Code of Fundraising Practice for the UK. Prior to this we were a member of the Fundraising Standards Board (FRSB).

We remain vigilant to compliance of standards by the Fundraising Regulator, and have recently signed up to the Fundraising Preference Service where supporters can manage the communications and fundraising requests they receive from charities. We continue to keep abreast of developments related to General Data Protection Regulation (GDPR) and our fundraising practices.

In order to give a good supporter experience we support and monitor those fundraisers acting on our behalf. This includes in-house fundraisers carrying out activities through training and ongoing performance management, and others fundraising in aid of and on our behalf in the communities by giving them guidelines and dedicated fundraiser support.

Livability has a low level of fundraising complaints, and if complaints do arise we follow Livability's complaint procedure and if any are escalated to the Fundraising Regulator we will follow their procedure for handling complaints. During 2016-17 we received two official complaints – concerning unsolicited mailings and the frequency of mailings – which were handled by our Supporter Services team and resolved within five working days to the satisfaction of the supporters

with their communication preferences updated on our database. We continue to strive towards excellence and monitor the number of complaints we have against communication touchpoints in our KPIs. We listen to the views of our supporters through supporter surveys to gauge the majority view on the frequency of our mailings, ensure supporters can clearly opt-out of receiving communications, are training fundraisers on the upcoming GDPR regulations, and will be carrying out a consent-gathering exercise during 2017 to ensure we are supporter-led in our approaches.

Acting as an ethical fundraising charity we have a People in Vulnerable Circumstances (PIVC) Policy to determine what we will do to protect vulnerable people and others from unreasonable intrusion on a person's privacy, to ensure there is not undue pressure to give in the course of or in connection with fundraising for Livability. This policy is held on a central intranet area for all staff to access, and is being rolled out as part of training and guidance for fundraisers and volunteers.

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 strategic goals for the charity. 2017 has seen the establishment of a new five year plan for the charity.

Concluding our 2012-2017 five year plan

2017 sees the conclusion of a five year plan that was set in 2012, which stated that:

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 2012-2017 objectives

To help us measure our progress towards achieving them we set out 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.

During 2016-2017 we made significant progress against these objectives:

Deliver excellent services

In 2015-16 our Patron HRH The Princess Royal opened a brand new facility for people recovering from spinal injury at Livability's wellbeing discovery centre – Livability Holton Lee.

We continued to advance our development 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 continued the work of the Livability Community Network – an initiative to integrate the voices and experience of our services users for impact and quality measuring.

We continued with plans to develop three community hubs in Dagenham, Poole and Bognor which will specialise in disability care and also build extra resources and support for broader needs within the community.

Finding, motivating and keeping engaged staff are crucial to Livability's success, and how we reward and recognise staff is an important part in achieving that aim. We continued to reward exceptional service by our staff through the HRH Princess Royal Awards.

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 continue with a programme of negotiations and 'fee repair'.

We have undergone considerable changes to review our systems and structure and reduce costs including reshaping our finance team and estates team. We have also integrated all the back office functions from Prospects (the charity that merged with Livability in 2016), whilst achieving a reduction in head count and cost in our support systems.

In 2016-2017 we continued to focus on services to ensure that Livability makes a real difference and that services are financially sustainable.

We started the process to close the remaining three care homes in Hampshire, and the Prospects service Bethany House in Newport because changes in Local Authority funding arrangements meant they could not attract enough service users or funding to make them viable.

Our strategic objective of increasing income by 20% over the five-year period from 2012 to 2017 is on schedule. Income for 2016-17 excluding asset disposal gains was 27% above that in 2012 primarily due to the merger with Prospects offsetting earlier closures of non-viable services including Hinwick Hall College in 2014.

Difficult funding conditions mean that fee rate increases have been limited across Livability's residential and community-based care services and its education services. We have engaged with funders to review fee levels for our service users. In 2016-17 we actively engaged in a process to revise fee rates across all services with many rates having been frozen whilst service users care needs have increased.

The merger with Prospects has enabled the combined organisation to remove £1.4m of back office and support costs through the closure of the Prospects head office in Reading and the absorption of Prospects processing into Livability's head office in North Greenwich.

In 2016-17 we continued our outreach to potential donors and invested in the growth and strategy development of our fundraising team. We completed the

merger with Prospects on 11th May 2016. Prospects brings with it annual income of circa £9m.

The aim of increasing net income by 10% by March 2017 has not yet been achieved. The challenge of very limited scope for fee increases whilst the direct costs of delivery have continued to increase primarily from changes to the National Living Wage.

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 2016-17 we invested in further automation of the production of management information systems, recruitment and retention, and in increasing the visibility of the charity through a brand refresh 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. In 2016/17 we incurred £1.1m of integration costs to achieve the merger with Prospects, these costs will not recur and the total saving in overheads across the group is c£1.4m. The merger will therefore reduce the overall percentage of income incurred on overheads and support costs in 2017-18 and future years.

Effective decision-making

During 2016 we completed the implementation of a number recommendations from an external expert review of our governance arrangements aimed at improving their effectiveness. These included amending the meeting cycle to ensure the sub-committees meet closer to full board meetings to improve the timeliness of reporting; improving the interface between the services and finance sub-committees; improving assurance reporting of headline performance data, safeguarding, health and safety and whistleblowing; and strengthening the oversight of our people strategy. During the year the terms of reference and reporting arrangements for the remuneration sub-committee have been fully refreshed and those of other sub-committees updated and their membership optimised. A further governance review is being planned as part of our normal cycle and this will have regard to the new charity governance code.

We have continued to run with a small core executive team and have developed the role of a broader senior leadership team who work across the charity to shape and implement strategy.

In 2016 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.

Doing what we say we will

During 2016-17 we continued to put the views of the people we support at the heart of what we do.

We continued to involve the people that use our services in a variety of workshops with both service users and staff to gather views and information, run by the Livability Community Network.

We have also conducted a range of research and focus groups to understand both internal and public perceptions on disability, social isolation and community life.

Our strategic objectives were underpinned by a range of activities in 2016-17. Some of the highlights were:

In 2016-17 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, disability and community services

- We have supported 412 people in our care homes.
- We opened a newly refurbished building to be the home of a new spinal injury centre in Dorset.
- Engagement with community activities for 541 clients through Livability's day services and community care and support provision.

Complex care services

- Building a new spinal injury centre at Livability at Holton Lee – an exciting nature and wellbeing project in Dorset.
- Brain rehabilitation care for 176 people at our service Livability Icanho.

Education services

- Education and learning opportunities for 187 children and young people through a school and college.

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 in to 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 15th Asian Spinal Cord Network (ASCoN) Conference in Nepal held on International Day of Persons with Disability.

Church partnerships and community engagement

- The launch of a key report and conferences on church and community engagement called 'Fullness of Life'.

- Wellbeing awareness training through the Happiness Course. The course trained church leaders and community volunteers to run in a variety of settings including local government, the Armed Forces, workplaces and churches.
- Redevelopment run of Dementia Friendly Churches Training Offer, new events and the launch of a Dementia Friendly Churches resource in partnership with Alzheimer's Society.

Fundraising

- The completion of Livability's fundraising campaign – The Home Design Appeal – to enable service users to enjoy more independence and dignity in their lives.
- £440k was raised in capital income towards a new spinal injury centre in Livability at Holton Lee.
- Livability was the platinum charity partner at new all-inclusive mass participation event, *Parallel*.
- 22 London Marathon runners supported Livability and raised over £37,000 for the charity.

Quality and Practice Development

- Integration of the Livability and Prospects quality systems are underway with a new Quality and Practice Development Team in post in summer 17.
- National Survey now incorporates the widest cross section of people using Livability services.
- Systems introduced to provide a comprehensive and combined management appraisal of all operational services.

In 2017 we launch a new set of strategic goals and objectives

As part of driving our organisation forwards, growing our impact and responding to changes in the health and social care sector, Livability is launching a new organisational strategy and brand identity in 2017-18.

The need for a new strategy – health and social care sector is changing fast

The landscape of the UK's health and social care sectors is changing fast. With growing demand for services and austerity cuts, public services and funding are increasingly stretched. Traditional 'top-down' delivery of formal care services isn't enough to respond to needs in our society in the long term – and many elderly, disabled and vulnerable people aren't getting the care they need.

