

Creating opportunities with disabled people

LEONARD CHESHIRE 

The Leonard Cheshire Foundation
ANNUAL REPORT
& CONSOLIDATED ACCOUNTS
For the year ended 31 March 2005



Annual Report and Consolidated Accounts for the year ended 31 March 2005

Our Core Purpose

Leonard Cheshire exists to change attitudes to disability and to serve disabled people around the world.

Our Goal for the Future

By 2015 Leonard Cheshire will be known globally for changing society's responses to disability.

Our Values

Leonard Cheshire has always been an organisation driven by a shared set of values, they are:

• Valuing the individual

The heart of Leonard Cheshire – a belief in the individual, in what makes each person unique.
Developing respect for one another.

• Integrity

Integrity that is reflected in our honesty, courage, financial probity and a willingness to challenge injustice. It is about staying true to our core values, without exception.

• Excellence

A belief that, whatever we are doing, from campaigning and fundraising to service delivery, it should be done to the highest quality and this should be reflected in our reputation.

• Pioneering

The energy and imagination to be innovators – initiating leading edge projects and moving into new fields.

• Drive

Passion, ambition and commitment to the work that we do with disabled people and to the goals that we have set ourselves.

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Chairman's Review

I am pleased to report on another successful year for Leonard Cheshire and an important one in terms of our future strategic direction. Another good financial year has given us the confidence to develop ambitious plans for our future that will enable us to reach many more disabled people in the UK and we hope throughout the world.

I am proud to have joined Leonard Cheshire at such a challenging time in its development. It is a privilege to take over the helm from Charles Morland, who stood down as Chairman and trustee at the end of this year. With Charles' leadership, the trustees have successfully steered Leonard Cheshire through a period of significant change that has seen the organisation grow, both in size and in the professional quality of what we do. I am sure we would all like to thank Charles for his commitment and passion over the past five years.

Financially we are secure. Our income has increased by 7% to £135 million, with a surplus of £7 million. This will allow us to take forward our modernisation programme, renewing and reproviding services throughout the UK. It will also enable us to develop new projects for the future. The majority of local authorities and health trusts are now paying the proper fee for the services we provide to them. Nonetheless it is still disappointing that many care at home tenders are awarded on the basis of lowest price without regard to the quality of service provided. Our financial success is a result of great efforts by managers throughout the organisation and I would like to thank them on behalf of the trustees for their excellent performance this year.

Taking time to reflect on the future role for Leonard Cheshire has only served to increase the urgency of our work: with 10 million disabled people in the UK and over 600 million worldwide we cannot afford to be complacent. To that end, the trustees have agreed an ambitious goal for the next ten years: namely that by 2015 Leonard Cheshire will be known globally for changing society's responses to disability. This means that we need to transform both actions and attitudes – not on our own, but through partnerships and alliances with other like-minded organisations and individuals across the world. It means stepping up our campaigning and influencing role, and developing innovative solutions that meet the wide-ranging needs of disabled people in all aspects of their lives.

As we communicate this ambitious vision to staff, service users and volunteers within Leonard Cheshire and to our partner organisations throughout the world, we are seeking to create a momentum for change. We want to inspire people to challenge the barriers that disable so many people from participating fully in society and achieving their aims and aspirations. We also want to learn from the experience of all those involved in this common effort.

This annual report reviews our activities during the past year. Our UK services continue to grow and our modernisation programme is now well under way. Our campaigning activities have delivered some notable successes in the past year as new disability legislation has been passed. And our international activities are developing a clear focus on inclusive education, livelihoods and quality of life. These activities give us the strong base from which we can build our future plans.

None of this would be possible without our supporters, partners and staff – so a final ‘thank you’ goes to them. To our donors, whose financial support makes it possible; to our volunteers, who support us in so many different ways – through practical assistance and fundraising; to our partner organisations and services throughout the world; and to our dedicated and committed staff. This is how Leonard Cheshire influences the lives of so many disabled people – and will, if we are successful, do so even more in the future. Thank you.

Nigel Broomfield
Nigel Broomfield

Sir Nigel Broomfield

Chairman

6 July 2005

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Report of the Trustees

The trustees, who are also directors of the charity for the purposes of the Companies Act, present their annual report and the audited financial statements for the year ended 31 March 2005. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP 2000) "Accounting and Reporting by Charities" in preparing the annual report and financial statements of the charity.

LEGAL STATUS AND OBJECTS

The Leonard Cheshire Foundation (Leonard Cheshire) is a charitable company limited by guarantee and was incorporated on 3 August 1955. It is governed by a memorandum and articles of association, which were last amended on 16 June 1999. Its objects are to relieve the consequences of physical and/or mental disability by the provision, in the United Kingdom and overseas, of accommodation, services and support for the spiritual, social, physical and mental wellbeing of disabled people, by such means as are charitable, whatever their race, nationality, creed, sex or age. The registered charity number is 218186 and the registered company number is 552847. The registered office is at 30 Millbank, London, SW1P 4QD.

PRINCIPAL ACTIVITIES

The principal activity of Leonard Cheshire in the United Kingdom is the provision of services in support of disabled people in the widest context. These services include care homes, supported living, domiciliary support, day services, resource centres, rehabilitation, respite care, personal support and training and assistance for those looking for work. The charity operates in all parts of the United Kingdom and is the largest voluntary sector provider of care and support services for disabled people.

Campaigning for the civil and human rights of disabled people is also a key activity for Leonard Cheshire. Its breadth of experience, knowledge and constituency of disabled people gives it a unique platform from which to engage in public debate and to campaign on the social policy and civil rights issues that have an impact on disabled people. Leonard Cheshire's campaigning aims to achieve a fully inclusive society in which there are no barriers to disabled people's participation in any aspect of life.

The empowerment of disabled people who use Leonard Cheshire services across the organisation is another key activity, through the work of the Disabled People's Forum. This seeks to empower individuals, giving a powerful voice to our service users, ensuring that they are involved in the governance of the organisation at all levels, and that the services and support the charity provides are meeting the needs of the disabled people who use them.

In the United Kingdom the charity is divided into 10 operating regions. Each region is guided by a committee, chaired by a trustee, with members comprising senior regional management, service users, staff representatives and representatives of the volunteer support groups in the region. Each region and the services within it are managed professionally. The responsibilities delegated by the trustees to regional committees are set out in written terms of reference and guidelines are provided to the local and area volunteer support groups. These groups provide

practical assistance to the disabled people using Leonard Cheshire services, and fundraise on behalf of the charity.

Internationally, the charity provides training and development assistance to 259 individual services in 55 countries throughout the world. These operate as independent charities within the context of their respective countries. With only a few exceptions the services use the Leonard Cheshire name and all adhere to the standards and ethos of the United Kingdom charity, but they are separate charities and trusts in their own right and are financially and managerially free standing. The financial results of these services do not form part of these accounts.

STRATEGIC DIRECTION – THE FUTURE OF LEONARD CHESHIRE

Since the major reorganisation of Leonard Cheshire in 1998 there has been a steady and successful modernisation and professionalisation of the whole organisation. This has resulted in an expansion and refinement of its UK services; better management and training of its workforce; financial good health; the start of a 10 year redevelopment plan of its existing services; the creation of the Disabled People's Forum and the National Staff Association; the creation of a volunteer support structure and volunteer support groups; and the development of new projects such as Workability and Discover IT. Leonard Cheshire has also become an effective campaigning organisation in the UK. Overall, however, the level of public awareness of its work and the associated voluntary income has remained relatively unchanged. There has been some progress internationally but no significant strategic international initiative.

The current financial and structural wellbeing of the charity now allows and, indeed, demands that its strategic direction should be revisited and new objectives set.

The trustees considered the position and gave the following direction as the framework within which the new strategy should be developed:

'Leonard Cheshire does not wish to confine its activities only to being a service provider for a limited number of disabled people.'

Leonard Cheshire wishes to continue with its current activities and to enhance and expand them but also to reach out and find new ways of supporting disabled people as a whole in the UK and worldwide.'

Core values

The following core values were identified as inherently existing within Leonard Cheshire and it was felt that they should be formally adopted and used as the framework for all its work in the future:

Valuing the Individual

This value embraces all the previous, care-orientated, core values of independence, choice and privacy. It includes respect for service users, disabled people, staff, volunteers and individual members of the general public. The rights of all individuals to be heard, respected and valued irrespective of ability are fundamental, as is the recognition that everyone has a unique contribution to make. This value is a modern expression by Leonard Cheshire of the tenets of its Founder.

Integrity

The principle of integrity applies to everything the charity does and it embraces financial probity, honesty, moral courage and a willingness to challenge injustice.

Excellence

This again extends to every facet of its work. The aim is that excellence should be an enduring element of its reputation as a 'blue chip' organisation. It embraces not only developing and delivering services of the highest quality, but also every other activity.

Pioneering

Leonard Cheshire seeks to innovate, initiating leading edge projects and is willing to move into new fields. In order to develop new ways of meeting the needs of disabled people the charity must be prepared to identify and accept risk.

Drive

Leonard Cheshire seeks to create a culture which engenders enthusiasm, commitment, ambition, energy and passion.

Core purpose

The existing charter and mission statements were reconsidered and a new simple but strong core purpose of the charity identified. The core purpose of the charity is timeless and will guide all that it does. It is as follows:

'Leonard Cheshire exists to change attitudes to disability and to serve disabled people around the world'

The vision for the future

From this core purpose, a goal for achievement within the next 10 years has been derived. It is intended that this goal should be ambitious and stretching, should apply to the whole organisation and act as a catalyst for change. The goal is:

'By 2015 Leonard Cheshire will be known globally for changing society's responses to disability'

Implications for Leonard Cheshire: key strands of work

Meeting the rights, needs and aspirations of disabled people remains at the core of everything the charity does. Disabled people are, therefore, Leonard Cheshire's core 'customers'. There are, however, intermediary customers with whom the charity must engage in order to effect real change in society, including:

- Governments and governmental bodies at local, national and international levels
- Institutions including NGOs, public bodies, companies, other charities and the media
- The general public as donors or potential supporters, individually and corporately, and as a target for understanding and support
- Employees and volunteers who must be attracted to join and remain with Leonard Cheshire

The following three key strands of work have been identified to deliver the 2015 goal. It should be emphasised that our goal will

often be achieved through partnerships, alliances or influence.

