



## Annual Report & Accounts



**COMMUNITY  
FUND**  
with community training & enterprise



Registered Charity No. 285575 Registered Company No. 1658354

**The Association for Real Change** (formerly Association for Residential Care)  
a company limited by guarantee

---

**Principal Officers**

Chair : S Inch, New Support Options  
Vice Chair : J Higgins, Robert Owen Communities  
Hon Treasurer : Brother M Newman, Hosp Order of St John of God  
Chief Executive : J Churchill

**Directors**

The Directors who served during the year were:

P Ashton	R Palframan
P Bartram : resigned 20/8/04	A Paton
K Fitton : resigned 01/09/03	J Pearce
P Handley : resigned 01/07/03	J Peet : resigned 17/08/04
J Higgins	B Perowne
V Homer	J Reed
S Inch	A Roper++
S Jenkin	C Sawyers
C Ledsham+	S Sayer
M Lett : appointed 04/08/04	M Snell
A Lunny+++	J Tregelles
N McConachie : appointed 15/10/04	E Vick : resigned 30/10/03
B McGuiness : appointed 15/10/04	D Wandless
R Mills : resigned 20/08/04	D Wilson
Brother M Newman	

+ Chair of ARC in Scotland

++ Chair of ARC in Wales

+++ Chair of ARC in Northern Ireland

Mr D Ellis was an observer on behalf of the Department of Health and is continuing this role after his move to SCIE.

Registered Office : ARC House, Marsden Street, Chesterfield,  
Derbyshire, S40 1JY

Auditors : Helmores, 35-37 Grosvenor Gardens,  
London, SW1W 0BY

Bankers : Lloyds TSB Bank Plc, 27 Market Place,  
Chesterfield, S40 1PN

## **Directors' Report for the year ending 31st March 2004**

The Directors have pleasure in submitting to the membership the annual report and audited accounts for the Association for the year ending 31st March 2004.

The Association for Real Change is a registered charity (no. 285575) and a Company limited by guarantee (no. 1658354). At a special meeting of its Council on July 4<sup>th</sup> 2003 ARC changed its name to the Association for Real Change as one result of a Strategic Review and stated that its new vision was "to achieve excellence through diversity of provision for people with a learning disability". ARC is a UK membership organisation for all providers of services for people with a learning disability which achieves its vision by:

- 1) Campaigning on behalf of its members
- 2) Promoting best practice in services
- 3) Providing information and support to members
- 4) Developing as a competent organisation

Membership of the Association is open to any provider of services to people with learning disabilities. Membership is drawn from the private, voluntary, not for profit, housing association and ex-NHS / Local Authority trust sectors. Activities provided by members include the provision of residential care, day care, domiciliary support, social work support, education and training services, employment services, leisure and recreation, supported living, adult placements. The Association's membership is extremely wide, from large national organisations down to single small registered care homes, supported housing schemes and adult placement services as well as unregistered services. ARC's members currently provide services and support to over 35,000 people with a learning disability across the UK.

The principal activities of the Association are concerned with promoting effective networks between providers, providing a range of services to members, developing training courses and publications, and using its networks effectively to represent to central and local government the views of service providers for people with a learning disability and the promotion of best practice in those services.

The investment policy is to invest monies of the Association not immediately required in bank deposit accounts.

## **Review of the year's operations**

The Board is able to report the Association has had a successful year and would wish to highlight the following activities in relation to the Association's its four key areas of activity.

### *1 Campaigning on behalf of its members*

This has become an important and complex part of ARC's work, especially as the separate agendas of the four countries in the UK increasingly diverge at policy and

## **The Association for Real Change** (formerly Association for Residential Care) a company limited by guarantee

---

operational levels. Even so, there remain concerns common to all providers across the UK, notably around the need for services to be adequately financed and around the sometimes excessive impact of external regulation upon services and their users. ARC has undertaken campaigns at both UK and European level on the funding of services and the impact on operations of legislation such as the European Working Time Directive. We have also been campaigning to ensure that services for people with learning disabilities were not unduly penalised in the Government's hurried review of the Supporting People Funding programme.