There are great health inequalities in our society, with too many people experiencing the effects of social exclusion or lack social support. As a result, there is an increasing drive within the NHS and local government to focus health, care and support far more within communities in order to reduce inequalities, tackle risks of social isolation and improve health outcomes.

With the passing of The Care Act and through the NHS Five Year Forward View (2014), there is a greater emphasis on localised, community connected, personalised and joined-up care. People have more choice to design their own support, building on both their needs and strengths, within their own community of relationships and services.

It's a change that needs a collaborative and community approach to care.

Social isolation is impacting disabled and vulnerable people

Social isolation is a growing problem in the UK. Britain has been called the 'Loneliness capital of Europe'.

Many people are socially isolated because they face disabling barriers in their lives. From lack of awareness for disability and mental illness, homelessness, unemployment, or lack of education opportunities, the obstacles are obvious.

Social isolation is seriously bad for your health. When people are socially isolated, their life and wellbeing outcomes are lower. Disabled and vulnerable people are often the hardest hit.

Livability's new strategy – Livable Lives and Communities

Livability's new strategy is focused on connecting people with their community. Research shows that people's health, life and wellbeing outcomes are stronger when they have supportive relationships and positive community experience. We will help people to take part, contribute, and be valued.

Livability brings a dynamic offering to the health and social care arena. We have strong expertise in disability care and community engagement, and a wide network of staff, volunteers and church partners in the UK.

Taking a strengths or asset based approach, we draw people and resources together, sharing needs and aspirations, to create new possibilities and solutions.

Our strategy represents a significant shift in our Public Engagement as a charity, where we recognise the incredible power of harnessing local community resources of all shapes and sizes to deliver our mission.

Wherever we create a service, we will work with local agencies, churches and community partners to broaden the offer. Through community involvement, innovation and enterprise, we deliver more joined up opportunities to make life better for the people we support.

Through all our services, we will work for more livable lives and communities. We will do this by:

Connecting communities through our disability services: Wherever we create a disability care service, our staff work with other local agencies, churches and community partners to extend the impact of our support and care. From developing community art groups, fitness programmes, befriending schemes or wellbeing courses – our services always focus on extending the support and care for the people that we serve.

Communities through local hubs: We are also developing community hubs with a range of local agencies to provide more of a holistic approach to care and community life. Each location provides a diverse portfolio of family and community focused services that enhance life and wellbeing.

Connecting communities with church partners: Livability is a passionate advocate of the local church as a powerful agent for change. We equip churches to tackle barriers in community life that fragment society and decrease people's wellbeing. Livability works with a range of churches in the UK, supporting and resourcing them to meet the needs of local people. We celebrate the assets already found in a community and build partnerships to bring communities together.

With a refined new brand identity and trajectory for the charity building on our dynamic and inclusive Christian ethos, this strategy draws on our learned experience and freshly integrates our key strengths and core activities.

Future strategic objectives and measuring impact

The overarching strategic objectives for Livable Lives and Communities are:

Objective 1 – Creating and demonstrating Livable communities

By 2018 there will be published evidence available to determine the social impact, value for money, and factors of importance for continued success of all Livable community sites.

Objective 2 – Defining and living Livability quality hallmarks

By 2018 we will have reviewed our quality system and HR processes to ensure that our services, staff performance and behaviours are measured against the Hallmarks.

Objective 3 – Involving the people we exist for in growing our impact

By 2018 the Livability Community Network will evidence how our 'user voice' permeates throughout the organisation, improves our practice, contributes to relevant decisions and is paramount in all key messaging.

Objective 4 – Communicating well and engaging people in the cause

By 2019 Livability will have doubled the amount of active supporters engaged in the charity as volunteers and donors.

Objective 5 – Shaping systems and resources to empower and add value

By 2019 our systems and resources will provide effective, scalable and lean support to enable our flexible and community focused operation to flourish.

Alongside our strategic goals we have developed a Theory of Change to create a new lens for measuring our impact. Work is progressing this year to create tools that can be used across the organisation and applied in a local way so that the activities and outcomes are specific and measurable.

Financial Review

Overview

Whilst the overall financial position of Livability remained constant with total funds increasing slightly from £47.1m (2016) to £47.2m (2017), underlying financial performance was still not satisfactory considering the operating deficit of (£2.7m) (2016: (£3.6m)) (before net gain of investment) returned during the year. As noted elsewhere in this report, the in-year performance was particularly affected by significant one-off costs relating to the merger with Prospects.

It is clear that the challenging macro and operating conditions faced by charities in the disability and care sector means that financial challenges will remain in place for the short-to-medium term at least.

Livability remains well positioned to respond to these current and future challenges. The adequate level of reserves has enabled the charity to invest in organisational improvements and operate in a considered manner. We recognise that the financial performance of the organisation needs to improve significantly. To this end a comprehensive business plan, covering the next 5 years has been developed and it sets out a number of actions to address underlying financial performance. Progress against the plan will be rigorously monitored by Trustees. During the financial year under review and going forward there have been and will be focus areas to improve overall financial performance:

- Increasing operating contribution – apart from maintaining a tight rein on staffing and agency costs, pricing and costing mechanisms will be refined to maintain suitable levels of revenue.
- Increasing net fundraising revenue – as noted below, the adoption of a new fundraising strategy means we have a goal to increase net voluntary income from £2.4m to £3.7m.
- Reduce central support costs – a number of initiatives are in place to reduce central support costs and improve internal efficiencies.
- Rationalising portfolio – a continuation of an active programme of assessing Livability's property portfolio and disposing of assets no longer fulfilling a useful part of the portfolio.

Income and Expenditure Account

Overall income from charitable activities rose by £9.3m or 28%. The main reason for this increase was the merger with the Prospects Group which took effect on 11th May 2016. Some portfolio changes took place following the merger which included the closure of the 3 care homes in Hampshire at Blithe House, Chartwell House and Whichers Gate and also the Prospect's home at Bethany House, Newport.

The deficit on charitable activities of £9.3m (£41.9m income less £51.2m expenditure) includes a £2m operating deficit from Prospects. Following the merger, an integration programme was implemented at a cost of £1.1m in redundancy, systems development and consultancy time. The integration resulted in the closure of the Prospects head office in Reading at the end of November 2016. The closure resulted in a saving of £1.4m in annual central support costs

across the combined group, the benefit of which will be realised in 2017-18. The Prospects deficit for 2016-17 of £2.1m includes £0.6m of non-recurring restructuring and integration costs.

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, although offset by a fall in margins as the impact of changing service user care needs and rising costs of employment.

Residential student numbers have fallen slightly at both VEC with 88 students (2016: 90) and Nash College 79 (2016: 85) VEC has expanded the Horizons service for post-19 students with 22 students (2016: 17) leading to an increase in income.

The level of agency use and vacancy rate is a significant factor in the cost base of the charity. Like many providers in the care sector we experience difficulties in the recruitment and retention of staff with the South East of England being an area of pressure.

In 2015-16 the charity took the decision to implement an above inflation wage rise for its front-line staff across the organisation. Wage levels rose on average by 4.5% as a result and the benefits have been seen in reducing vacancy levels and agency spend. There was no inflationary pay award in 2017.

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 an active programme of engaging with our local authority commissioners to ensure that fee levels are appropriate for the changing needs of the people 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 registered with the Fundraising Regulator and abides by their standards and follows the Code of Fundraising Practice issued by the Fundraising Regulator.

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

- Our overall income from donations and legacies rose by 17% to £4.1m (2016: £3.5m) whilst the cost of raising funds rose by only 4% to £1,249k (2016: £1,198k) creating a net contribution of £2,852k for the year (2016: £2,333k).
- Our regular givers collectively donated over £742k, helping us to achieve greater independence for disabled adults and children. Our Friendship Really Matters appeal at Christmas was a great success, raising in excess of £56k from kind supporters who generously gave more than our original £32k target.
- Our volunteer-led Friends Groups have grown to a total of 12, and continue to raise funds locally to benefit local Livability services.
- Our community fundraising income significantly increased by 93% compared to 2016, starting in South West England with kind support from local companies such as John Lewis, Barclays, Nationwide and Viridor Credits who donated £90k to repair pathways at Livability Holton Lee making the site even more accessible for disabled people to enjoy the expanse of our wellbeing centre.
- We are thankful for the support from Trusts, including the Hobson Charity, Bradbury Foundation, The Wolfson Foundation and Talbot Village Trust.