Developing and disseminating new services and projects

The objective is to develop new services, to initiate innovative projects, and to create new markets which meet or exceed the evolving needs, rights and aspirations of disabled people through:

- Empowering disabled people to take control over their own lives and decisions
- Offering wider choice – disabled people should be confident of appropriate provision now and in the future
- Providing greater independence for those who want it
- Providing services beyond statutory requirements
- Increasing competition for services, thereby reducing costs and improving quality
- Generating a wider spectrum of support and increasing opportunities for inclusion

Leonard Cheshire intends to pioneer solutions which, when they succeed, will become the norm. Sometimes a new demand or market will be created where one does not exist. It intends to do so through:

Utilising a "life cycle" approach – identifying the key stages in life where disabled people may require support, including:

- Early years
- Education
- Transition into adulthood
- Further/higher education and training
- Work and leisure
- Older age

Developing new services and activities beyond traditional models of social care – a holistic approach, recognising the wider needs of disabled people, such as:

- Economic empowerment – livelihoods
- Social – relationships, families, friends
- Leisure
- Education and lifelong learning
- Housing
- Transport
- Health
- Care
- Advocacy
- Information

Campaigning

A key objective contributing to the achievement of the charity's overall goal will be successful campaigning with the following agenda:

- To campaign and lobby to secure the civil and human rights of disabled people across the world so they can participate fully in society
- To promote positive attitudes towards disabled people and challenge barriers and behaviours that are disabling
- To promote models of excellent practice to ensure that disabled people worldwide receive assistance appropriate to their rights, needs and aspirations.

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Report of the Trustees continued

To achieve this objective it will be necessary to campaign and lobby in a structured and consistent way at local, national and international levels – the agenda will vary. A key element in furthering this objective will be the development of an effective global alliance for Leonard Cheshire which will provide the weight and authority to have an impact on international bodies.

Sustaining our Ability to Grow

The objective is to ensure that Leonard Cheshire's UK operation sustains its overall ability to grow. This will support disabled people by:

- Improving the quality and viability of the existing services
- Ensuring that service users continue to be supported today, and that more people will be supported in the future
- Increasing the range of services and support offered
- Benefiting service users with new innovations as the charity pioneers and develops new projects

To achieve this objective it will be necessary that:

- Leonard Cheshire is demonstrably person-centred and responsive in the services it provides
- The charity will continue to evolve and develop services in line with changing markets and demand, improving the quality and range of what it offers
- The UK services and activities are self-sustaining and provide adequate funds for future service development
- The UK operations and activities provide the base from which the charity can develop and distribute new services and grow its campaigning
- The UK operations provide a firm foundation for the charity's knowledge base – demonstrating its practical expertise and giving the charity an authoritative and credible voice
- The charity's reputation locally, nationally and internationally is determined by the quality of what is done in the UK
- Leonard Cheshire will provide solutions – not just 'services' to its purchasers
- The charity will continue to generate voluntary income as a consequence of the breadth of services it provides in the UK sufficient to support enterprise in new fields.

This strategic thinking represents the first step in refocusing Leonard Cheshire and the way in which the charity operates. In essence this means that Leonard Cheshire's activities will impact on the lives of millions of disabled people, rather than simply providing support to tens of thousands. The goal is an ambitious one but the trustees consider that it is achievable from the firm base the charity now has.

Taking the strategy forward

The move along this new strategic path has already started and will accelerate over coming months and years. Leonard Cheshire will continue with its modernisation programme involving the majority of its care homes around the UK. This will result in modern, smaller nursing homes as well as an increased number of opportunities for more disabled people to live independently in supported living environments. Domiciliary care from Leonard

Cheshire should also grow as local authorities accept that tenders should be judged not only on price but also on quality of service.

The charity will also be looking for opportunities to provide innovative services for disabled people that will be funded totally from voluntary income and these may vary around the country. A series of different pilot schemes is being initiated and those that flourish will be repeated across the country.

As well as direct care and support services the charity will be developing services that will provide economic empowerment, information and educational opportunities for disabled people. The fundraising activities will become more project-based and some of the developments listed will provide ample opportunity for this.

The work of the international team is being integrated into the activities and new initiatives of the charity. Campaigning on many disability issues will in future be on a worldwide scale but the approach will vary from country to country to meet different needs and priorities.

Leonard Cheshire will also be working more in partnership with other organisations to work towards its main purpose of changing attitudes to disability and serving disabled people around the world.

During the coming year the charity will ensure that its strategy is communicated as widely as possible so that everyone can work together to achieve these ambitious goals. Leonard Cheshire will be marketing the charity and its services far more than it has in the past and reviewing the brand positioning of the charity.

Current Profile of Leonard Cheshire Services

The following statistics are intended to assist an understanding of the work of the charity in the UK. In the last year:

- Over 21,000 disabled people in the UK used Leonard Cheshire services
- 1.9 million hours of care were provided by the UK Care at Home services
- Day services were provided to 1,600 disabled people
- 90% of all the disabled people using the charity's services live in their own home
- 712 people joined the Workability scheme, bringing its total to over 5,000 disabled clients
- There were 3,000 active volunteers in the UK.
- There were 2,100 places in Leonard Cheshire residential services
- 1,550 people stayed at Park House Hotel on the Sandringham Estate in Norfolk, the Leonard Cheshire hotel specifically for disabled people and their families.
- Over 6,500 staff were employed

REVIEW OF ACTIVITIES – YEAR TO 31 MARCH 2005 **Supporting and empowering people throughout the UK**

Whilst continuing to maintain its extensive range of current services across the UK, the charity has been focusing its attention on developing the range of service provision it can offer. Leonard Cheshire has always explored innovative ways of meeting the needs of disabled people and this will continue to be an important part of its work.

The modernisation and re-provision of services to meet modern day requirements is continuing in a number of different areas. Site acquisition is proceeding in Banbury, Oxfordshire and Hythe, near Southampton, and an offer has been made for a further site in Romsey. Sites have also been identified in Carmarthen, Street (Somerset), Sutton Coldfield and Lancaster and discussions have been opened with potential vendors. A partnership agreement with a housing association in Warminster for a supported living scheme is nearing completion. Proposals for the redevelopment of Coomb in Carmarthen and part of Arnold House in Enfield for housing purposes are with local planning authorities.

Discussions are taking place with housing associations in Carmarthenshire, Somerset, Hampshire, Sussex, Oxfordshire, Nottingham, Derbyshire and Cheshire about possible partnership agreements for other supported housing developments. On-site redevelopment proposals are moving forward at six other residential services and will be progressed during the coming year. The overall aim is to produce a range of residential care, supported living and day services within local communities and to increase the number of disabled people supported by each of these services by at least 10%.

The charity has opened new supported living services in Salford, Wigan and Llanelli. For many disabled people, this type of independent living is their clearly preferred option. Further schemes of this type will be a priority for the charity in the coming years. Sometimes they will be in completely 'stand-alone' services, responding to the needs of local groups of disabled people, and sometimes they will be part of plans for re-providing some of the older residential services. Where appropriate, this type of service will be developed in partnership with health and social services commissioners and with housing associations. Leonard Cheshire will play its part both in the planning and design of the service and in the ongoing delivery of care and support.

Notable successes have been achieved, working with local authorities in the re-focusing of some of our day services towards more community-based activity schemes. Again, this is driven by the wishes and needs of disabled people and is consistent with Leonard Cheshire's commitment to social inclusion. Some new services have also been established using a community support model, including an exciting and innovative project in Omagh, Northern Ireland.

With regard to the charity's residential and home-based services, innovation has also been a key word. In the residential services, an extremely successful project has been undertaken looking at

how the charity can improve communication with the high proportion of its service users who have speech and/or hearing difficulties and it is now looking to spread the benefits of this work across its services.

Care at Home Services remain an important part of Leonard Cheshire's service provision. Priority has been given to standardising structures and systems in these services but in addition to this internal focus, there have been major contract successes in Enfield, Hertfordshire and Buckinghamshire with small amounts of growth elsewhere. This is, however, a difficult market within which both to preserve high quality services and remain financially sound. It is, therefore, a matter of some pride that, despite having to close one small service, this sector of our provision has moved from loss-making to financial stability and the capacity to invest in new services. It is easy when looking at the size and complexity of these services to lose sight of the fact that, as a result of dedication and hard work by small teams of Leonard Cheshire staff, many people with impairments, including those arising in old age, are enabled to remain in their own homes and are supported in many ways. The frequent expressions of personal appreciation by service users and their families are much appreciated by those concerned.

Leonard Cheshire continues to explore ways in which it can improve its partnership working with local authorities and health services. In pursuing this, it has accepted an invitation to join the NHS Confederation as an affiliate member and is a founder member of the Better Commissioning Learning and Improvement Network.

Focusing on employment, Workability, supported by Microsoft and the Big Lottery Fund, provides training in computer skills to disabled people mainly by distance learning. Seven hundred and twelve new clients joined the training scheme during the year. The project has now enabled nearly 5,000 disabled people to be trained and so far 2,241 disabled people have obtained work or have moved into further education.

Discover IT, supported by Microsoft and The Bridge House Trust, provides training in resource centres around the UK to enable disabled people to access the full and varied benefits of information technology at no cost and with professional support. This is a life-changing experience for many users.

Changing attitudes and responses to disability

Leonard Cheshire continues to support disabled people to lobby individually and collectively for an end to disability discrimination and greater social inclusion. Over the year its policy and campaigns activities have achieved a number of successes in the UK.

Leonard Cheshire continues to develop an authoritative voice on transport access issues and has made this a major focus for its campaigning this year. It has developed positive and influential links with the Department of Transport, which adopted a number of Leonard Cheshire's recommendations during consultations. Also, through an Early Day Motion in Parliament, 145 MPs backed Leonard Cheshire's campaign to improve access to rail services.

Report of the Trustees *continued*

The charity is now consulted on all major proposals to improve accessibility to the public transport network.