In Scotland our Manager is an SCLD trustee, and we are also an associate member of Community Care Providers Scotland. In Wales we have links to the Welsh Assembly Government, the Care Council for Wales, the Care Standards Inspectorate and SCOVO. In England ARC uses a number of voluntary networks (ICON, NCVO, ACEVO, the Residential Forum, TOPSS, SCIE) and links to statutory bodies such as the Valuing People Support Team, DH and CSCI to ensure that providers views are heard. We have maintained links at a European level through our membership of the European Association of Service Providers for people with a Disability, where we have a Board level presence and participate along with several of our own member organisations in EC funded transnational projects. As all this activity has taken place, we have promoted our new logo, slogan and corporate identity.

### *2 Promoting best practice in services*

This is a fundamental aspect of ARC's work across the UK. In Northern Ireland, ARC has been fortunate to see our manager there being offered an important role in shaping the review of learning disability services which has formed part of the Mental Health Review of services in Northern Ireland. In this year ARC has been active in all four countries promoting best practice by externally funded projects, by collaborating with members and other organisations and by enabling partnerships of members to form and share good practice. Examples of this include the employers' partnership in North London which looked at issues of recruitment and retention amongst staff; the Train to the West project in Northern Ireland to help staff complete LDAF Induction training; the Telling It Like It Is CD which helps service users contribute to the induction training of new staff.

We were particularly pleased to see our project on transition for young people from black and minority ethnic communities being funded by the Diana Princess of Wales Memorial Fund with additional funding of £17,794 provided from the Tudor Trust. With continued help from the Department of Health we were able to start work around best practice in the training needed to handle medication and also in the "My Money Matters Project" which looks at how best to handle and account for monies under the joint control of service users and staff.

### *3 Providing information and support to members*

The increasing use and importance of ICT as a means of rapid communication between members was a clearly evident trend in this year. Our members-only e-forum, Despatch and Spotlight publications were all produced and disseminated electronically. E-mail is rapidly replacing other forms of communication and we are

seeking ways to enable all our members to benefit from this by introducing ICT elements into our bids to ESF, the Community Fund and other funding agencies.

All ARC's regional offices are now on-line, with technological back-up provided remotely from the ARC HQ. The ARC website has been re-designed and will be a focal point for our future dissemination of information to members. Our activities to help members to achieve their important training targets continue to grow in all four countries, regional and national member partnerships, direct delivery of training from Induction to Level Four S/NVQ. ARC is an important conduit for training monies aimed at training frontline staff from agencies such as TOPSS, ESF and other statutory staff. Money for training staff in services now accounts for around one third of ARC's total turnover.

#### *4 Developing as a competent organisation*

As the size of the organisation continues to grow this has implications for internal systems, procedures and reserves. In this year we have appointed a Deputy Chief Executive, a dedicated personnel officer and a fundraiser as well as establishing our first management team in north Wales with support from the Wales Committee. We have revised our internal appraisal and review procedures and intend to secure the retention of our IiP status in the coming year.

We have revised our fundraising strategy and targeted our efforts at those areas where we know that local fundraising will be difficult. We have surveyed the skills available to us on our Council and will be seeking to maximise the benefit to the charity from the expertise available to it in its body of trustees. We have externalised most of our printing and publications activity so that our staff may concentrate on activities most closely related to the charity's key objectives.

### **Organisation and Management**

The association has members in all countries of the UK and is governed by a Board of 28 Trustees and Directors (ARC's 'Council'), which has elected representatives from ARC committees in Scotland, Wales, Northern Ireland and the English Regions on it. The Board meets twice yearly, in addition to an AGM held at the annual conference and has delegated powers to an Executive Committee which meets four times a year to monitor developments. The Executive also assists the Chief Executive and other senior staff in achieving the overall priorities and yearly targets set by Council and in responding to the flow of events. The Chief Executive reports through the Chair of the Trustees to the Council (Board) and Executive Committee.