- We welcomed former Prospects supporters into the charity, increasing our reach and impact across the UK, including a further 220 churches supporting Livability from which £51k was generously donated; and
- Benefactors who support our work at the end of their lives through legacies continue to give generously. This year we joined the Remember a Charity campaign to reach more people who are considering leaving a charitable gift in their Will, once they have looked after their family and friends.

We are very grateful to all those who feel inspired to make a difference in people's lives and choose to support our work. It is through the generous donations, time and prayer of our supporters we are able to make lives more livable for the people we work with.

Looking forward, we have a vision for leading Livability's fundraising growth; to enable the charity to grow and connect our service delivery with our community engagement activities. Our goal is to significantly increase gross voluntary income. To do this, we will be supporter-led in our approach and be the agent of social change our supporters want to see. We set out to significantly increase the value and volume of our loyal supporters, taking a long-term approach to our work.

Central support costs

The merger with Prospects brought another head office support structure into the group. As noted above, it was decided to realise the synergies from merger by integrating the two head office's into one with the Prospects head office in Reading being closed at the end of November 2016 and absorbing the activities of the Prospects head office into Livability's national office in North Greenwich with minimal increases in the main back office functions. Further work will take place during 2017-18 to further consolidate and reduce the administrative functions between the operating units and the centre.

Investment has also been made during 2017 on development of a new brand identity to complement and add to the investment in fundraising and communications activity.

The level of cost of the central support costs at £8m represents 20% of income excluding disposal and merger costs (2016: £6.1m 16.8% of income) and includes Prospects head office costs to November 2016. The Trustees and Executive Team are committed to reducing central support costs to a level at or below that previously incurred.

Balance Sheet

Tangible fixed asset values have increased by £6m in the year primarily from Prospects assets of £3.5m coming into the Group and the development of a new Spinal Injury Centre at Holton Lee at a cost of £1.8m. We continued to invest in the fabric of buildings, whilst disposing of assets no longer fulfilling a useful part of the portfolio. Four properties were disposed of during 2016-17, which were no longer fulfilling an operational purpose, with disposal proceeds of £2m and a gain on disposal of £517k.

Trade debtors increased significantly this year, reflecting both the increased customer base from the merger with Prospects and increased delays in payment from a small group of local authorities and NHS commissioners. Cash collection

improved significantly at the start of the new public sector budget year in April 2017 and the debtors are being recovered.

Cash Flow and Working Capital

Cash balances at the year-end fell from £14m at 31 March 2016 to £6.3m at 31st March 2017 with the £7.7m reduction primarily arising from the deficit on charitable activities of £7m. Cash inflows from the disposal of property assets at £2m were offset by the investment in the spinal injury unit of £1.8m.

Reserves Policy

At the year ended 31 March 2017, Livability held a total of £47.2m in reserves (2016: £47.1m). 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 £7.6m.
- Restricted funds that are held for specific purposes which have a value of £7.1m.
- Designated funds being 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 £42.8m (2016: £35.4m).
- Pensions reserve (£10.6m) (2016: (£10.2m)).
- General fund £0.35m (2016: £11.2m).
- Unrestricted reserves £32.5m (2016: £36.3m).

There is a ten-year deficit reduction plan for the pension deficit of £10.6m. Contributions to the deficit schemes for 2016-17 were £1.0m.

The Trustees have set a reserves policy which takes account of the current analysis of risk, day to day operational expenditure, the volatility of voluntary income and the maintenance of adequate levels of working capital. At the present time the trustees consider that a range of 8 to 12 weeks of expenditure is the right level to hold.

The Free Reserves (known as 'General Fund'), which are those unrestricted funds not invested in fixed assets, designated for special purposes or otherwise committed, stood at £0.35m at 31 March 2017 (2016: £11.22m).

Given that the designation of funds will be reassessed in the next financial year, we consider the General Fund level for these purposes to include the in-year transfer from general to designated property and equipment funds of £7.1m. To that end, the General Fund figure of £7.45m represents 10 weeks (2016: 16.5 weeks) of general expenditure.

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 that risks are suitably managed and that there are 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 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.

Livability's work with vulnerable people means that there are always potential risks. We have safeguarding policies and procedures which are regularly reviewed and ensure that concerns are effectively identified, reported, and responded to and we work in partnership with statutory organisations as required.

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 27th October 2017 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 2017 which comprise the consolidated and charity statement of financial activities, the consolidated and charity balance sheet, the consolidated and charity statement of cash flows 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 auditors

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. We have been appointed auditor under the Companies Act 2006 and report in accordance with that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 March 2017 and of the group's and parent charity's net income and application of resources, including the 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 matters 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 and the strategic report and the trustees' report have been prepared in accordance with applicable legal requirements.

Based on our knowledge and understanding of the charity and its environment obtained during the course of the audit we have identified no material misstatements in the strategic report and trustees' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent charity, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity financial statements 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: 1 November 2017

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

Livability Group Consolidated Statement of Financial Activities	Note	Year ended 31 March 2017				Year ended 31 March 2016			
		Unres- tricted Funds £000	Rest- ricted Funds £000	Endow- ment Funds £000	Total Funds £000	Unres- tricted Funds £000	Rest- ricted Funds £000	Endow- ment Funds £000	Total Funds £000
Income from:									
Donations and legacies	2	2,957	1,144	–	4,101	2,441	1,090	–	3,531
Charitable activities	2	32,234	9,603	84	41,921	32,179	389	88	32,656
Other trading activities	2	53	–	–	53	112	11	–	123
Investments	3	108	41	7	156	152	39	9	200
Gains on disposal of fixed assets	4	508	–	9	517	1,326	–	–	1,326
Other		–	53	–	53	–	–	–	–
Income from gift of a charity	2	–	3,533	–	3,533	–	–	–	–
Total income		35,860	14,374	100	50,334	36,210	1,529	97	37,836
Expenditure on:									
Raising funds	5	1,184	65	–	1,249	1,195	3	–	1,198
Charitable activities	5	38,852	12,270	82	51,204	38,440	1,042	99	39,581
Other	5	356	191	–	547	604	–	–	604
Total expenditure		40,392	12,526	82	53,000	40,239	1,045	99	41,383
Net gains on revaluation of investments	9, 10	2,151	6	2,182	4,339	710	55	244	1,009
Net income / (expenditure)		(2,381)	1,854	2,200	1,673	(3,319)	539	242	(2,538)
Transfer between funds	14	182	(182)	–	–	174	(174)	–	–
Other recognised gains / (losses)									
Actuarial gains / (losses) on defined benefit pension schemes	13	(1,626)	–	–	(1,626)	3,643	–	–	3,643
Net movement in funds		(3,825)	1,672	2,200	47	498	365	242	1,105
Reconciliation of funds									
Total funds brought forward	14	36,338	5,390	5,405	47,133	35,840	5,025	5,163	46,028
Total funds carried forward		32,513	7,062	7,605	47,180	36,338	5,390	5,405	47,133

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 30 to 64 form part of these financial statements.