Leonard Cheshire has also played a key part in the development of new disability discrimination legislation. The organisation submitted written and oral evidence to the Joint Committee working on the Disability Discrimination Bill and held regular meetings with the Department for Work & Pensions and the Department of Transport on the Bill. As the Bill progressed through Parliament, Leonard Cheshire worked alongside Peers and MPs to lobby for changes to the transport aspects of the Bill. The resulting Act contains amendments proposed and campaigned for by Leonard Cheshire, including an end date of 2020 for all trains to be accessible to disabled people. Leonard Cheshire's lobbying has helped ensure that the end date is five years earlier than the one originally proposed by Government – and 15 years earlier than the previously agreed date.

Leonard Cheshire will be working during 2005 to ensure that subsequent transport regulations actually deliver further benefits for disabled people. Additional work during 2005-2006 will involve pressing for current voluntary Codes of Practice on access to shipping and aviation to be made statutory.

This year Leonard Cheshire published its first General Election Manifesto on disability. This sets out the organisation's views on a range of issues that have an impact on disabled people's lives. Some of the manifesto's demands have already been achieved, with the Government and some opposition parties already announcing policies in line with some of Leonard Cheshire's key proposals. The charity will be using both this manifesto and a more comprehensive Disability Policy Agenda further to expand its reach to parliamentarians during 2005-2006.

The access to primary health care campaign continued with the establishment in 2004 of a Disability Care Award to encourage excellence in the delivery by general practices of primary health care to disabled people. The Royal College of General Practitioners and Leonard Cheshire jointly launched the award, and Leonard Cheshire will be sponsoring it until 2007. Another recommendation from the health care campaign – that all front line health care staff should undertake Disability Equality Training – has now been adopted through a joint initiative between the Department for Health/NHS and the Disability Rights Commission.

Leonard Cheshire launched a new internet campaign at www.entitled.org.uk on disabled people's access to entitlements and disability benefits. This has led to significant national media coverage from the BBC, Financial Times, The Express, The Guardian and many more. The charity has been closely involved in policy work surrounding proposed changes to Incapacity Benefit. As a result, the newly-appointed Secretary of State for Work & Pensions agreed to take a leading role in a debate on these issues at Leonard Cheshire's fringe meeting at the 2004 Labour Party Conference. Leonard Cheshire will continue to campaign on this issue, particularly when a Green Paper on Welfare Reform is published in the summer of 2005.

In Scotland Leonard Cheshire now facilitates the Cross Party Group on Disability, which is attended by Members of the Scottish Parliament. It has also been invited by the Scottish Executive to sit on and contribute to its Disability Working Group and the Steering Group on Equality and Human Rights. Leonard Cheshire has secured the support of the Liberal Democrats in the Scottish Parliament for a private members bill to introduce much needed Accessible Housing Registers. Policy forums involving both disabled and non-disabled campaigners are currently being piloted in Scotland with the aim of increasing wider involvement in the work of the campaigns team.

This year Leonard Cheshire has established a new post in Wales to work with Welsh Assembly Members. The charity has initiated contact with the four main political parties in Wales, produced a manifesto on disability issues for Wales, and is currently working with Welsh Assembly Members to ensure that proposals to roll out free home care to disabled people in Wales are equitable and universal.

Serving disabled people around the world

The International Department of Leonard Cheshire works through the London office and regional offices covering activities in six large geographic regions of the world. It supports the development of sustainable services in 55 countries. The services are run and managed by independent organisations in each of the countries, with Leonard Cheshire providing support for organisational development, training, innovation in service delivery and fundraising.

Leonard Cheshire also runs the Centre for Conflict Recovery, and jointly funds the Chair of Conflict Recovery at University College Hospital, London. The Centre employs leading practitioners in trauma, orthopaedics, psycho-social work and project management in international post-conflict and post-disaster situations.

In the last twelve months the International Department has reviewed its approach and has sought to develop a programme that reaches more disabled people, and has a sustainable impact on breaking down barriers to meaningful inclusion. This has resulted in an approach that provides a clear focus on core areas: inclusive education, economic empowerment, innovation in practical community-based support, and organisational development for Cheshire organisations around the world. Campaigning and influencing policy-makers and communities will underpin all aspects of its work. In the coming year Leonard Cheshire will work with colleagues around the world to strengthen organisational capacity and create a stronger global alliance able to focus its energy and resources on work that changes society's attitudes and makes a sustainable difference to a greater number of disabled people.

The international programmes that the charity develops and supports are made possible by generous donations and grants from a number of organisations and bodies. In the last twelve months these have included the Department for International Development (DfID), the World Bank, Jersey Overseas Aid, the

Commission of the European Union, Comic Relief, Anglo-American, and a large number of private donations.

Leonard Cheshire's work is primarily geared to make a real difference to the lives of people with disabilities and to their communities. However, it also sees its programmes as having a direct impact on the chances of the world reaching the targets set in the United Nations Millennium Development Goals, particularly in the area of education. During the past year Cheshire organisations around the world have worked hard to develop services that are community based and informed directly by disabled people, including the following illustrative examples:

- In Malaysia, a new internet-based service has been designed and piloted, which enables carers, teachers, parents and disabled people to access information and advice on all aspects of disability, and provides links to support in different parts of the country.
- In India, a cohort of young men and women have joined an independent living vocational training scheme, and chosen training that interests them and will lead to employment. One group of young women who had spent their lives in residential homes, has now found employment in offices, formed a self-help group, opened their first bank account, and now go to give talks at the care homes to encourage others to follow in their footsteps.
- In Sudan, the Cheshire services have developed a strong outreach programme, with trained staff enabling families to bring their children for preventative and corrective orthopaedic surgery, and providing an education service for catch-up classes for children who have missed out on school because of negative attitudes to disability.
- In Tanzania, a new micro-finance project is providing the training and capital needed for disabled people to start up their own small businesses and provide for themselves and their families.
- In Kenya the Oriang project continues to ensure that disabled young children have access to primary schools in their local villages.
- In Afghanistan, the charity has worked for the World Bank to develop inclusive micro-finance schemes to increase the number of disabled people making use of banking and credit services.
- The Centre for Conflict Recovery has participated in a programme in Iraq to train obstetricians and health workers to reduce the extremely high maternal mortality rate, which will also have a positive impact in reducing birth related disabilities.

This year has also seen the terrible disaster of the tsunami, bringing devastation to so many communities where Leonard Cheshire has worked for decades. Through the national Leonard Cheshire Councils and its regional offices, Leonard Cheshire was able to respond quickly to the emergency, and provided practical support to disabled people and their families in the form of cash, replacement of lost fishing boats and tools for work, food and housing. In Sri Lanka, the Centre for Conflict Recovery worked with the Sri Lankan authorities to assess emergency surgery and medical needs, and to identify the special needs and difficulties for disabled people in the immediate and medium term. There are

now plans to provide long-term disability support centres throughout the tsunami affected region.

Leonard Cheshire has tended to focus primarily on offering support to Leonard Cheshire organisations in Africa and Asia, but this year it has won European funding to establish a European project amongst partners in Spain, Portugal, Ireland, UK, Malta and Greece. The project will run over two years and will enable it to meet for five seminars, and work with our respective Governments and disabled people's organisations to assess the success of mainstreaming policy in Europe.

Disabled People's Forum

Leonard Cheshire seeks to ensure the widest possible inclusion of disabled people in its work. The Disabled People's Forum is designed to provide a diverse range of support to users of Leonard Cheshire services, making it possible for them to live more participatory lives and to have more choice and control. It also makes it possible for them to be involved in every aspect of the governance and operation of the charity. Information provision, peer support through meeting together, local and national training opportunities and one-to-one mentoring support from disabled DPF staff members are all strategies available. Particular attention this year has been given to service users facing change through re-provisioning of residential services; training for users to develop "buddy" schemes with other users; and an Independent Living Information Guide has been produced to accompany the other information leaflets already available.

Volunteers

Volunteers bring added value to Leonard Cheshire services. Volunteering projects develop links with local communities and businesses, which, in turn, bring huge benefits for the charity's service users.

During 2004-2005, Leonard Cheshire continued to invest in professional, experienced volunteer managers to support volunteers across their regions. There is now a Regional Volunteer Support Manager in each region, working with Volunteer Coordinators in most local services. Regional Volunteer Support Managers organised over 40 corporate volunteering events across the UK, engaging hundreds of volunteers from diverse organisations such as Barclays, Experian, the Prince's Trust and the RAF.

Leonard Cheshire service users, volunteers and staff acted as campaigning volunteers to mark the CSV-sponsored *Make a Difference Day* in October 2004. Volunteers and disabled people joined forces to audit banks, shopping centres and pubs to mark the introduction of Part III of the Disability Discrimination Act. The teams successfully persuaded business owners to make small but meaningful alterations, which meant that disabled people could use their services. Leonard Cheshire was nominated for the *Most Outstanding National Charity Partner* award for its wholehearted and constructive engagement in the event.

Leonard Cheshire has improved the support given to existing volunteers by implementing a thank-you scheme, where volunteers themselves select the type of gifts they would like to

receive after periods ranging from one year to 30 years. The organisation held a training course on working with disabled volunteers in Central Office and now has several long-standing disabled volunteers in Central Office. Work has started on a national volunteer database, which will be available over the Intranet to local Volunteer Coordinators and which will be implemented later in 2005. Also, the development of a volunteer induction programme, sponsored by Barclays, will be rolled out to volunteers across the UK during 2005.

Charities Buying Group

The Charities Buying Group is a subsidiary company of Leonard Cheshire based on its own National Purchasing Team. Over 600 charities, large and small, are members who are making use of their bulk buying capacity and contracts to negotiate major discounts from suppliers to the mutual benefit of large parts of the voluntary sector. The website for the Charities Buying Group is www.charitiesbuyinggroup.com.

Employees

Leonard Cheshire employs over 6,500 staff in a wide range of roles. The organisation is committed to equality of opportunity. The proportion of employees from an ethnic minority is above the rate for the general population and Leonard Cheshire has been recognised as amongst the top employers for its lesbian and gay employment policies. Leonard Cheshire adheres to the principles of *Positive About Disabled People* and actively works to increase the number of disabled people it employs.