Trustees of the association are elected to its Governing body (ARC Council) by the membership. There are specific representatives for each country and the English regions (elected for two years) and four officer posts of Chair, Vice Chair, Treasurer and Chair of the Training Consortium (elected annually) and a group of 12 directly elected member organisations representatives (three years, retiring by rotation).

**The Association for Real Change** (formerly Association for Residential Care)  
a company limited by guarantee

---

**Management of risk**

The Board has an established arrangement for the systematic assessment and periodic review of the risks facing the association, with appropriate measures being taken to prioritise, manage and minimise the risks identified.

**Financial Review**

The financial activities of the year are set out in detail on the attached pages. The following figures in brackets indicate comparables from the previous year. The deficit for the financial year amounted to £418,792 (surplus of £729,885) of which a deficit of £428,993 (surplus of £654,539) forms part of amounts held on restricted funds which can only be used for the specific purposes detailed in the notes. Overall the Association's funds dropped from £1,125,297 to £706,505 (rose from £395,412 to £1,125,297) at the year end of which £396,802 (£386,601) is unrestricted funds and £309,703 (£738,696) is restricted funds.

The movements in fixed assets are set out in notes attached to the accounts.

Reserves: It is the stated objective of the Trustees of the Association to try to achieve unrestricted reserves equivalent to the costs of three months operations.

**Statement of Directors' Responsibilities**

The directors are required by law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of its incoming and outgoing resources for that period. In preparing those accounts, they are required to select suitable accounting policies and then apply them consistently, make judgements and estimates that are reasonable and prudent, and prepare the accounts on a going concern basis where appropriate. The directors are also responsible for maintaining adequate accounting records, safeguarding the assets of the Company, and for the prevention and detection of fraud and other irregularities.

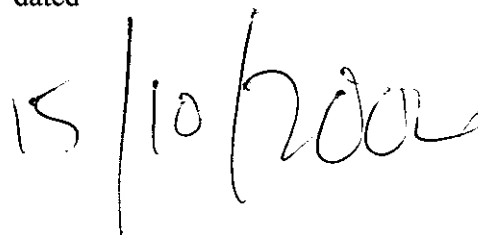
These accounts have been prepared in accordance with the special provisions of part V11 of the Companies Act 1985 relating to small companies.

By Order of the Board

dated



W J C Churchill  
Secretary to the Board



**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE  
ASSOCIATION FOR REAL CHANGE**

We have audited the financial statements of The Association for Real Change for the year ended 31 March 2004 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Directors' Report is not consistent with the financial statements, if the charity 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 directors' remuneration and transactions with the charity is not disclosed.

We read other information contained in the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

**The Association for Real Change** (formerly Association for Residential Care)  
**a company limited by guarantee**

---

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 the charitable company's affairs as at 31 March 2004 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**HELMORES**

Chartered Accountants and Registered Auditors  
Grosvenor Gardens House  
35/37 Grosvenor Gardens  
London SW1W 0BY