**Livability Charity
Statement of
Financial Activities**

	Note	Year ended 31 March 2017				Year ended 31 March 2016			
		Unres- tricted Funds £000	Rest- ricted Funds £000	Endow- ment Funds £000	Total Funds £000	Unres- tricted Funds £000	Rest- ricted Funds £000	Endow- ment Funds £000	Total Funds £000
Income from:									
Donations and legacies	2	2,957	694	–	3,651	2,426	1,042	–	3,468
Charitable activities	2	31,449	73	84	31,606	31,360	36	88	31,484
Other trading activities	2	1,264	–	–	1,264	–	–	–	–
Investments	3	108	–	6	114	152	1	7	160
Gains on disposal of fixed assets	4	508	–	9	517	1,326	–	–	1,326
Income from gift of a charity	2	–	3,533	–	3,533	–	–	–	–
Total income		36,286	4,300	99	40,685	35,264	1,079	95	36,438
Expenditure on:									
Raising funds	5	1,184	–	–	1,184	1,195	–	–	1,195
Charitable activities	5	39,403	785	82	40,270	37,401	597	99	38,097
Other	5	274	2,276	–	2,550	504	–	–	504
Total expenditure		40,861	3,061	82	44,004	39,100	597	99	39,796
Net gains on revaluation of investments	9, 10	2,151	6	2,179	4,336	710	–	243	953
Net income / (expenditure)		(2,424)	1,245	2,196	1,017	(3,126)	482	239	(2,405)
Transfer between funds	14	182	(182)	–	–	174	(174)	–	–
Other recognised gains / (losses)									
Actuarial gains / (losses) on defined benefit pension schemes	13	(1,626)	–	–	(1,626)	3,643	–	–	3,643
Net movement in funds		(3,868)	1,063	2,196	(609)	691	308	239	1,238
Reconciliation of funds									
Total funds brought forward	15	36,664	3,664	5,370	45,698	35,973	3,356	5,131	44,460
Total funds carried forward		32,796	4,727	7,566	45,089	36,664	3,664	5,370	45,698

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 30 to 64 form part of these financial statements.

**Livability Group and
Charity Balance Sheets**

At 31 March 2017

	Note	Group		Charity	
		2017 £000	2016 £000	2017 £000	2016 £000
Fixed assets:					
Tangible assets	8	41,636	35,736	35,578	33,404
Financial investments	9	4,547	4,221	6,202	4,613
Social investments	10	12,080	9,059	12,080	9,059
Total fixed assets		58,263	49,016	53,860	47,076
Current assets:					
Debtors and stocks	11	4,085	2,949	5,699	3,285
Properties held for sale		–	854	–	854
Cash at bank and in hand		6,302	13,974	5,876	13,668
Total current assets		10,387	17,777	11,575	17,807
Liabilities					
Creditors: amounts falling due within one year	12	(10,820)	(5,295)	(9,696)	(5,205)
Net current assets		(433)	12,482	1,879	12,602
Total assets less current liabilities		57,830	61,498	55,739	59,678
Creditors: amounts falling due after more than one year	12	(47)	(4,124)	(47)	(3,739)
Net assets excluding pension liability		57,783	57,374	55,692	55,939
Defined benefit pension liability	13	(10,603)	(10,241)	(10,603)	(10,241)
Total net assets		47,180	47,133	45,089	45,698
The funds of the charity:					
Permanent endowment funds	14	7,605	5,405	7,566	5,370
Restricted funds	14	7,062	5,390	4,727	3,664
Unrestricted funds	14	43,116	46,579	43,399	46,905
Pension reserve	14	(10,603)	(10,241)	(10,603)	(10,241)
Total funds		47,180	47,133	45,089	45,698

Approved by the Board of Trustees on 27th October 2017 and signed on their behalf by



Caroline Armitage,
Chair of Trustees

The notes on pages 30 to 64 form part of these financial statements.

Statement of Cash Flows

For the year ended 31 March 2017

	Note	Group		Charity	
		2017 £000	2016 £000	2017 £000	2016 £000
Cash flows from operating activities					
Net cash provided by / (used in) by operating activities	C1	(5,553)	(4,446)	(7,255)	(4,600)
Cash flows from investing activities					
Dividends, interest and rent from investments		156	139	114	160
Proceeds from the sale of property, plant and equipment		919	5,364	919	5,350
Purchase of property, plant and equipment		(2,487)	(2,802)	(986)	(2,746)
Proceeds from sale of investments		1,378	427	1,378	427
Purchase of investments		(8)	(9)	(8)	(9)
Cash outflows arising on gift of a charity		(1,198)	–	(1,672)	–
Net cash provided by / (used in) investing activities		(1,240)	3,119	(255)	3,182
Cash flows from financing activities					
Repayments of borrowings		(879)	(268)	(282)	(249)
Cash inflows from new borrowing		–	–	–	–
Receipt of endowment		–	–	–	–
Net cash provided by / (used in) financing activities		(879)	(268)	(282)	(249)
Change in cash and cash equivalents in the period		(7,672)	(1,595)	(7,792)	(1,667)
Cash and cash equivalents at the start of the period		13,974	15,569	13,668	15,335
Cash and cash equivalents at the end of the period		6,302	13,974	5,876	13,668

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	
	2017 £000	2016 £000	2017 £000	2016 £000
C1. Reconciliation of net income / (expenditure) to net cash flow from operations				
Net income / (expenditure) for the year as stated in the Statement of Financial Activities	1,673	(2,538)	1,017	(2,405)
<i>Adjustments for:</i>				
Depreciation charges	1,237	1,009	1,199	953
(Gains) / losses on investments	(4,339)	(1,009)	(4,336)	(953)
Dividends, interest and rent from investments	(156)	(139)	(114)	(160)
Income from the gift of a charity	(3,533)	–	(3,533)	–
(Gains) / losses on the disposal of fixed assets	(517)	(1,340)	(517)	(1,326)
(Increase) / decrease in stocks	–	4	–	4
(Increase) / decrease in debtors	(1,136)	(524)	(2,414)	(802)
Increase / (decrease) in creditors	856	993	1,081	991
Increase / (decrease) in provisions	362	(902)	362	(902)
Net cash flow provided by / (used in) operations	(5,553)	(4,446)	(7,255)	(4,600)
C2. Reconciliation of net cash flow to movement in net funds				
	At 31 March 2016 £000	Cash flow	Non-cash movement £000	At 31 March 2017 £000
Cash at bank and in hand	13,974	(7,672)	–	6,302
Short-term deposits	–	–	–	–
Cash as defined by	13,974	(7,672)	–	6,302
Cash investments	–	–	–	–
Cash disclosed in the balance sheet	13,974	(7,672)	–	6,302
Bank loans	(4,355)	879	(1,471)	(4,947)
Net funds	9,619	(6,793)	(1,471)	1,355

Note 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.

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. 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 14.

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.

C. 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 16.

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.

D. 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 as a proxy measure for usage of resources and staff numbers.

E. Fundraising Costs

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

F. 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.

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.

G. 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.

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 they 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.

H. 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 in 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.

I. 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:

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.

J. 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.

K. 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.

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.

L. 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.

M. 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.

N. 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.

O. 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.

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.

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.

P. 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.

Q. 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.

R. 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.

Note 2 Analysis of income

Group	Unres- tricted Funds	Rest- ricted Funds	Endow- ment Funds	Total Funds	Unres- tricted Funds	Rest- ricted Funds	Endow- ment Funds	Total Funds
	2017	2017	2017	2017	2016	2016	2016	2016
	£000	£000	£000	£000	£000	£000	£000	£000
Donations and legacies								
Donations	1,207	1,083	–	2,290	1,289	584	–	1,873
Income from charitable events	59	13	–	72	26	95	–	121
Legacies	1,691	48	–	1,739	1,126	411	–	1,537
Total donations and legacies	2,957	1,144	–	4,101	2,441	1,090	–	3,531
Charitable activities								
Residential and community care services	19,500	9,166	–	28,666	19,293	81	–	19,374
Education and care services	12,702	437	–	13,139	12,850	203	–	13,053
Community Engagement	31	–	–	31	36	105	–	141
Trusts	1	–	84	85	–	–	88	88
Total charitable activities	32,234	9,603	84	41,921	32,179	389	88	32,656
Other trading activities	53	–	–	53	112	11	–	123
Investments	108	41	7	156	152	39	9	200
Gains on disposals of fixed assets	508	–	9	517	1,326	–	–	1,326
Other	–	53	–	53	–	–	–	–
Income from gift of a charity	–	3,533	–	3,533	–	–	–	–
Total income	35,860	14,374	100	50,334	36,210	1,529	97	37,836