Recruitment and retention of staff continue to be major concerns within the social care sector. To highlight such issues and lobby Government for change, Leonard Cheshire is leading a consortium of more than 70 voluntary sector care providers, the *Social Care Employers Consortium*, to campaign on voluntary sector workforce issues.

As a result of a number of strategies, Leonard Cheshire's staff turnover reduced considerably in 2004-2005 from 25% to 17%. Those who work within Leonard Cheshire enjoy high levels of job satisfaction. During the last year Leonard Cheshire carried out a staff survey which showed that 96% of staff liked the work they did, 79% were satisfied with their job and 75% were proud to work for Leonard Cheshire.

The charity continues to maintain its reputation as a provider of high quality training and personal development within the care sector. The majority of care staff have undertaken or are involved in the award-winning training programme *Caring as a Career*, whilst most service managers have completed the externally accredited *Certificate in Management*. A number of services and regions have also achieved *Investors in People* accreditation this year.

Leonard Cheshire encourages employee involvement throughout the charity. The Staff Association impacts on the day-to-day workings of Leonard Cheshire as well as its longer-term strategic direction. The Association has elected representatives who

ensure that all staff are consulted and have the opportunity to express views on all matters relating to the operations of the charity at every level. The National Staff Association negotiates at a national level on pay and conditions of employment. Representatives of the Association are consulted as committee members at a regional and local level. Leonard Cheshire also publishes in-house magazines that keep employees, volunteers and service users informed of current events and issues.

Health and Safety

Leonard Cheshire is committed to providing a healthy and safe environment for all staff, service users and volunteers. In order to achieve this, Leonard Cheshire operates a Safety Management System which complies with the Royal Society for the Prevention of Accidents – Quality Safety Audit System (RoSPA-QSA). Comprehensive risk assessments are undertaken to reduce the number of accidents and incidents. Annual Health and Safety inspections and follow up visits are carried out by qualified regional staff and a national RoSPA audit is undertaken annually.

The Health and Safety team works in partnership with service users, volunteers and staff to promote full participation in improving Health and Safety throughout the charity. Health and Safety committees operate in each service and Health and Safety is discussed at regional committees, the Human Resources Committee and trustee meetings.

INCOME GENERATION

Leonard Cheshire generates the majority of its income from the fees paid by local authorities and health trusts for the services provided to disabled people in its residential homes, resource centres and in their own homes. Some service users pay the fees themselves. Income from these sources has increased in the year from £110.2 million to £119.7 million. This figure includes inflationary elements and increases in service provision.

The demand for residential services remains high and the occupancy of our residential homes remains at nearly 97% capacity.

Legacy income at £8.1 million (2004 £7.4 m) was significantly higher than the previous year.

Donations at £5.3 million (2004 £5.3 m) were similar to last year however, last year's amount included £0.8 million for the donation of assets from a smaller charity that was integrated into Leonard Cheshire.

The charity received £217,000 during the year from the Big Lottery Fund: for volunteer support £113,000, for the Workability project £90,000 and for international work in Pakistan £14,000.

Investment income of £1.9 million (2004 £1.2 million) was higher than last year due to a greater amount invested and higher interest rates. Funds are invested centrally in order to make the most flexible use of capital and to maximise interest and dividend income.

Leonard Cheshire Trading Limited, a wholly owned subsidiary, sells Christmas cards and merchandise. The income for the year was £88,000 (2004 £63,000). The company donates its taxable profits to the charity.

Leonard Cheshire CBG Limited, a wholly owned subsidiary, operates the 'Charities Buying Group' and receives retrospective commissions from suppliers for goods purchased by members of the group. The income in the year was £130,000 (2004 £23,000). The company donates its taxable profits to the charity.

FUNDRAISING

Fundraising has made progress in certain areas, performing especially well with legacy giving.

Events – The main charity-wide activity was One Walk, a heroic 1,000-mile walk by Chris Moon from John o'Groats to Land's End in 25 days held in June 2004. With one leg and one arm Chris Moon successfully accomplished the challenge, raising over £250,000 and generating massive press coverage in the process. One of the fundraising highlights was the One Step Party in central London, which attracted 300 guests.

The charity has done well with its running activities with representatives in all the main running events. Over £100,000 has been raised and new locations have been promoted to attract new and existing runners.

The Leadership Dinner in November featured broadcaster and journalist Anna Ford who hosted the event and Lord (Chris) Patten as the main speaker. The event attracted 180 guests and was held in the magnificent surroundings of the Merchant Taylors' Hall in the City of London.

Trusts – This year the charity added another major trust to its list of donors, securing the support of the Bridge House Trust. They made a commitment to help with the salary costs of "Discover IT" in London with a gift of £90,000 over 3 years. The Department of Health granted £45,000 for Workability. Leonard Cheshire also developed bids for an innovative Direct Payments Project and submitted a significant number of applications for funding to trusts, the Big Lottery Fund and other Government departments for a variety of other projects, both revenue and capital.

Corporate – The hard work to enlist the support of leading companies has seen new supporters coming on board. The charity secured £100,000 funding and additional 'in kind' support from Microsoft for an exciting new computer-training programme. "Discover IT" saw Leonard Cheshire open a series of community training facilities that enable disabled people to get to grips with the latest technologies, including the internet. The charity has secured its first corporate supporter for an international micro-finance project. Anglo-American has agreed to work with the charity to fund local businesses in Tanzania. The potential of micro-finance projects is enormous: Leonard Cheshire can generate employment for disabled people and help

them achieve long-term economic independence. The charity was chosen as one of the main beneficiaries from sales of Marks & Spencer Christmas cards. As well as generating £80,000, having the charity's brand on display in most high streets across the UK helps build public awareness for the charity.

Individual Giving – The mailing programme has proven effective this year. Following the tsunami disaster the charity launched an emergency appeal via mailing and advertising with outstanding results. The supporter database usage is being extended to the campaign team, the international team and regional fundraising managers.

RESOURCES EXPENDED

The running costs of the care homes, supported living and day services amounted to £84.5 million (2004 £77.9 m). This rise of 8.5% was mainly due to inflationary increases and the costs of the additional facilities that were opened in the year. It should be noted that, as more service users require nursing care, costs will increase in line with the additional care provided.

In the year domiciliary services cost £24.6 million (2004 £23.6 m) and the charity provided approximately 1.9 million hours of care to disabled people in their own homes throughout the United Kingdom.

Internal and external communications, marketing and publicity activities cost £1.0 million (2004 £0.9 m) in the year.

The International Department of Leonard Cheshire has continued to support the development of the overseas services and this cost £1.9 million (2004 £1.5m) in the year. The independent Leonard Cheshire services overseas work with about 30,000 disabled adults and children.

Workability running costs are paid entirely out of voluntary income and amounted to £0.8 million (2004 £0.7m) in the financial year.

Campaigning in the year cost the charity £0.3 million (2004 £0.2m) as a result of more emphasis in this area.

The Disabled People's Forum assists service users to become more involved in the day-to-day running of the charity and its governance. The cost of the Forum was £0.8 million (2004 £0.7m) and this was funded from voluntary donations.

Operational support costs, such as personnel management, health and safety, training and internal operational and financial audit, at regional and national level and directly related to the delivery of care, supported living, day and domiciliary services amounted to £10.9 million (2004 £9.0m) in the year.

Management and administration of the charity cost £1.5 million (2004 £1.7m) in the year. These costs, which represent 1.1% of total income, remain satisfactorily low.

Report of the Trustees *continued*

INVESTMENT POLICY

The trustees have the power to invest Leonard Cheshire's funds in any manner permitted by law, having regard to the suitability of investments and the need for diversification. The trustees have invested £4.4 million at market value in Common Investment Funds as at 31 March 2005. These funds have been invested for the longer term and are made up of mainly United Kingdom equities.

The managers of the funds have a benchmark of showing an improvement in the total return over the FTSE All-Share Index in the year.

The results have been as follows:

	% Change in Year
FTSE All-Share Index	15.6%
CAF Balanced Growth Fund	15.3%
Schroders Charity Equity Fund	16.0%

The majority of Leonard Cheshire's current assets are in the form of bank deposits with Barclays Bank Plc, which amounted to £24.9 million as at 31 March 2005. An additional amount of £8.0 million is held as short-term deposits which are managed by Barclays Global Investors and Coutts and Co.

It is the intention of the trustees to maintain a high level of liquid funds, as money will be required at short notice for the property development programme.

RESERVES

The trustees have reviewed the reserves position of the charity to ascertain whether or not the funds they are holding are adequate for the work of the charity. In doing this they have taken into consideration the assets required for the long-term care of the service users, reasonable working capital, development projects and unforeseen circumstances.

Leonard Cheshire as at 31 March 2005 had £125.0 million of funds of which £112.5 million was unrestricted. The trustees have designated £72.9 million, which is represented by the properties and other fixed assets held for the longer term care of the service users. They have also designated £22.0 million for planned service developments. The remaining reserves of £17.6 million are required for working capital and unforeseen circumstances. Ideally the free reserves should be higher in order to enable the development programme to be completed and as a minimum there is a requirement of £10 million for working capital and £5 million reserved for unforeseen circumstances.

The trustees recognise that the costs of our ambitious redevelopment programme will require the charity to use a significant amount of its available reserves during the next few years. However, the trustees will maintain adequate reserves in order to fund its working capital requirements and for unforeseen circumstances.

EMOLUMENTS OF SENIOR STAFF

Emoluments of senior staff are summarised on page 30.

EQUAL OPPORTUNITIES

It is the policy of Leonard Cheshire that no user of our services, employee, volunteer or job applicant should receive less favourable treatment than another on the grounds of his/her gender, marital status, age, ethnic origin, disability, race, nationality, religious belief, sexual orientation, employment status, trade union affiliation, or political affiliation or through the imposition of any discriminatory requirement that cannot be justified.

Nothing in this policy detracts from the overriding aims of Leonard Cheshire and, therefore, the need to employ those best able to undertake the task of putting these aims into practice.

TRUSTEES' RESPONSIBILITIES

The trustees of Leonard Cheshire are responsible for the preparation of financial statements for each financial year, which give a true and fair view of the incoming resources and application of resources during the year and of its state of affairs at the end of the year. In preparing those financial statements they are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards and Statements of Recommended Practice 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 operation

The trustees' responsibilities include keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity.