15.10.2004



**The Association for Real Change**  
a company limited by guarantee

**Statement of Financial Activities for the year ended 31st March 2004**

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2004 £	Total 2003 £
<b>Incoming Resources</b>					
<b>Incoming Resources from Operating Activities</b>					
Activities in Furtherance of the Charity's Objects	2	1,470,748	1,705,277	3,176,025	2,691,441
<b>Investment Income</b>		22,181	-	22,181	16,592
<b>Total Incoming Resources</b>		<b>1,492,929</b>	<b>1,705,277</b>	<b>3,198,206</b>	<b>2,708,033</b>
<b>Resources Expended</b>					
Costs of generating Funds	5	18,434	-	18,434	17,640
<b>Charitable Expenditure</b>					
Cost of Activities in Furtherance of the Charity's Objects	3	1,278,654	2,134,270	3,412,924	1,790,417
Support Costs	4	157,410	-	157,410	141,761
Management and Administration of the Charity	6	28,230	-	28,230	28,330
<b>Total Resources Expended</b>		<b>1,482,728</b>	<b>2,134,270</b>	<b>3,616,998</b>	<b>1,978,148</b>
<b>Net (Outgoing)/Incoming Resources for the Year</b>		<b>10,201</b>	<b>(428,993)</b>	<b>(418,792)</b>	<b>729,885</b>
<b>Balance Brought Forward at 1/4/2003</b>		<b>386,601</b>	<b>738,696</b>	<b>1,125,297</b>	<b>395,412</b>
<b>Balances Carried forward at 31/3/2004</b>	11	<b>396,802</b>	<b>309,703</b>	<b>706,505</b>	<b>1,125,297</b>

**Income and Expenditure Account for the year ended 31st March 2004**

	2004 £	2003 £
Gross Income	3,176,025	2,691,441
Operating Expenditure	3,616,998	1,978,148
<b>Operating Deficit</b>	<b>(440,973)</b>	<b>713,293</b>
Interest Receivable	22,181	16,592
<b>Deficit for the Financial Year</b>	<b>(418,792)</b>	<b>729,885</b>

The Company made no recognised gains or losses in this or the preceding financial year other than the surplus or deficit for the year.

The notes on pages 10 to 14 form a part of these accounts.

**The Association for Real Change**  
a company limited by guarantee

**Balance Sheet at 31st March 2004**

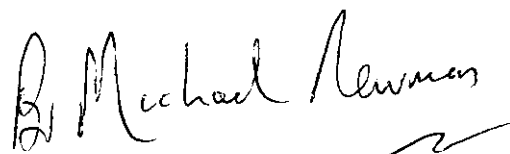
	Notes	2004 £	£	2003 £	£
<b>FIXED ASSETS</b>					
Tangible Assets	9		18,276		19,937
<b>CURRENT ASSETS</b>					
Trade Debtors		528,500		379,309	
Prepayments and Accrued Income		23,578		10,147	
Cash at Bank and in Hand		506,093		1,017,782	
		<u>1,058,171</u>		<u>1,407,238</u>	
<b>CREDITORS: Amounts falling Due within one year</b>					
Taxation and Social Security Costs		31,431		18,960	
Other Creditors		78,237		60,221	
Accruals & Deferred Income		<u>260,274</u>		<u>222,697</u>	
		369,942		301,878	
<b>NET CURRENT ASSETS</b>			688,229		1,105,360
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>706,505</u>		<u>1,125,297</u>
<b>FUNDS</b>					
Restricted Funds	7		309,703		738,696
Unrestricted Funds					
General Fund		356,802		346,601	
Designated Funds					
Equipment Fund		20,000		20,000	
Project Fund		20,000		20,000	
		<u></u>		<u></u>	
Total Unrestricted / Designated Funds	10		396,802		386,601
<b>TOTAL FUNDS</b>	11		<u>706,505</u>		<u>1,125,297</u>

These accounts have been prepared in accordance with the special provisions of part V11 of the Companies Act 1985 relating to small companies.

Approved by the Board on 15.10.2004



Steve Inch  
Chair of the Board of Directors



Brother Michael Newman  
Hon Treasurer

The notes on pages 10 to 14 form a part of these accounts.

## Notes to the Accounts for the year ended 31st March 2004

### 1. Accounting Policies

**a) Accounting Convention**

The accounts have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2000), applicable accounting standards and the Companies Act 1985.

**b) Depreciation**

Depreciation is charged at the following rates on all tangible fixed assets in order to write them off over their estimated useful lives. All assets costing more than £300.00 are capitalised at cost.

Office Equipment	33.3% on cost
------------------	---------------

**c) Incoming Resources**

Income is accounted for on a receivable basis. Grants for specific purposes are included as income in the year of receipt, with any unspent income carried forward at the end of the year as restricted funds.