Charity	Unres- tricted Funds	Rest- ricted Funds	Endow- ment Funds	Total Funds	Unres- tricted Funds	Rest- ricted Funds	Endow- ment Funds	Total Funds
	2017	2017	2017	2017	2016	2016	2016	2016
	£000	£000	£000	£000	£000	£000	£000	£000
Donations and legacies								
Donations	1,207	641	–	1,848	1,274	536	–	1,810
Income from charitable events	59	5	–	64	26	95	–	121
Legacies	1,691	48	–	1,739	1,126	411	–	1,537
Total donations and legacies	2,957	694	–	3,651	2,426	1,042	–	3,468
Charitable activities								
Residential and community care services	18,715	64	–	18,779	18,474	25	–	18,499
Education and care services	12,702	9	–	12,711	12,850	11	–	12,861
Community Engagement	31	–	–	31	36	–	–	36
Trusts	1	–	84	85	–	–	88	88
Total charitable activities	31,449	73	84	31,606	31,360	36	88	31,484
Other trading activities	1,264	–	–	1,264	–	–	–	–
Investments	108	–	6	114	152	1	7	160
Gains on disposals of fixed assets	508	–	9	517	1,326	–	–	1,326
Other	–	–	–	–	–	–	–	–
Income from gift of a charity	–	3,533	–	3,533	–	–	–	–
Total income	36,286	4,300	99	40,685	35,264	1,079	95	36,438

Income from gift of a charity is the result of the take on of the net assets of Prospects For People With Learning Disabilities, which also included At Home In The Community, as at merger date.

Note 3 Income from investments

Group	Unres- tricted Funds	Rest- ricted Funds	Endow- ment Funds	Total Funds	Unres- tricted Funds	Rest- ricted Funds	Endow- ment Funds	Total Funds
	2017	2017	2017	2017	2016	2016	2016	2016
	£000	£000	£000	£000	£000	£000	£000	£000
Analysis of income from investments								
Property rental	56	41	–	97	74	38	–	112
Bank interest receivable	33	–	1	34	61	–	–	61
Dividends from investments	19	–	6	25	17	1	9	27
Total income from investments	108	41	7	156	152	39	9	200
Analysis of gains from investment valuations								
Listed investments	55	6	34	95	(38)	–	(52)	(90)
Investment property	530	–	30	560	205	55	150	410
Social investments	1,566	–	2,118	3,684	543	–	146	689
Total gains from investment valuations	2,151	6	2,182	4,339	710	55	244	1,009

Note 4 Gains on disposal of fixed assets

Gains on asset disposals	Group 2017 £000	Group 2016 £000	Charity 2017 £000	Charity 2016 £000
Disposal proceeds net of costs	2,371	5,350	2,371	5,350
Net book value of disposed assets	(1,854)	(4,024)	(1,854)	(4,024)
Gains on disposal	517	1,326	517	1,326

Note 5 Expenditure analysis

Group	Unres- tricted Funds	Rest- ricted Funds	Endow- ment Funds	Total Funds	Unres- tricted Funds	Rest- ricted Funds	Endow- ment Funds	Total Funds
	2017	2017	2017	2017	2016	2016	2016	2016
	£000	£000	£000	£000	£000	£000	£000	£000
Raising funds								
Internal fundraising costs	814	65	–	879	706	–	–	706
Bought in services	118	–	–	118	253	3	–	256
Support costs	252	–	–	252	236	–	–	236
Total raising funds	1,184	65	–	1,249	1,195	3	–	1,198
Costs of charitable activities								
Residential and community care services								
Residential and community care services	24,765	11,556	–	36,321	23,830	414	–	24,244
Education and care services	13,512	714	–	14,226	14,114	382	–	14,496
Community Engagement	545	–	–	545	496	246	–	742
Trusts	30	–	82	112	–	–	99	99
Total charitable activities	38,852	12,270	82	51,204	38,440	1,042	99	39,581
Other	356	191	–	547	604	–	–	604
Total expenditure	40,392	12,526	82	53,000	40,239	1,045	99	41,383

Charity	Unres- tricted Funds	Rest- ricted Funds	Endow- ment Funds	Total Funds	Unres- tricted Funds	Rest- ricted Funds	Endow- ment Funds	Total Funds
	2017	2017	2017	2017	2016	2016	2016	2016
	£000	£000	£000	£000	£000	£000	£000	£000
Raising funds								
Internal fundraising costs	814	–	–	814	706	–	–	706
Bought in services	118	–	–	118	253	–	–	253
Support costs	252	–	–	252	236	–	–	236
Total raising funds	1,184	–	–	1,184	1,195	–	–	1,195
Costs of charitable activities								
Residential and community care services								
Residential and community care services	25,316	583	–	25,899	23,580	353	–	23,933
Education and care services	13,512	202	–	13,714	13,325	241	–	13,566
Community Engagement	545	–	–	545	496	3	–	499
Trusts	30	–	82	112	–	–	99	99
Total charitable activities	39,403	785	82	40,270	37,401	597	99	38,097
Other	274	–	–	274	504	–	–	504
Impairment of subsidiary investment	–	2,276	–	2,276	–	–	–	–
Total expenditure	40,861	3,061	82	44,004	39,100	597	99	39,796

Note 5 Expenditure analysis (cont'd)

Allocation of support costs – Group	Raising funds	Residential and community care services	Education services	Community Engagement	Total
	£000	£000	£000	£000	£000
Senior Management	14	322	183	8	527
Human Resources	10	1,419	364	3	1,796
Finance	53	1,160	660	28	1,901
Information Technology	6	835	211	2	1,054
Corporate Services	123	1,516	480	5	2,124
Marketing & Communications	46	318	200	1	565
Total	252	5,570	2,098	47	7,967
2016 Total	236	3,642	2,191	47	6,116

All costs are allocated on the basis of total expenditure (as a proxy measure for usage of resources) other than those for Human Resources which are allocated on the basis of headcount.

Analysis of direct and support costs – Group	Direct costs	Support costs	Total	Direct costs	Support costs	Total
	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Raising funds						
Internal fundraising costs	879	252	1,131	706	236	942
Bought in services	118	–	118	256	–	256
Total raising funds	997	252	1,249	962	236	1,198
Costs of charitable activities						
Residential and community care services						
Residential and community care services	30,751	5,570	36,321	20,602	3,642	24,244
Education and care services	12,128	2,098	14,226	12,305	2,191	14,496
Community Engagement	498	47	545	695	47	742
Trusts	112	–	112	99	–	99
Total charitable activities	43,489	7,715	51,204	33,701	5,880	39,581
Other	547	–	547	604	–	604
Impairment of fixed assets	–	–	–	–	–	–
Total expenditure	45,033	7,967	53,000	35,267	6,116	41,383

Note 5 Expenditure analysis (cont'd)

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

	Group	
	2017 £000	2016 £000
Depreciation	1,237	1,009
Auditor's remuneration:		
Audit current year	73	48
Other services	2	10
Other Group Auditors	48	–
Interest payable	186	169
Operating lease charges:		
Land and buildings	858	406
Other equipment	137	75

Note 6 Staff and staffing costs

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

	Group 2017		Group 2016	
	Number	FTE	Number	FTE
Education services	586	345	769	423
Residential and community services	1,354	739	1,049	663
Community Engagement	17	5	8	5
Generating funds	25	17	23	18
Support functions	118	98	99	80
Total	2,100	1,204	1,948	1,189

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Analysis of staff costs				
Wages and salaries	30,835	24,410	24,199	24,255
Social security costs	2,333	1,849	1,862	1,842
Employer contributions to defined contribution pension schemes	1,014	982	968	982
Operating costs of defined benefit pension schemes	613	720	613	720
Redundancy and termination payments	526	164	410	164
Agency staff	3,894	2,177	2,607	2,177
Total staff costs	39,215	30,302	30,659	30,140

For the group, redundancy payments were £299,000 (2016: £72,000) and termination payments were £227,000 (2016: £92,000).