The maintenance and integrity of the Leonard Cheshire website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The trustees are also responsible for safeguarding the charity's assets and hence for taking reasonable steps for the prevention and detection of fraud and breaches of law and regulations.

GOVERNANCE AND INTERNAL CONTROL

A Nomination Committee of trustees interviews prospective new trustees and makes a recommendation to the full trustee body. The trustee body votes on all appointments of trustees. All vacancies for trustees are advertised in the national press. New trustees receive induction material and training and throughout their appointment receive additional training as appropriate. At regular intervals the trustees review the composition of the trustee body and decide whether or not there is a need to change

the skill base. The trustees are continually seeking to increase the representation of disabled people on the trustee body. Trustees serve for a three-year period and may be re-elected for up to two further terms of three years. The trustees meet at least four times a year plus a weekend at which important strategic matters are reviewed. The trustees each year approve the annual budget and operating plans and review the strategic plan.

Leonard Cheshire also has an Audit Committee and a Remuneration Committee. Trustees of the charity chair the committees.

The trustees have overall responsibility for ensuring that the charity has in place appropriate systems of financial control. Such systems can provide only reasonable and not absolute assurance against errors or fraud.

The trustees have delegated authority to the Director General and his staff to manage the day-to-day affairs of the charity but this does not lessen the responsibilities of the trustees.

The principal features of the systems of financial control include:

- a strategic plan
- an annual planning and budgeting process
- monthly reviews of the management accounts of each operating service and explanations of major variances from budget
- an effective Internal Audit Department
- an Audit Committee comprising trustees and co-opted members of the accountancy, investment and legal professions that discusses with the external auditors the scope of the annual audit and any matters raised by the external auditors for the attention of the management
- delegation of authority to spend within clearly defined limits
- segregation of duties wherever possible
- identification and management of risks

In addition, the trustees have considered the guidance for directors of public listed companies contained in the Combined Code primarily aimed at improving corporate governance. They believe that, although they are not mandatory for the charity, they should ensure that their governance procedures continue to be in line with the best in the private sector.

The charity's entire operations have been reviewed as regards the management of risk and the appropriate management actions have been taken. A similar review will be undertaken at regular intervals.

As regards internal controls the trustees have:

- considered the type of risks the charity faces
- considered the level of risks which they regard as acceptable
- communicated to employees their responsibilities for internal control
- instituted operating policies and standards that will help to

- identify and minimise the incidence of risks
- identified parts of the charity's operation that may be of higher risk and focused the attention of management on these areas
- reviewed the procedures for reporting failings immediately to the appropriate level of management.

TRUSTEES

The names of the trustees and senior officers of Leonard Cheshire as at 6 July 2005 are listed on page 36.

The following trustees were re-elected during the year:

Mrs Shirley Brigham on 6 December 2004
Mr Michael Sheffield, OBE, TD, DL, LLB on 6 December 2004
Sir John Blelloch, KCB on 21 January 2005
Mr Peter Kingdom on 15 June 2005
Dr Stephen Large, BM, BCh, MRCP on 15 June 2005
Mrs Jennifer Phillips on 15 June 2005.

Mr James Usher resigned as a trustee on 15 September 2004.
Mr David Gawne resigned as a trustee on 13 March 2005.
Mrs Shirley Brigham retired as a trustee on 23 March 2005.
Mr Charles Morland retired as a trustee and Chairman of the trustees on 23 March 2005.
Mr Michael Sheffield, OBE, TD, DL, LLB retired as a trustee on 12 April 2005.
Mrs Christine Vickers retired as a trustee on 6 July 2005.

The following people were appointed trustees:
Sir Nigel Broomfield, KCMG on 15 December 2004 and was elected Chairman of the trustees on 23 March 2005.
Mr David Reed on 15 December 2004.
Mr Stewart Brown on 18 February 2005.
Dr Graham Mitchell on 16 March 2005.
Mrs Ruth Grice on 21 March 2005.
Mr George Miall on 31 May 2005.

PRINCIPAL ADVISERS

The principal external advisers of the charity are listed on page 37.

AUDITORS

PricewaterhouseCoopers LLP are willing to continue in office. A resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of Leonard Cheshire to hold office until the conclusion of the next general meeting at which accounts are laid before the members and authorising the trustees to fix the auditors remuneration will be submitted to the forthcoming Annual General Meeting.

By Order of the Trustees

Ashley Silver
Secretary
6 July 2005

Independent Auditors' report to the Trustees

We have audited the consolidated financial statements, which comprise the consolidated statement of financial activities, the balance sheets, the cash flow statement, the income and expenditure statement and the related notes.

Respective responsibilities of trustees and auditors

The trustees are also directors of The Leonard Cheshire Foundation for the purpose of Company Law. Their responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of trustees' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume any responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the trustees' report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises the chairman's review and the report of the trustees.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company and the group at 31 March 2005 and of the net incoming resources, including the income and expenditure, and cash flows of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP.

PricewaterhouseCoopers LLP.

PricewaterhouseCoopers LLP
Chartered Accountants
Registered Auditors
London

6 July 2005

Consolidated Statement of Financial Activities

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	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total Year to 31.3.05 £'000	Total Year to 31.3.04 £'000
Incoming Resources						
Legacies		5,664	2,480		8,144	7,413
Donations and Gifts	2	3,064	2,240		5,304	5,275
Activities in furtherance of the charity's objects:						
Fees & Grants for Services	3	119,722			119,722	110,216
Activities for generating funds:						
Trading Sales	4	218			218	86
Investment Income	5	1,772	99		1,871	1,192
Gain on disposal of fixed assets		130	88		218	2,252
Total Incoming Resources		130,570	4,907		135,477	126,434
Resources Expended						
Cost of generating funds:						
Fundraising	6	2,151	30		2,181	2,037
Communications	6	1,043			1,043	858
Investment Management Costs		33			33	30
Trading Costs	6	134			134	64
		3,361	30		3,391	2,989
Charitable Expenditure						
Cost of activities in furtherance of the charity's objects:						
Residential & Day Services	6	81,506	2,894	89	84,489	77,878
Domiciliary Services	6	24,591	2		24,593	23,627
International Services	6	1,446	421		1,867	1,531
Workability Project	6	604	161		765	682
Campaigning	6	302			302	247
Disabled People's Forum	6	808	1		809	748
Operating Support Costs	6	10,889			10,889	9,017
Management and Administration		1,530			1,530	1,736
		121,676	3,479	89	125,244	115,466
Total Resources Expended	6	125,037	3,509	89	128,635	118,455
Net Incoming (Expended) Resources						
Transfers between funds	14		4	(4)		
Gains on Investment Assets	10	667			667	987
Net Movement in Funds		6,200	1,402	(93)	7,509	8,966
Fund Balances brought forward		106,331	10,565	568	117,464	108,498
Fund Balances carried forward 31 March		112,531	11,967	475	124,973	117,464

The Notes on pages 20 to 34 form part of these accounts. All activities relate to continuing operations. The group has no recognised gains or losses except those included above and, therefore, no separate statement of recognised gains and losses has been prepared.

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Consolidated Balance Sheet

		31.3.05	31.3.04
	Note	£'000	£'000
Fixed Assets			
Tangible Assets	9	81,404	79,728
Investments	10	<u>6,619</u>	<u>5,952</u>
		88,023	85,680
Current Assets			
Stock		122	140
Debtors	11	14,949	13,516
Short term deposits	12	8,000	
Cash at Bank and in hand	12	<u>25,165</u>	<u>28,651</u>
		48,236	42,307
Creditors			
Amounts falling due within one year	13	<u>(11,286)</u>	<u>(10,523)</u>
Net Current Assets		36,950	31,784
Net Assets		<u>124,973</u>	<u>117,464</u>
Represented by:			
Capital Funds			
Endowments	14	475	568
Income Funds			
Restricted Funds	15	11,967	10,565
Unrestricted Funds:			
Designated Funds	16	94,917	91,165
Other Charitable Funds		17,614	15,166
		<u>124,973</u>	<u>117,464</u>

Approved by the Trustees on 6 July 2005

Nigel Broomfield
Nigel Broomfield
 Sir Nigel Broomfield Chairman

John Standen
 John Standen Chairman of the Audit Committee

Company Balance Sheet

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		31.3.05	31.3.04
	Note	£'000	£'000
Fixed Assets			
Tangible Assets	9	81,397	79,722
Investments	10	<u>6,621</u>	<u>5,952</u>
		88,018	85,674
Current Assets			
Stock		122	140
Debtors	11	14,912	13,483
Short term deposits	12	8,000	
Cash at Bank and in hand	12	<u>24,895</u>	<u>28,428</u>
		47,929	42,051
Creditors			
Amounts falling due within one year	13	<u>(11,146)</u>	<u>(10,472)</u>
Net Current Assets		36,783	31,579
Net Assets		<u>124,801</u>	<u>117,253</u>
Represented by:			
Capital Funds			
Endowments	14	475	568
Income Funds			
Restricted Funds	15	11,855	10,451
Unrestricted Funds:			
Designated Funds	16	95,265	91,159
Other Charitable Funds		<u>17,206</u>	<u>15,075</u>
		<u>124,801</u>	<u>117,253</u>

Approved by the Trustees on 6 July 2005

Nigel Broomfield

Nigel Broomfield

Sir Nigel Broomfield Chairman

John Standen

John Standen Chairman of the Audit Committee

The Notes on pages 20 to 34 form part of these Accounts.