**d) Fund Accounting**

The unrestricted funds comprise general funds which are available for use by the charity for its general objectives. The restricted funds are subject to restrictive conditions made by the grant making body or donor.

**e) Operating Leases**

The rentals payable under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

**f) The recognition of Liabilities**

Resources expended are accounted for on an accruals basis and are recognised when there is legal or constructive obligation to pay for expenditure.

**g) Services to members**

This expenditure includes branch costs, the costs of the national offices, the costs of providing the National Criminal Records Bureau service and the costs of the annual conference.

**h) Support Costs**

Support Costs include staff time and general office expenditure.

**i) Costs of Management and Administration of the Charity**

Includes staff time and expenses for time spent in connection with Trustees meetings, plus the cost of auditing the Charity.

**j) Costs of Generating Funds**

This expenditure is an allocation of time spent in connection with fundraising.

**k) Pension Scheme**

The company contributes to a stakeholder pension scheme.

# The Association for Real Change

a company limited by guarantee

<b>2. Activities in Furtherance of the Charity's Objects ( Income)</b>	Unrestricted Funds £	Restricted Funds £	Total 2004 £	Total 2003 £
Membership Subscriptions	137,164	-	137,164	129,551
Donations & Gifts	96	-	96	11,470
DoH Section 64 Core Grant	90,000	-	90,000	90,000
DHSS & Public Safety (NI) Grant	-	-	-	9,000
Training & Conferences	933,532	-	933,532	668,649
Publications	38,245	-	38,245	117,587
Services to Members	271,711	-	271,711	148,316
Grants for Specific Purposes	-	1,705,277	1,705,277	1,516,868
	1,470,748	1,705,277	3,176,025	2,691,441

## 3. Activities in Furtherance of the Charity's Objects (Expenditure)

Services to Members	439,011	-	439,011	289,172
Training and Conferences	805,483	-	805,483	560,718
Networking & Representation	17,998	-	17,998	18,399
Publications	16,162	-	16,162	48,339
Special Projects	-	2,134,270	2,134,270	873,789
	1,278,654	2,134,270	3,412,924	1,790,417

## 4. Support Costs

Staff Costs	109,675	-	-	109,675	111,983
Office Costs	47,735	-	-	47,735	29,778
	157,410	-	-	157,410	141,761

## 5. Costs of Generating Funds

Fundraising	18,434	17,640
-------------	--------	--------

This includes a relevant proportion of staff costs, professional fees and associated office expenses relating to the fundraising of restricted income, grants and donations. Publicity costs are included with 'publications', which are part of the direct charitable costs of the charity.