Note 6 Staff and Staffing Costs (cont'd)

Higher paid staff – Group

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

	2017	2016
£60,000 – £69,999	2	7
£70,000 – £79,999	6	2
£80,000 – £89,999	2	1
£90,000 – £99,999	–	1
£100,000 – £109,999	–	–
£110,000 – £119,999	1	1
£120,000 – £129,999	1	1

Remuneration of key management personnel – Group

	2017 £000	2016 £000
The remuneration of key management personnel was:		
Wages and salaries	407	555
Contributions to defined contribution pension schemes	59	39
Termination payments	–	57
Employers NI	43	55
Total	509	706

Note 7 Subsidiary Undertakings

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

Name	Function	Company Registration	Charity number
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
Prospects For People With Learning Disabilities, a company limited by guarantee	Provision of residential, supported living, domiciliary and day opportunity services	03305658	1060571
Prospects Trading Limited	Dormant	03222851	N/A
At Home in the Community, a company limited by guarantee	Provision of residential, supported living, domiciliary and day opportunity services	2470260	803280
A Cause for Concern	Dormant	N/A	271600

Note 7 Subsidiary Undertakings (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:

	Turnover or incoming resources	Operating profit or net incoming / (outgoing) resources	Transfer to the Charity	Aggregate assets	Aggregate liabilities	Net assets
	£000	£000	£000	£000	£000	£000
John Grooms	–	–	–	–	–	–
The Shaftesbury Society	1	4	–	36	–	36
Livability Icanho Limited	785	27	–	37	7	30
Kingsley Hall Church and Community Centre	528	12	–	1,695	158	1,537
Livability Contracting Services Limited	32	–	–	7	7	–
East Holton Charity	708	439	–	3,058	1,829	1,229
Holton Lee Limited	59	13	–	76	50	26
Prospects For People With Learning Disabilities	8,265	(2,176)	–	2,443	907	1,536
Prospects Trading Limited	–	–	–	–	–	–
At Home in the Community	1,133	177	–	–	–	–
A Cause for Concern	–	–	–	–	–	–
	11,511	(1,504)	–	7,352	2,958	4,394

Note 8 Tangible fixed assets

Group	Functional freehold property £000	Functional leasehold property £000	Other fixed assets £000	Total £000
Cost				
At 1 April 2016	33,808	1,381	7,804	42,993
Additions	1,751	352	384	2,487
Assets acquired on merger	4,145	3	456	4,604
Disposals and retirements	(52)	(81)	(952)	(1,085)
At 31 March 2017	39,652	1,655	7,692	48,999
Depreciation				
At 1 April 2016	806	49	6,402	7,257
Charged in the year	460	107	670	1,237
Released on disposal or retirement	(2)	(5)	(1,124)	(1,131)
At 31 March 2017	1,264	151	5,948	7,363
Net book value				
At 31 March 2017	38,388	1,504	1,744	41,636
At 31 March 2016	33,002	1,332	1,402	35,736

Group fixed assets include assets with carrying values of £9,560,000 (2016: £8,945,000) which have been pledged as security for bank loans disclosed in note 12.

Note 8 Tangible fixed assets (cont'd)

Charity	Functional freehold property £000	Functional leasehold property £000	Other fixed assets £000	Total £000
Cost				
At 1 April 2016	31,476	1,381	7,689	40,546
Additions	229	355	402	986
Assets acquired on merger	1,923	–	418	2,341
Disposals, retirements and write offs	(52)	(81)	(952)	(1,085)
At 31 March 2017	33,576	1,655	7,557	42,788
Depreciation				
At 1 April 2016	762	49	6,331	7,142
Charged in the year	427	107	665	1,199
Released on disposal, retirement and write offs	(2)	(5)	(1,124)	(1,131)
At 31 March 2017	1,187	151	5,872	7,210
Net book value				
At 31 March 2017	32,389	1,504	1,685	35,578
At 31 March 2016	30,714	1,332	1,358	33,404

Charity fixed assets include assets with carrying values of £7,587,000 (2016: £7,663,000) which have been pledged as security for bank loans disclosed in note 12.

Note 9 Financial investments

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

	Group 2017 £000	Group 2016 £000	Charity 2017 £000	Charity 2016 £000
Analysis of changes in investment values				
Investments at the start of the year	4,221	3,989	4,613	4,437
Additions	8	9	3,550	9
Disposals	(337)	(97)	(337)	(97)
Gains / (losses) on revaluation	655	320	652	264
Impairment of subsidiary investments	–	–	(2,276)	–
Investments at the end of the year	4,547	4,221	6,202	4,613

Analysis of investments

Investment properties	3,850	3,290	3,210	2,650
Cash and cash equivalents	568	116	547	109
Listed investments	1	814	1	802
Other investments	128	1	128	1
Investments in subsidiary entities	–	–	2,316	1,051
Total investments	4,547	4,221	6,202	4,613

Note 10 Social investments

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

	Group 2017 £000	Group 2016 £000	Charity 2017 £000	Charity 2016 £000
Investments at the start of the year	9,059	8,700	9,059	8,700
Disposals	(663)	(330)	(663)	(330)
Gains / (losses) on revaluation	3,684	689	3,684	689
Investments at the end of the year	12,080	9,059	12,080	9,059

The property revaluations were performed by Mark P Burton Bsc FRICS of Mass and Company in March 2017. Valuations are on a Fair Value basis, with Social Investments being valued on the basis of existing use, assuming for each property that no encumbrances or covenants exist which are likely to have a material impact on the operational use.

Historical cost of investment properties is £1,305,000 (2016: £1,305,000). Listed investments are mainly donated shares with an immaterial historical cost.

Note 11 Debtors and stock

	Group 2017 £000	Group 2016 £000	Charity 2017 £000	Charity 2016 £000
Stocks of materials	–	–	–	–
Trade receivables	1,965	1,679	1,937	1,635
Prepayments and accrued income	1,939	1,127	1,932	1,099
Other debtors	181	143	176	148
Amounts due from Subsidiary undertakings	–	–	1,654	403
	4,085	2,949	5,699	3,285

Note 12 Creditors

	Group 2017 £000	Group 2016 £000	Charity 2017 £000	Charity 2016 £000
Amounts falling due within one year:				
Derivative financial instrument liabilities	193	208	193	208
Trade payables	939	936	854	912
Accrued charges and deferred income	3,266	2,153	3,219	2,123
Taxation and social security	680	656	657	641
Bank loans	4,947	303	3,669	284
Other creditors	795	1,039	780	1,023
Amounts due to Group Entities	–	–	324	14
	10,820	5,295	9,696	5,205

Amounts falling due after more than one year:

Derivative financial instrument liabilities	–	19	–	19
Accrued charges and deferred income	47	53	47	53
Bank loans	–	4,052	–	3,667
	47	4,124	47	3,739

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

	Group 2017 £000	Group 2016 £000	Charity 2017 £000	Charity 2016 £000
Within 1 year	4,947	303	3,669	299
Within 1–2 years	–	303	–	299
Within 2–5 years	–	2,099	–	1,778
After 5 years	–	1,650	–	1,575
	4,947	4,355	3,669	3,951

Note 12 Creditors (cont'd)

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 2017 £000	Repayable by
Barclays Bank	Barclays base rate	1.375%	48	April 2018
Barclays Bank	Barclays base rate	2.000%	30	July 2021
Barclays Bank	Barclays base rate	3.000%	245	February 2022
Barclays Bank	3 month LIBOR	1.00%; LIBOR collar applies until August 2017	787	August 2027
Triodos Bank	Royal Bank of Scotland plc base rate + 3% or ICAP published Costs of Funds + 3%	3.000%	1,263	August 2039
Lloyds Bank	LIBOR + regulatory costs	1.900%	1,293	March 2020
Unity Trust Bank	Unity Trust Bank base rate	1.500%	383	September 2018
Lloyds Bank – Prospects	Lloyds base rate	2.500%	158	August 2020
Lloyds Bank – Prospects	Lloyds base rate	3.500%	500	June 2017
Lloyds Bank – Prospects	Interest Rate over Lloyds LIBOR	3.000%	240	January 2026
			4,947	

Apart from the Unity Trust Bank and Lloyds Bank - Prospects loans which are secured on the assets of East Holton Charity and Prospects For People With Learning Disabilities, all loans are secured on properties owned by Livability. Refer to note 8.

Note 13 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.

A Group Personal Pension Plan defined contribution scheme operated by Legal and General 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 2017 at £527,000 (2016: £557,000). There is no intention to withdraw from the scheme and therefore this liability is not recognised in the Accounts at 31 March 2017.