Consolidated Cash Flow Statement

	Note	Year to 31.3.05		Year to 31.3.04	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	(a)		7,402		7,999
Returns on investment and servicing of finance					
Bank interest received		1,669		977	
Investment income		202		215	
			1,871		1,192
Capital Expenditure and Financial Investment					
Purchase of tangible assets		(5,319)		(6,111)	
Proceeds from sale of tangible assets		560		4,195	
Proceeds from sale of investments				3	
Net cash outflow from investing activities			(4,759)		(1,913)
Management of Liquid Resources					
Purchase of short term deposits			(8,000)		
Endowment Fund income					12
(Decrease)/Increase in cash			(3,486)		7,290
Cash at 1 April			28,651		21,361
Cash at 31 March			25,165		28,651

Note to the Cash Flow Statement:

		Year to 31.3.05	Year to 31.3.04
		£'000	£'000
(a)	Reconciliation of net incoming resources to net cash flow from operating activities		
	Net incoming resources	6,842	7,979
	Donated property	(642)	
	Investment income	(1,871)	(1,192)
	Endowment income		(12)
	Depreciation	3,954	4,313
	Decrease/(Increase) in Stock	18	(4)
	Increase in Debtors	(1,433)	(1,520)
	Increase in Creditors	752	687
	Gain on disposal of fixed assets	(218)	(2,252)
	Net cash inflow from operating activities	7,402	7,999

Consolidated Income and Expenditure Statement

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	Note	Year to 31.3.05 £'000	Year to 31.3.04 £'000
Total income of continuing operations		133,590	123,193
Total expenditure of continuing operations	6	(128,546)	(118,455)
Operating surplus		<u>5,044</u>	<u>4,738</u>
Gain on disposal of fixed assets		218	2,252
Interest received	5	<u>1,669</u>	<u>977</u>
Net income for the year		<u><u>6,931</u></u>	<u><u>7,967</u></u>

- a) The consolidated income and expenditure account is presented in order to ensure compliance with the Companies Act 1985.
- b) Total income comprises £130.6 million for unrestricted funds and £4.9 million for restricted funds less the gain on disposal of fixed assets and the interest receivable which are shown separately. A detailed analysis of income by source is provided in the statement of financial activities on page 15.
- c) Total expenditure excludes movement on endowment funds.
- d) Net income for the year of £6.9 million comprises £5.5 million net income of unrestricted funds and £1.4 million net income of restricted funds, shown in the statement of financial activities.
- e) The income and expenditure account is derived from the consolidated statement of financial activities on page 15 which, together with the notes to the accounts on pages 20 to 34, provides full information on the movements during the year on all funds of Leonard Cheshire.
- f) As permitted by section 230 of the Companies Act 1985, the company has not presented its income and expenditure account. The Group results include net income for the year of £6,877,000 (year to 31 March 2004 net income of £8,030,000) which has been dealt with in the financial statements of the charitable company.

20 Notes to the Financial Statements

I Accounting Policies and Basis of Preparation of Financial Statements

- a) The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP 2000) "Accounting and Reporting by Charities" and with applicable Accounting Standards. The financial statements have been prepared using the historical cost basis of accounting as modified for the valuation of investments at market value.

The charity has availed itself of Paragraph 3(3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charity's activities. No separate statement of financial activities (SOFA) has been presented for the charity alone as permitted by Section 230 of the Companies Act 1985 and paragraph 304 of the SORP.

The SOFA and balance sheet consolidate the financial statements of the charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

- b) The consolidated statement of financial activities, the income and expenditure account and balance sheet of the charity consolidate the financial statements of the central administration, services in the United Kingdom and its international branches, all of which are made up to 31 March. In addition, the results of the wholly-owned subsidiaries, The Leonard Cheshire Foundation (Isle of Man) Limited, Leonard Cheshire Trading Limited, Leonard Cheshire CBG Limited and Jobability Limited have been consolidated.
- c) Expenditure on tangible items of an enduring nature in excess of £2,000 is capitalised and depreciation is charged at the following annual rates on cost or valuation:

Freehold properties	2% per annum
Leasehold properties	over the period of the lease
Furniture, fittings and equipment	15% - 25% per annum

Assets under the course of construction are not depreciated until they are brought into use.

Freehold land is not depreciated.

- d) Legacy income is recognised in the period in which Leonard Cheshire is entitled to receipt and where the amount can be measured with reasonable certainty.
- e) Pension contributions to the final salary scheme are charged to the statement of financial activities so as to spread the cost of pensions over employees' working lives with Leonard Cheshire. Contributions to the defined contribution scheme are charged

to the statement of financial activities as they fall due. FRS17 transitional rules are being followed and the accounting is in accordance with SSAP24.

- f) Grants received are accounted for according to the period to which they relate. Grants and fees for services have been included in 'Activities in furtherance of the charity's objects'. All other grants have been included within donations. Grants and donations received in advance or arrears have been recognised as deferred income and accrued income respectively.
- g) Investments are included in the financial statements at middle market value on the balance sheet date. Investments in subsidiaries are included at cost.
- Realised gains or losses arising on the disposal of investments and unrealised gains and losses arising on valuation are taken to the fund to which the investments relate.
- h) Stock is stated at the lower of cost or net realisable value.
- i) All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for goods and services.

Fundraising and communications comprises costs incurred in persuading others to make voluntary contributions as well as costs relating to educating and informing the public and institutions on the issues addressed by the charity.

Costs of activities in furtherance of the charity's objects comprise all expenditure directly relating to the objects of the charity.

Operating support costs are those costs incurred directly in support of expenditure on the objects of the charity and include the costs of the regional management and a proportion of Central Office costs.

Management and administration expenses comprise items that are not incurred in direct support of charitable, fundraising or communication activities.

Overhead costs have been allocated to activities on a basis consistent with the use of those resources.

- j) Grants payable are accounted for as liabilities when approved.
- k) The funds of Leonard Cheshire have been segregated as follows:

Restricted funds consisting of donations and legacies received and for which the donor has specified the purposes or where an appeal has been made for a specific purpose.

Endowment funds, consisting of a particular type of restricted fund given to Leonard Cheshire on the understanding that only the income may be used for general purposes and the capital must be retained or if it is a fixed asset where it will be retained until the end of its economic life.

Unrestricted funds, are expendable at the discretion of the trustees in furtherance of the objectives of Leonard Cheshire.

Designated funds, a part of unrestricted funds which has been set aside at the trustees' discretion for specific purposes. Leonard Cheshire designates funds which represent the investment made in properties and other fixed assets for the long term use of its clients and for future capital developments.

- l) The trustees review annually the amount of free reserves held in the charity. Free reserves are calculated after excluding endowments, restricted funds, the designated property reserve and funds required for development projects. The free reserves should be adequate to cover the requirement for working capital and a contingency for unforeseen costs.
- m) Rentals payable under Operating Leases are charged to the statement of financial activities over the period in which the cost is incurred.
- n) Transactions denominated in foreign currencies are translated at the average exchange rate for the year. Foreign currency balances are translated at the rate of exchange prevailing at the balance sheet date.
- o) As part of Leonard Cheshire's activities is classified as exempt for the purposes of VAT, Leonard Cheshire is unable to reclaim all the VAT that it suffers. Any irrecoverable VAT is charged to the statement of financial activities, or capitalised as part of the cost of the related asset, where appropriate.

22 Notes to the Financial Statements *continued*

	Year to 31.3.05 £'000	Year to 31.3.04 £'000
2 Donations and Gifts		
Donations	4,584	3,561
Living Options Net Assets		782
Grants	196	279
Other Fundraising	524	653
	<u>5,304</u>	<u>5,275</u>
3 Fees and Grants for Services		
Residential and Day Centres	94,170	85,706
Domiciliary	25,552	24,510
	<u>119,722</u>	<u>110,216</u>

4 Trading Activities of Subsidiary Companies

Leonard Cheshire has two wholly-owned trading subsidiaries, Leonard Cheshire Trading Limited and Leonard Cheshire CBG Limited; both are incorporated in England. Leonard Cheshire Trading Limited sells gifts and Christmas cards by mail order and Leonard Cheshire CBG Limited receives retrospective discounts from suppliers for goods purchased by members of the Charities Buying Group. All taxable profits are covenanted to Leonard Cheshire and interest is paid on loans to Leonard Cheshire. A summary of the trading results is shown below. These companies do not hold any fixed assets and hence have no net assets at the year end.

	Leonard Cheshire Trading Limited		Leonard Cheshire CBG Limited	
	Year to 31.3.05 £'000	Year to 31.3.04 £'000	Year to 31.3.05 £'000	Period to 31.3.04 £'000
Profit and Loss Account				
Turnover	88	63	130	23
Cost of Sales	(28)	(35)	(94)	(1)
Gross Profit	<u>60</u>	<u>28</u>	<u>36</u>	<u>22</u>
Distribution and Administration Costs	(11)	(19)		(9)
Profit on ordinary activities before covenanted payment	<u>49</u>	<u>9</u>	<u>36</u>	<u>13</u>
Amount covenanted to Leonard Cheshire	(49)	(9)	(36)	(13)
Retained Profit for the year	-	-	-	-
Retained Profit brought forward	-	-	-	-
Retained Profit carried forward	-	-	-	-

Further details of Leonard Cheshire's subsidiaries are included in Note 19.

5 Investment Income

	Year to 31.3.05 £'000	Year to 31.3.04 £'000
Quoted Investments	202	215
Bank Interest	1,669	977
	<u>1,871</u>	<u>1,192</u>

6 Total Resources Expended	Staff Costs £'000	Depreciation £'000	Other Costs £'000	Year to 31.3.05 £'000	Year to 31.3.04 £'000
Cost of Generating Funds					
Fundraising	1,213	36	932	2,181	2,037
Communications	499	43	501	1,043	858
Investment Management			33	33	30
Trading			134	134	64
	<u>1,712</u>	<u>79</u>	<u>1,600</u>	<u>3,391</u>	<u>2,989</u>
Charitable Expenditure					
Residential & Day Services	58,867	3,338	22,284	84,489	77,878
Domiciliary Services	20,865	198	3,530	24,593	23,627
International Services	806	25	1,036	1,867	1,531
Workability Project	271	11	483	765	682
Campaigning	198	8	96	302	247
Disabled People's Forum	489	34	286	809	748
Operating Support	6,859	233	3,797	10,889	9,017
Management & Administration	940	28	562	1,530	1,736
	<u>89,295</u>	<u>3,875</u>	<u>32,074</u>	<u>125,244</u>	<u>115,466</u>
Total Resources Expended	<u>91,007</u>	<u>3,954</u>	<u>33,674</u>	<u>128,635</u>	<u>118,455</u>

The cost of generating funds for 2004 has been reduced by £246,000 and this has been allocated over charitable expenditure