## 6. Management and Administration of the Charity

Auditor's Remuneration	9,797	7,236
Other Costs	18,433	21,094
Total	28,230	28,330

**The Association for Real Change**  
a company limited by guarantee

			2003 £	2004 £
<b>7. Restricted Funds</b>	<b>Movement in Resources</b>			
	Incoming £	Outgoing £	B / Forward £	C / Forward £
<b>Department of Health project funds</b>				
Pathways to Awards/LDAF Project	120,000	118,382	3,734	5,352
My Money Matters	26,700	13,467	-	13,233
Black & Ethnic Minority groups Project	33,200	28,943	-	4,257
ARC/NAPPS Project	53,000	61,930	1,480	(7,450)
<b>Doh - Sub Total</b>	<b>232,900</b>	<b>222,722</b>	<b>5,214</b>	<b>15,392</b>
<b>Community Fund Project Funds</b>				
Scotland Development Project (Scottish Board)	83,709	67,508	3,488	19,689
<b>Community Fund - Sub Total</b>	<b>83,709</b>	<b>67,508</b>	<b>3,488</b>	<b>19,689</b>
<b>Other Restricted Funds</b>				
ESF 5 -E.M. IT for the Care Sector	4,087	431	(3,656)	-
ESF 6 - Assessors in Care	166,605	103,786	(58,987)	3,832
ESF 7 - National Induction Project	426,910	746,640	319,795	65
ESF8 - Scotland Registered Managers	39,177	16,396	-	22,781
VPST/DoH - Tenders	20,839	20,839	-	-
Train to the West (NI) 2002/3	35,000	8,489	-	26,511
Diana Fund	66,294	12,729	1,500	55,065
DTLR - Supporting People	69,817	66,726	(3,091)	-
Lloyds TSB Foundation - Video	-	9,904	9,904	-
Topss Admin Contracts(2) 2003/4	55,141	55,141	-	-
VPST/DOH - Partnership Boards & Ethnicity	10,000	15,953	5,953	-
TOPSS TSI 2002/3 Induction/RMA	224,743	647,109	422,366	-
TOPSS TSI 2003/2004 Monies	221,055	91,158	-	129,897
S E Regional Project - SELDPB	-	-	9,000	9,000
LDE Conferences	24,000	21,529	-	2,471
NI - UCHT Tili project	25,000	-	-	25,000
Train to the West (NI) 2003/4	-	27,210	27,210	-
<b>Totals</b>	<b>1,705,277</b>	<b>2,134,270</b>	<b>738,696</b>	<b>309,703</b>

The expenditure against the "ARC/NAAPS" project will be covered by a future grant for additional work on this ongoing project.

# The Association for Real Change

a company limited by guarantee

8. Staff Costs	2004	2003
Staff Costs :	£	£
Wages and Salaries	944,101	646,476
Pension Costs	27,041	11,004
Social security costs	90,224	57,785
Totals	1,061,366	715,265
Activities in Furtherance of the Charity's Objects	37	24
Support Costs	16	12
Fundraising	0	0
Average number of employees	53	36

Employees whose emoluments exceeded £50,000 were as follows :

£60,001 - £70,000 pa	One	One
----------------------	-----	-----

The Directors, who are the Trustees of the Charity, were not entitled to and did not receive any emoluments from the Company during the year.

Staff Pension contributions unpaid at the year end were £3878.75.

## 9. Tangible Fixed Assets

Cost	Office Equipment £
Balance brought forward	95,014
Disposals during the year	(39,136)
Additions during the year	15,821
Balance carried forward	71,699
Depreciation	
Balance brought forward	75,077
Disposals during year	(39,136)
Charge for the year	17,482
Balance carried forward	53,423
Net Book Value 31.3.2003	19,937
Net Book Value 31.3.2004	18,276

## 10. Unrestricted Funds

	General Fund £	Designated Funds Equip't Fund £	Project Fund £	Totals £
Opening Balances	346,601	20,000	20,000	386,601
Net Incoming resources before transfers	10,201	-	-	10,201
Transfers	-	-	-	-
Closing Balances	356,802	20,000	20,000	396,802

The Designated Equipment Fund has been set aside for the purpose of replacing and upgrading the office phone system.  
The Designated Project Fund has been set aside to complete or revise projects for which external funding is not available.

**The Association for Real Change**  
a company limited by guarantee

**11. Analysis of Net Assets between Funds**

	Unrestricted £	Restricted £	Total £
Tangible Fixed Assets	18,276	-	18,276
Net Current Assets	378,526	309,703	688,229
<b>Net Assets</b>	<b>396,802</b>	<b>309,703</b>	<b>706,505</b>

**12. Operating Leases**

	2004 £	2003 £
<b>Rentals Charged in this year</b>		
- Land and Buildings	53,411	30,075
- Office Equipment	6,803	5,355
	<b>60,214</b>	<b>35,430</b>
<b>Payments due in next year :</b>		
	Land and Buildings £	Others £
- Contracts expiring Next Year	26,136	1,626
- Contracts expiring in one to five years	37,550	1,686
	<b>63,686</b>	<b>3,312</b>