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 £1,158,283 in the year (2016: £982,000). 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 2015 and has been updated to 31 March 2017 by an independent qualified actuary, in accordance with FRS 102.

This most recent actuarial valuation showed a deficit of £9,845,000. The employer has agreed with the Trustee that it will aim to eliminate the deficit over a period of 8 years from 1 April 2017 by the payment of annual contributions of £1,011,000, increasing at 2.6% per annum with first increase on 1 April 2018, in respect of the deficit. In addition, the employer will pay annual contributions of £124,201 in respect of scheme expenses.

The recovery contribution made to the Livability DB scheme by the Charity in the year was £976,000, as set out in the previous agreed deficit recovery plan, plus a contribution for administration expenses of £124,201. The next triennial valuation which will be undertaken as at 30 September 2018.

An actuarial valuation of JGPAS was carried out as at 31 March 2015 and updated to 31 March 2017 by an independent qualified actuary. The recovery contribution made to the Scheme by the employer in the year was £500,000, plus administration expenses of £219,000. The contributions for the year to 31st March 2018 are expected to be £530,000.

Note 13 Pensions (cont'd)

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

		At 31 March 2017	At 31 March 2016
Defined benefit schemes			
Discount rate		2.60%	3.50%
Rate of increase in salaries		3.30%	3.00%
Inflation assumption	CPI	2.30%	2.00%
	RPI	3.30%	3.00%
Pension increases:			
<i>The Livability Final Salary Pension Scheme</i>			
Deferred pensions of RPI or 5% pa if less		3.30%	3.00%
Pensions in payment of CPI or 5% pa if less		2.35%	2.10%
Pensions in payment of CPI or 3% pa if less		1.95%	1.80%
Pensions in payment of CPI or 2.5% pa if less		1.75%	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		1.96%	1.80%
Pension in excess of GMP earned after 5 April 1994		3.15%	2.90%
Assumed life expectancies in years on retirement at age 65 are:			
<i>The Livability Final Salary Pension Scheme</i>			
Retiring today	Males	23.2	23.1
	Females	24.9	24.8
Retiring in 20 years' time	Males	24.9	24.8
	Females	26.4	26.3
<i>The John Grooms Pension and Assurance Scheme</i>			
Retiring today	Males	21.7	21.7
	Females	23.7	23.6
Retiring in 20 years' time	Males	23.5	23.4
	Females	25.2	25.1
The Growth Plan			
Discount rate		1.32%	2.07%

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.

Note 13 Pensions (cont'd)

The assets in the schemes were:

	Livability		Growth		Livability		Growth	
	DB	JGPAS	Plan	Total	DB	JGPAS	Plan	Total
	2017	2017	2017	2017	2016	2016	2016	2016
	£000	£000	£000	£000	£000	£000	£000	£000
Equity	20,141	5,329	–	25,470	16,107	4,617	–	20,724
Bonds	8,953	11,658	–	20,611	6,915	9,741	–	16,656
Property	1,670	–	–	1,670	1,652	–	–	1,652
Cash and current liabilities	155	71	–	226	192	91	–	283
Fair value of scheme assets	30,919	17,058	–	47,977	24,866	14,449	–	39,315
Present value of scheme liabilities	(38,957)	(19,096)	(527)	(58,580)	(32,940)	(16,059)	(557)	(49,556)
Pension liability disclosed in the financial statements	(8,038)	(2,038)	(527)	(10,603)	(8,074)	(1,610)	(557)	(10,241)

The actual return on scheme assets over the period was:

	6319	2725	–	9,044	336	14	–	350
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Movements in the present value of the scheme liabilities have been:

	Livability		Total
	DB	JGPAS	Total
	£000	£000	£000
Present value of liabilities at 31 March 2015	34,868	18,384	53,252
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)
Present value of liabilities at 31 March 2016	32,940	16,059	48,999
Current service cost	110	179	289
Interest cost	1,131	551	1,682
Remeasurement (gains) / losses	6,142	3,142	9,284
Benefits paid	(1,366)	(835)	(2,201)
Present value of liabilities at 31 March 2017	38,957	19,096	58,053

Note 13 Pensions (cont'd)

Movements in the fair value of scheme assets have been:

	Livability		Total
	DB	JGPAS	Total
	£000	£000	£000
Fair value of scheme assets at 31 March 2015	24,418	14,576	38,994
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)
Fair value of scheme assets at 31 March 2016	24,866	14,449	39,315
Interest income	866	504	1,370
Remeasurement gains / (losses)	5,453	2,221	7,674
Contributions by employer	1,100	719	1,819
Benefits paid	(1,366)	(835)	(2,201)
Fair value of scheme assets at 31 March 2017	30,919	17,058	47,977

Note 13 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 2015	528
Interest cost	9
Contributions	(64)
Remeasurements	84
Present value of payments at 31 March 2016	557
Interest cost	11
Contributions	(57)
Remeasurements	16
Present value of payments at 31 March 2017	527

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

	2017 £000	2016 £000
Current service cost	289	289
Net interest cost	323	431
Included in net income / (expenditure)	612	720
Actuarial (gains) / losses	1,626	(3,643)
Total recognised gains and losses reported in the SOFA	2,238	(2,923)

Contributions and administration fees payable in the year ending 31 March 2018 are expected to be:

	£000
The Livability Final Salary Pension Scheme	1,135
The Pensions Trust Growth Plan	59
John Grooms Pension and Assurance Scheme	530
	1,724

Note 14 Funds (Group)

	Balance at 31 March 2016 £000	Incoming resources £000	Outgoing resources £000	Unrealised gains / (losses) £000	Transfers £000	Balance at 31 March 2017 £000
Designated Funds:						
Property fund	22,067	–	(517)	–	6,081	27,631
Equipment fund	1,402	–	(670)	–	1,012	1,744
Revaluation fund	11,892	–	(44)	2,090	(549)	13,389
Total designated funds	35,361	–	(1,231)	2,090	6,544	42,764
General Fund	11,218	35,860	(38,549)	61	(8,238)	352
Unrestricted funds before pension liability						
	46,579	35,860	(39,780)	2,151	(1,694)	43,116
Pension reserve	(10,241)	–	(612)	(1,626)	1,876	(10,603)
Total unrestricted funds	36,338	35,860	(40,392)	525	182	32,513
Education	1,378	89	(202)	–	(110)	1,155
Residential & Community Services	2,040	165	(116)	6	(72)	2,023
Community Engagement	44	1	–	–	–	45
Overseas	59	71	(28)	–	–	102
Giving by Lending	57	–	–	–	–	57
F Clements Will Trust	25	5	–	–	–	30
Faith & Hope Nurseries	78	–	–	–	–	78
Kingsley Hall Church & Community Centre	131	528	(516)	–	–	143
Kingsley Hall, Dagenham	1,549	–	–	–	–	1,549
Prospects	–	12,807	(11,395)	–	–	1,412
Holton Lee	29	708	(269)	–	–	468
Total Restricted Funds	5,390	14,374	(12,526)	6	(182)	7,062

Note 14 Funds (Group) (cont'd)

	Balance at 31 March 2016	Incoming resources	Outgoing resources	Unrealised gains / (losses)	Transfers	Balance at 31 March 2017
	£000	£000	£000	£000	£000	£000
Permanent Endowment Funds						
Chiswick	586	–	(1)	1,373	–	1,958
Highway	2,573	85	(78)	45	–	2,625
Marsh St.	365	1	(1)	560	–	925
Coney Hill Will	26	–	–	–	–	26
Welcome	852	–	(1)	140	–	991
SHBEF	30	–	–	–	–	30
Shaftesbury Development	479	13	–	11	–	503
Beddington	42	–	–	8	–	50
Platt	452	1	(1)	45	–	497
Total Permanent Endowment Funds	5,405	100	(82)	2,182	–	7,605
Total funds	47,133	50,334	(53,000)	2,713	–	47,180

Restricted and permanent endowment funds include revaluation reserves of £Nil and £2,148,000 respectively (2016: £624,000 and £2,692,000).