7 Net Incoming Resources	Year to 31.3.05 £'000	Year to 31.3.04 £'000
These are stated after charging:		
Depreciation	3,954	4,313
Exchange Rate Gains	87	7
Auditors' remuneration – Audit Services	90	105
– Non-audit Services	1	14
Legal and Professional Fees	25	90
Trustees Expenses for travel, subsistence and sundries (this covers the costs of 20 Trustees – 2004-20)	50	62

8 Operating Leases

Payments in respect of operating leases have been made in the year to the value of £1,232,000 (£1,014,000 2004). At 31 March 2005 the Group had annual commitments under non-cancellable operating leases as terminating follows

	Year to 31.3.05 £'000	Year to 31.3.04 £'000
Within 1 year	166	206
Within 2 to 5 years	1,088	939
After 5 years	42	97
	<u>1,296</u>	<u>1,242</u>

24 Notes to the Financial Statements *continued*

	Freehold property	Leasehold property	Assets under the course of construction	Furniture, Fittings, Equipment & Vehicles	Total
	£'000	£'000	£'000	£'000	£'000
9 Tangible Assets					
a) The Group					
Cost or Valuation					
Balance at 1 April 2004	83,984	8,925	216	22,646	115,771
Additions	1,952	131	1,421	2,468	5,972
(Disposals)	(316)			(426)	(742)
Balance at 31 March 2005	85,620	9,056	1,637	24,688	121,001
Depreciation					
Balance at 1 April 2004	17,582	1,874		16,587	36,043
Charge for the year	1,620	257		2,077	3,954
(Disposals)	(5)	(3)		(392)	(400)
Balance at 31 March 2005	19,197	2,128		18,272	39,597
Net Book Value at 31 March 2005	66,423	6,928	1,637	6,416	81,404
 Net Book Value at 1 April 2004	 66,401	 7,051	 216	 6,060	 79,728
The net book value at 31 March 2005 represents fixed assets used for:					
Direct Charitable Purposes					
Residential & Day Services	66,374	6,735	1,637	4,978	79,724
Domiciliary Services	49	113		427	589
International Services				57	57
Workability Project				25	25
Campaigning				18	18
Disabled People's Forum				78	78
Operating Support		80		589	669
	66,423	6,928	1,637	6,172	81,160
Other Purposes					
Fundraising				78	78
Communications				101	101
Management & Administration				65	65
				244	244
	66,423	6,928	1,637	6,416	81,404

9 Tangible Assets

b) The Company

	Freehold property	Leasehold property	Assets under the course of Construction	Furniture, Fittings, Equipment & Vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
Balance at 1 April 2004	83,984	8,924	216	22,588	115,712
Additions	1,952	132	1,421	2,464	5,969
(Disposals)	(316)			(426)	(742)
Balance at 31 March 2005	85,620	9,056	1,637	24,626	120,939
Depreciation					
Balance at 1 April 2004	17,583	1,873		16,534	35,990
Charge for the year	1,608	269		2,075	3,952
(Disposals)	(5)	(3)		(392)	(400)
Transfers	11	(11)			
Balance at 31 March 2005	19,197	2,128		18,217	39,542
Net Book Value at 31 March 2005	66,423	6,928	1,637	6,409	81,397
Net Book Value at 1 April 2004	66,401	7,051	216	6,054	79,722

10 Investments – The Group

	31.3.05 £'000	31.3.04 £'000
Market Value at 1 April	5,952	4,968
Disposals at opening market value		(3)
Net gain on revaluation at 31 March	667	987
Market value at 31 March	6,619	5,952
Historical cost at 31 March	4,705	4,705
Analysis of investments		
Investments listed on a recognised stock exchange	2,163	1,978
Common investment funds	4,436	3,955
Forestry assets	20	19
	6,619	5,952

The majority of investments are held in equity based unit trusts registered in the United Kingdom. Some investments received as part of legacies are held in Government stocks and UK equities prior to transfer into unit trusts, which is in line with Leonard Cheshire's investment policy.

The company also has investments in subsidiaries of £2,097 (31.3.04 £2,097) which are detailed in Note 19.

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Notes to the Financial Statements *continued*

	The Group		The Company	
	31.3.05	31.3.04	31.3.05	31.3.04
	£'000	£'000	£'000	£'000
11 Debtors				
Amounts falling due within one year				
Debtors	10,677	9,461	10,640	9,428
Prepayments	420	1,148	420	1,148
Accrued Income	3,852	2,907	3,852	2,907
	<u>14,949</u>	<u>13,516</u>	<u>14,912</u>	<u>13,483</u>
12 Cash at Bank & liquid resources				
Leonard Cheshire Funds	24,890	28,230	24,620	28,007
Service Users' Funds	275	421	275	421
Cash at Bank & In Hand	25,165	28,651	24,895	28,428
Short Term Deposits	8,000		8,000	
Total	<u>33,165</u>	<u>28,651</u>	<u>32,895</u>	<u>28,428</u>
13 Creditors				
Amounts falling due within one year				
Unsecured loans	157	66	157	66
Creditors	4,942	4,975	4,818	4,936
Taxation and Social Security	1,733	1,308	1,724	1,297
Accruals	2,787	3,380	2,780	3,379
Deferred Income*	1,392	373	1,392	373
Service Users' Funds	275	421	275	421
	<u>11,286</u>	<u>10,523</u>	<u>11,146</u>	<u>10,472</u>

*The balance as at 31 March 2004 of £373,000 was released in the year. A further £1,392,000 was received which relates to future periods.

	Movement in Funds			
	Balance at 1 April 2004	Incoming Resources	Expenditure/ Transfers	Balance at 31 March 2005
	£'000	£'000	£'000	£'000
14 Capital Funds - Endowments				
The Group and the Company				
Permanent Endowments:				
Albert Alexander Fund	10			10
Kirby Worthington Fund	114		4	110
Expendable Endowments:				
St Michael's Home	444		89	355
	<u>568</u>		<u>93</u>	<u>475</u>

The Albert Alexander Fund was set up in 2004 to benefit the residents of Dan-y-bryn. St Michael's Home is an expendable endowment property. The Kirby Worthington Fund was set up in October 1995 when Leonard Cheshire received a bequest with the restriction that the income of this fund must be used to support The County Durham Cheshire Home.

Movement in Funds			
Balance at 1 April 2004 £'000	Incoming Resources £'000	Expenditure/ Transfers £'000	Balance at 31 March 2005 £'000
7,108	1,356	(314)	8,150
2,970	2,904	(2,599)	3,275
	1	(1)	
	161	(161)	
373	478	(421)	430
10,451	4,900	(3,496)	11,855

Support costs include monies that have been donated to Leonard Cheshire with a restriction that they be used in support of disabled people at specific locations.

The International Department of the charity has been donated funds specifically for charitable work overseas including £20,870 from Comic Relief for an inclusive project in Western Kenya; £110,767 from DfID for a training and re-development project in southern Africa; £60,667 from the European Commission for a project mainstreaming disability issues in Europe; £14,091 from the Big Lottery Fund for a programme in Pakistan and £35,055 from the State of Jersey Treasury for community projects in Ethiopia and Sierra Leone.

Notes to the Financial Statements *continued*

c) Big Lottery Fund Grants received in the year and included in note 15a above.

The Group and The Company

For:

Support Costs – Volunteer Services

User Empowerment

Workability Project

International Projects

Cash Received

2005

£'000

Cash Received

2004

£'000

113

118

90

131

14

96

217

17

362

16 Designated Funds

a) The Group

Movement in Funds

	Balance at 1 April 2004 £'000	New Designations £'000	Utilised/ Released £'000	Balance at 31 March 2005 £'000
For:				
Tangible assets for long term use	72,176	4,616	(3,893)	72,899
Development projects	18,989	14,917	(11,888)	22,018
	<u>91,165</u>	<u>19,533</u>	<u>(15,781)</u>	<u>94,917</u>

b) The Company

Movement in Funds

	Balance at 1 April 2004 £'000	New Designations £'000	Utilised/ Released £'000	Balance at 31 March 2005 £'000
For:				
Tangible assets for long term use	72,170	4,616	(3,539)	73,247
Development projects	18,989	14,917	(11,888)	22,018
	<u>91,159</u>	<u>19,533</u>	<u>(15,427)</u>	<u>95,265</u>

Amounts transferred to designated funds during the year are to cover the expected cost of future development projects identified by the trustees.

The development projects represent the regional development plans including the re-provisioning of nine major residential services costing £17.8 million.

17 Analysis of Group Net Assets between Funds

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
Fund balances at 31 March 2005				
are represented by:				
Tangible fixed assets	72,899	8,150	355	81,404
Investments	6,619			6,619
Current assets	44,299	3,817	120	48,236
Current liabilities	(11,286)			(11,286)
	<u>112,531</u>	<u>11,967</u>	<u>475</u>	<u>124,973</u>

18 Capital Commitments

Capital expenditure that has been contracted for but has not been provided for in the financial statements

31.3.05	31.3.04
£'000	£'000
<u>43</u>	<u>162</u>

19 Subsidiaries

The following subsidiaries are wholly-owned by Leonard Cheshire, are registered in England and have been consolidated.

Leonard Cheshire Trading Limited covenants its taxable profit to Leonard Cheshire. It has Issued Share Capital of £100.

Leonard Cheshire CBG Limited covenants its taxable profit to Leonard Cheshire. It has Issued Share Capital of £1,000.

Jobability Limited has Issued Share Capital of £1,000. The company did not trade in the year.

The Leonard Cheshire Foundation (Isle of Man) Limited has been consolidated. It is a wholly-owned subsidiary of Leonard Cheshire and is a Company limited by guarantee, being a charity. The company provides residential care for disabled people.

The audited accounts of Leonard Cheshire Foundation (Isle of Man) Limited for the year ended 31 March 2005 are summarised as follows:

	Year to 31.3.05 £'000	Year to 31.3.04 £'000
Incoming resources	447	398
Resources expended	(482)	(449)
Net resources expended	<u>(35)</u>	<u>(51)</u>

The assets and liabilities as at 31 March 2005 are as follows:

Assets	235	217
Liabilities	(61)	(8)
	<u>174</u>	<u>209</u>

The total investment of the charity in its subsidiary undertakings is £2,097 (31.3.04 £2,097).