Note 14 Funds (Group) (cont'd)

Name of fund	Description, nature and purpose of Fund	
Unrestricted Funds		
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	
Restricted Funds		
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	
Prospects	Various funds brought in and maintained as part of the merger with Prospects	
Permanent Endowment funds	Commonly known as	Objects
Chiswick Mission	Chiswick	To promote local mission purposes
Highway Evangelical Church (Stratford)	Highway	To promote local church and mission purposes
Marsh Street Mission (Walthamstow)	Marsh Street	To promote local mission purposes

The Coney Hill Will	Coney Hill Will	To promote the education and welfare of children and young persons
The Shaftesbury Welcome Mission (Battersea)	Welcome	To promote local mission and community purposes
Samuel Hale Bibby Endowment Fund	SHBEF	To advance the education of children and young persons with physical disabilities
The Shaftesbury Development Fund	Shaftesbury Development	To apply income to the general purposes of Livability
The Beddington Fund	Beddington	To benefit children and young persons by ministering to their needs; aiding their advancement in life; establishing, taking over and maintaining homes; generally promoting their education and welfare
Platt Mission, Putney	Platt	To promote local mission purposes and the religious education of children and young people

Note 15 Analysis of net assets by funds

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

	General £000	Designated £000	Pension £000	Restricted £000	Permanent Endow- ment £000	Total £000
Tangible fixed assets	–	35,686	–	4,350	1,600	41,636
Financial investments	1,209	1,542	–	647	1,149	4,547
Social investments	–	7,202	–	–	4,878	12,080
Cash	24	3,328	–	2,972	(22)	6,302
Other current assets	4,085	–	–	–	–	4,085
Current liabilities	(4,966)	(4,947)	–	(907)	–	(10,820)
Long-term liabilities	–	(47)	(10,603)	–	–	(10,650)
Funds at 31 March 2017	352	42,764	(10,603)	7,062	7,605	47,180

Prior Year

	General £000	Designated £000	Pension £000	Restricted £000	Permanent Endow- ment £000	Total £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)
Funds at 31 March 2016	11,218	35,361	(10,241)	5,390	5,405	47,133

Note 16 Commitments and contingent assets

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

	2017 £000	2016 £000
Contracted	Nil	234
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 (2016: £0.2m) that are contingent assets.

Note 17 Obligations under operating leases

Future minimum rentals payable under non-cancellable operating leases are as follows:

Group	Land and Buildings	Other Equipment	Total	Land and Buildings	Other Equipment	Total
	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Within one year	645	136	781	224	73	297
In two to five years	1,601	255	1,856	1,729	276	2,005
In over five years	1,329	–	1,329	4,785	–	4,785
	3,575	391	3,966	6,738	349	7,087

Charity	Land and Buildings	Other Equipment	Total	Land and Buildings	Other Equipment	Total
	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Within one year	623	136	759	224	72	296
In two to five years	1,590	255	1,845	1,729	273	2,002
In over five years	1,329	–	1,329	4,785	–	4,785
	3,542	391	3,933	6,738	345	7,083

Note 18 Financial instruments

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
<i>Financial assets at fair value through income and expenditure</i>				
Financial investments	4,547	4,221	6,202	4,613
Social investments	12,080	9,059	12,080	9,059
<i>Financial assets that are debt instruments measured at amortised cost</i>				
Accounts receivable	1,965	1,679	1,937	1,632
Other debtors	181	143	176	148
Amounts due from subsidiaries	–	–	1,654	404
<i>Financial liabilities at fair value through income and expenditure</i>				
Interest rate options	(19)	(62)	(19)	(62)
Secured loans	(173)	(166)	(173)	(166)
<i>Financial liabilities measured at amortised cost</i>				
Bank loans	(4,947)	(4,355)	(3,669)	(3,951)
Trade creditors	(939)	(936)	(854)	(912)
Amounts due to subsidiaries	–	–	(324)	(14)

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. The collar was settled on expiry in August 2017.

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

19 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 £4,179 and cost of providing training to Trustees in relation to their duties were £2,235. (2016: 5 Trustees to the value of £7,458; training costs of £280).

Livability paid £5,238 in the year (2016: £4,882) to provide indemnity insurance for the Trustees.

Livability received donations of £1,051 (2016: £1,308) 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	Prospects
	£000	£000	£000	£000	£000	£000	£000
2017							
Balance sheet amounts							
Amounts due to Parent undertaking	–	37	97	7	1,414	20	–
Amounts due from Parent undertaking	12	–	–	–	–	–	268
Income							
Donation from Parent Charity	–	–	–	–	441	–	–
Expenditure							
Charitable Donations Paid	–	–	–	–	–	–	–
2016							
Balance sheet amounts							
Amounts due to Parent undertaking	–	–	133	8	252	10	–
Amounts due from Parent undertaking	12	2	–	–	–	–	–
Income							
Donation from Parent Charity	–	–	8	–	–	–	–
Expenditure							
Charitable Donations Paid	–	–	–	–	–	–	–

20 Events after the balance sheet date

Livability group debt was refinanced into a single facility of £6m with Barclays bank on 30 June 2017 with a three year term and an interest rate of 3.25%. A repayment of £125,000 was made on 30 September 2017.

21. Trusts and supporters 2016-20

As well as the organisations listed below for their contributions towards our work; we also extend our thanks to 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.

Trusts and Foundations

Awards for All – England, London

Awareness Fund

Big Lottery Fund

Dorset Local Nature Partnership

Joan Ainslie Charitable Trust

Talbot Village Trust

The Bradbury Foundation

The Edith Murphy Foundation

Lord's Taverners

The Nora and Olive Brewer Memorial Trust

The Thomson-Bree Charitable Trust

The Wolfson Foundation

Viridor Credits Environmental Company

Supporters

Roger Parsons

Friends of Brackley

Friends of Dolphin Court

Friends of John Grooms Court

Friends of Keefield Close

Friends of Nash College

Friends of Netteswell Rectory

Friends of VEC

Friends of Wall Street

Friends of York House

Organisational Details

Patron	Her Royal Highness, The Princess Royal
Vice-Patron	The Right Honorable The Earl of Shaftesbury Nicholas Ashley-Cooper
President	The Most Revd and Rt Hon the Lord Justin Welby, Archbishop of Canterbury
Life President	Sir Ron Hobson KCVO (deceased 22 April 2017)
Senior Vice President	Baroness Valerie Howarth of Breckland OBE

Vice Presidents

The Lord Curry of Kirkharle CBE
Michael Edgar MA MChir RCS
Prof Ram Gidoomal CBE
David Harmer
Roy McCloughry
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 (retired 10 November 2016)
David Bentley (appointed 11 May 2016)
Angus Brown
Chris Carr, Vice Chair of Trustees until 10 November 2016 (retired 10 November 2016)
Sally Chivers, Chair of Services Sub-Committee
Kate Clare, Chair of Safeguarding Board from 9th September 2016 and Vice-Chair of Trustees from 10 November 2016
Anne-Marie Costigan
Sarah Ellington (resigned 10 November 2016)
Hannah Foster, Chair of Remuneration Sub-Committee from 21 September 2016
Keith Hickey, Honorary Treasurer, Chair of Finance and General Purposes Sub-Committee
Baroness Howarth of Breckland OBE, Chair of Safeguarding Board until 9th September 2016 (retired 10 November 2016)
Brian James
Lynn Morris (resigned 10 November 2016)
Revd Agnita Oyawale
Craig Philbrick
John Robinson CBE, Chair of Audit Committee from 24 November 2016
Nicola Tallett

Senior officers

Chief Executive – Dave Webber
Executive Director of Operations – Liz Mell
Executive Director of Public Engagement – Adam Bonner
Executive Director of Strategy – Jill Garner
Executive Director of Resources – Alex Botha
Company Secretary – Mike Langworth

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

Chartered Surveyors, Property Valuers

Cluttons LLP, 2 Portman Street, London, W1H 6DU

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

It all adds up to

Livability

Email: info@livability.org.uk

www.livability.org.uk   LivabilityUK

Livability is a registered charity and company limited by guarantee in England and Wales. Charity No: 1116530 and Company No: 5967087. Registered office: 6 Mitre Passage, London, SE10 0ER.