30 Notes to the Financial Statements *continued*

20 Information regarding employees and trustees

The average monthly number of persons employed during the year was:

	Year to 31.3.05		Year to 31.3.04	
	Full-time	Part-time	Full-time	Part-time
Fundraising	27	8	20	7
Communications	13	1	13	2
Residential and Day Services	1,656	2,692	1,651	2,791
Domiciliary Services	283	1,905	267	1,904
International Services	12	3	10	4
Workability Project	7	2	7	
Campaigning	5	1	4	1
Disabled People's Forum	6	20	6	18
Operating Support	225	50	191	48
Management and Administration	18	2	25	3
	<u>2,252</u>	<u>4,684</u>	<u>2,194</u>	<u>4,778</u>

Staff costs during the year were as follows:

	Year to 31.3.05 £'000	Year to 31.3.04 £'000
Wages and Salaries	82,216	75,438
Social Security costs	5,973	5,329
Other pension costs	2,818	3,053
	<u>91,007</u>	<u>83,820</u>

Remuneration of senior employees - the emoluments, excluding pension contributions, of the senior employees were within the following ranges:

	Number of employees	
	Year to 31.3.05	Year to 31.3.04
£50,001 - £60,000	15	15
£60,001 - £70,000	2	4
£70,001 - £80,000	4	3
£80,001 - £90,000	2	
£100,001 - £110,000		1
£110,001 - £120,000	1	

Total employer's pension contributions in the year for senior employees paid by the charity:

	£'000	No of staff	£'000	No of staff
Defined Benefit Scheme	92	8	113	11
Money Purchase Scheme	101	16	67	11
	<u>193</u>	<u>24</u>	<u>180</u>	<u>22</u>

No trustee, or person related or connected by business to a trustee, has received any remuneration from Leonard Cheshire during the year. Leonard Cheshire purchased insurance to protect it from loss arising from neglect or default of the trustees and to indemnify the trustees against the consequences of neglect or default on their part. This insurance cost £7,875. (£7,875 2004)

21 Pension Commitments

Leonard Cheshire operates two defined benefit pension schemes managed by The Pensions Trust and Hertfordshire County Council in the UK. These schemes have been incorporated into these accounts in accordance with SSAP24 and the additional disclosure required by FRS17 is included in this note.

The latest full actuarial valuation of The Pensions Trust scheme was carried out as at 30/09/03 and for the Hertfordshire County Council scheme as at 31/03/04. The market assumptions used in the actuarial valuations were as follows:

	The Pensions Trust 30/09/03 %	Hertfordshire County Council 31/03/04 %
Rate of increase in salaries	4.0	4.4
Rate of increase in pensions in payment	2.5	2.9
Inflation assumption	2.5	2.9
Investment Returns - Post Retirement	5.2	6.3
Investment Returns - Pre Retirement	7.2	6.5

The valuations for The Pensions Trust scheme assessed the market value of assets for the Leonard Cheshire Scheme to be £22.6m and the ratio of assets to liabilities disclosed by the valuation was 77%. The contributions by Leonard Cheshire will be increased from 21.3% in 2004-05 to 25% in 2005-06 to address the shortfall in the scheme.

There is no separate valuation of the Hertfordshire County Council Scheme but the market value of assets for Leonard Cheshire has been calculated to be £5.4m and the ratio of assets to liabilities disclosed by the valuation was 94%. The contributions by Leonard Cheshire have been increased to 16.2% in 2004-05, and will remain at this level for 2005-06.

In total Leonard Cheshire has made pension payments of £2.8m in 2005 (£3.1m 2004). This includes £0.2m augmentation paid to The Pensions Trust in 2005 (£0.4m 2004).

Additional disclosures regarding the group's defined benefit pension schemes are required under the transitional provisions of FRS17 Retirement Benefits and these are set out below. They are based on updated valuations made by the independent actuaries on the 31/03/05 for both The Pensions Trust and Hertfordshire County Council.

The major assumptions used for the updated actuarial valuations were:

	The Pensions Trust 2005 %	Hertfordshire County Council 2005 %	The Pensions Trust 2004 %	Hertfordshire County Council 2004 %	The Pensions Trust 2003 %	Hertfordshire County Council 2003 %
Rate of increase in salaries	4.0	4.4	4.0	4.4	4.5	4.0
Rate of increase in pensions in payment	2.5	2.9	2.5	2.9	2.5	2.5
Discount rate	5.4	5.4	5.5	5.5	5.4	5.4
Inflation assumption	2.5	2.9	2.5	2.9	2.5	2.5

Notes to the Financial Statements continued

The fair value of the assets in the schemes, the present value of the current liabilities of the schemes and the expected rates of return at 31 March 2005 and the corresponding amounts for 31 March 2004 and 2003 were:

	Expected rate of return % pa 31.3.05	Value at 31.3.05 £'000	Expected rate of return % pa 31.3.04	Value at 31.3.04 £'000	Expected rate of return % pa 31.3.03	Value at 31.3.03 £'000
The Pensions Trust						
Equities	8.0	20,962	8.0	19,505	9.1	14,676
Bonds	5.0	8,263	4.8	6,169	4.5	5,633
Cash	4.3	577	4.0	578	3.8	668
		<u>29,802</u>		<u>26,252</u>		<u>21,177</u>
Present value of scheme liabilities		(37,472)		(34,965)		(33,048)
Deficit in Scheme		<u>(7,670)</u>		<u>(8,713)</u>		<u>(11,871)</u>
Hertfordshire County Council						
Equities	7.7	7,968	7.7	5,201	8.0	3,940
Bonds	4.8	1,623	5.1	985	4.8	485
Property	5.7	661	6.5	434	6.0	343
Cash	4.8	690	4.0	385	4.0	373
		<u>10,942</u>		<u>7,005</u>		<u>5,141</u>
Present value of scheme liabilities		(14,107)		(9,249)		(7,698)
Deficit in Scheme		<u>(3,165)</u>		<u>(2,244)</u>		<u>(2,557)</u>
 Deficit in The Pensions Trust scheme		<u>(7,670)</u>		<u>(8,713)</u>		<u>(11,871)</u>
Deficit in the Hertfordshire County Council scheme		<u>(3,165)</u>		<u>(2,244)</u>		<u>(2,557)</u>
Deficit in combined schemes		<u>(10,835)</u>		<u>(10,957)</u>		<u>(14,428)</u>

If the above amounts had been recognised in the financial statements, the charity's net assets and unrestricted reserves at 31 March 2005 would have been as follows:

	31.03.05 £'000	31.3.04 £'000
Net assets excluding pension liability	124,973	117,464
Pension liability	<u>(10,835)</u>	<u>(10,957)</u>
Net assets including pension liability	<u>114,138</u>	<u>106,507</u>
 Unrestricted fund excluding pension liability	112,531	106,331
Pension liability	<u>(10,835)</u>	<u>(10,957)</u>
Unrestricted fund including pension liability	<u>101,696</u>	<u>95,374</u>

Additionally, if the pension costs had been recognised in accordance with FRS 17, the following components of the pensions charge would have been recognised in the statement of financial activities ended 31 March 2005:

	The Pensions Trust	The Pensions Trust	Hertfordshire County Council	Hertfordshire County Council
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Analysis of amounts charged to the statement of financial activities				
Current Service Costs	(833)	(1,196)	(548)	(559)
Financing				
- Expected return on pension scheme assets	1,900	1,642	506	395
- Interest on expected scheme liabilities	(1,926)	(1,798)	(520)	(433)
- Net return	(26)	(156)	(14)	(38)
Actual return less expected return on pension scheme assets	1,084	2,891	317	892
Experience gains and losses arising on scheme liabilities	115	(688)	(908)	(1)
Changes in assumptions underlying the present value of scheme assets	(576)	910	(222)	(479)
Total actuarial gain/(loss) recognised	623	3,113	(813)	412

The total movement in Leonard Cheshire's share of the schemes' deficit during the year is made up as follows:

	The Pensions Trust	The Pensions Trust	Hertfordshire County Council	Hertfordshire County Council
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Deficit on scheme at 1 April	(8,713)	(11,871)	(2,244)	(2,557)
Movement in year:				
- current service costs	(833)	(1,196)	(548)	(559)
- contributions	1,279	1,397	454	498
- pension finance income	(26)	(156)	(14)	(38)
- actuarial loss	623	3,113	(813)	412
Deficit in scheme at 31 March	(7,670)	(8,713)	(3,165)	(2,244)

The experience gains and losses for the year ended 31 March 2005 were as follows:

The Pensions Trust

	2005	2004	2003
Difference between the expected and actual return on scheme assets:			
Amount (£'000)	1,084	2,891	(6,325)
Percentage of scheme assets	3.6%	11.0%	29.9%
Experience gains and losses on scheme liabilities:			
Amount (£'000)	115	(688)	(129)
Percentage of the present value of scheme liabilities	0.3%	2.0%	0.4%
Total actuarial gain/(loss) recognised in the statement of financial activities:			
Amount (£'000)	623	3,113	(9,530)
Percentage of the present value of scheme liabilities	1.7%	8.9%	28.8%

	Hertfordshire County Council		
	2005	2004	2003
Difference between the expected and actual return on scheme assets:			
Amount (£'000)	317	892	(1,634)
Percentage of scheme assets	2.9%	12.7%	31.8%
Experience gains and losses on scheme liabilities:			
Amount (£'000)	(908)	(1)	205
Percentage of the present value of scheme liabilities	6.4%	0.0%	2.7%
Total actuarial gain/(loss) recognised in the statement of financial activities:			
Amount (£'000)	(813)	412	(1,652)
Percentage of the present value of scheme liabilities	5.8%	4.5%	21.5%

22 Company limited by guarantee

Leonard Cheshire is a company limited by guarantee and in the event of a winding-up the members, who are the trustees are committed to pay £1 each.

Supporters

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A very big thank you to all those supporters who have made donations to Leonard Cheshire in the last 12 months and to many others not listed, including those who wish to remain anonymous and those who remembered Leonard Cheshire in their wills.

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We would like to thank all those who work for, volunteer for and support Leonard Cheshire in our work with disabled people.

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