

**Scope**  
About disability



**Annual report and  
consolidated accounts**  
for the year ended 31 March 2016



# Annual report and consolidated accounts

for the year ended 31 March 2016

## **Our vision**

A world where disabled people have the same opportunities as everyone else.

## **Our purpose**

To drive change across society so that disabled people have the same opportunities as everyone else.

## **Our beliefs**

We see the person and we set no limit on potential.

We believe in independence, inclusion and freedom to choose.

Everyday life equality. No more. No less.

Together we can create a better society.

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# Chair's review

There are no two ways about it: this is a tough environment in which to run a charity. The purse strings on public expenditure continue to tighten, exposing new needs in our society. Life is tough for disabled people. Public trust in charities is falling. There are huge pressures on fundraising. Growing scrutiny and demands for transparency. And criticism of charities in the media.

I mention this not by way of excuse, in reflecting on the year just gone, but by way of context – for last year and the years to come. I think we are facing fundamental challenges to the role of charities in our society. Challenges which merit a proper public debate.

Aside from anything else, I do not think we need any excuses for the last twelve months. Far from it. We found ourselves up against it and we said we would take the tough decisions to put Scope in a better

place. The job is far from done, but we have made good progress.

Let's look at the record.

We said we would focus on restoring our financial position, planning for the future and maintaining the quality of our services.

Money first. In 2014/15 we recorded a total deficit before property disposals and actuarial losses of £2.4 million: our fourth deficit in a row. And our reserves were cut to just half the target level. This year we reduced our equivalent deficit to £1.2 million. And we significantly improved our reserves so they are much closer to their target level.

We did not reach this position without taking uncomfortable choices. There was no pay award for our hard-working staff. We made sharp reductions in our central costs and delayed investments in our shops. And there is more to do: this year

our objective is a surplus before property disposals and actuarial losses.

We are now well on the way in developing a bold new strategy for Scope. You will be hearing more, much more about it in the coming months. But for now it is sufficient to say that it will stay true to our mission of changing society so that everyone has an equal chance in life.

What of our services? The quality remains high. Look at the benchmarks: nearly 94% of our regulated adult services were rated Good or Outstanding overall, we were the first voluntary sector organisation to get an Outstanding rating under the new CQC inspection regime and many of our staff won awards for their work.

Beyond that we broke new ground with the work of the Extra Costs Commission, the End the Awkward campaign had a second, barnstorming year and we persuaded the Government in Westminster to commit to halve the disability employment gap. All

signs of a charity looking confidently to the future, willing to innovate and to challenge.

Looking to the future, I hope you will excuse me if I repeat the line I used last year: our success will depend on putting the charity on a sound financial footing and having a clear plan for the new challenges we face. If you had offered me the chance of being where we are now when I first wrote that, I would have taken it with both hands. But there is more, much more to do.

That we have come so far and can look to the future with clarity and determination, is credit to two groups of people. First, to you, our supporters, who have stayed with us through thick and thin. We are in your debt. Second, our dedicated staff, brilliantly led by our Chief Executive, Mark Atkinson. They have been tireless in pursuit of our goals. On behalf of the Board I thank all of them for their expertise and commitment.

Andrew McDonald  
Chair





**“It was really important for me to write about my experiences.”**

**Susanne, whose daughter Mia has Rett Syndrome, took part in a writing course run by her local Face 2 Face service. She discovered a new creative outlet when she started writing about her experiences as a parent. She hopes her stories, recently published, will help change attitudes towards disability.**

“Looking back, knowing that in the early days Mia was saying words like ‘Mama’ and now she doesn’t say them anymore, that’s really sad.

I went on a Face 2 Face therapeutic writing course for parents of disabled children and it was absolutely brilliant. I can’t thank them enough. It was really amazing. For all of us.

I’ve spent most of my life being protective and being very cool, calm and collected. But actually, it was really important for me to write about my experiences. I hope people reading the stories will be moved, I hope that they’ll get something from it and realise disability is not something to be feared.”







# Trustees' report

The Board of Trustees presents the Trustees' Report and audited Consolidated Financial Statements for the year ended 31 March 2016.

The legal and administrative details for the charity, the Board of Trustees and advisers, and full lists of our supporters, partners and volunteers can be found on page 91 to 94 form part of the Trustees' Report.

The Trustees' Report includes a Strategic Report in order to meet the requirements for a Directors' Report as required by the Companies Act 2006, Strategic Report and Directors' Report Regulations 2013.

In approving the Trustees' Report, the Board of Trustees has also approved the Strategic Report.

## Scope's objects and public benefit

### Objects

Scope is established for the public benefit and for general charitable purposes according to the laws of England and Wales and in particular, but not exclusively, for the promotion of equality, diversity, independence and health of disabled people, especially those with cerebral palsy.

### Public benefit aims

In exercising relevant powers and duties, the Board of Trustees have considered Charity Commission guidance on public benefit. This report outlines how our performance during 2015/16 has benefited the public.

# Our approach

## Our purpose

Scope exists to make this country a place where disabled people have the same opportunities as everyone else. Until then, we'll be here. We provide support, information and advice to more than a quarter of a million disabled people and their families every year. We raise awareness of the issues that matter. And with your support, we'll keep driving change across society until this country is great for everyone.

Last year, we identified four key areas in which we are aiming to drive change to achieve our purpose:

- attitudes and behaviours
- skills and capabilities
- the support that is available
- systems and structures.

For example, our partnership with the Money Advice Service, Which? and Turn2Us to launch an online benefits calculator helped people identify over £30,000 worth of potentially unclaimed benefits.

## Our strategy

Our 2013 strategic direction, 'Changing Society', continues to be our reference point. We work to deliver our vision of a world where disabled people have the same opportunities as everyone else through focusing on six strategic themes:

- fulfilling family lives
- living independently in the community
- learning and skills
- work and volunteering
- financial well-being
- disabled leaders and role models.

## Maximising our impact

In 2014/15 we reported a material but not isolated deficit, following several years of spending more than our income. It meant we urgently needed to review our approach to delivering our vision so as to deliver the greatest possible impact and become financially sustainable.

And so in 2015 we began to develop a



new five-year strategy, building on our current strategic direction 'Changing Society'.

In 2015/16 we worked with an external agency to evaluate the impact of our activities against our vision and purpose. This has formed part of the work to develop our five-year strategy and enabled us to focus on activities that have the greatest measurable impact in delivering our vision. Our progress in developing a new strategy is outlined in the section 'Plans for the future' on page 29.

## Our corporate priorities

Each year, as well as our strategic themes, we also agree corporate priorities to help focus our activities and support the delivery of our strategy. Our priorities for 2015/16 were:

- to be financially sustainable
- to increase our influence and awareness work
- to transform our services.



# Strategic report

## 1. Achievements and performance

In 2015/16, we continued to make substantive progress towards ensuring disabled people have the same opportunities as everyone else. For example, our influencing efforts resulted in the Government's commitment to halving the disability employment gap by 2020, and we played a leading role in stopping the proposed cuts to Personal Independence Payments (PIP).

Our accounts reflect the delivery structure of the organisation rather than the strategic themes and our achievements are aligned to our vision and strategic themes.

This year, we have worked to restore our financial position through tight cost control, effective management of emerging financial risks to the budget and optimisation of income. We report fully on progress against these priorities beginning on page 16.

## Delivering on our strategic themes

We report here on progress against our six strategic themes.

### Fulfilling family lives

One in fifteen families with dependent children has a disabled child. Working with families is an essential part of what Scope does and we want to support more families with disabled children to become stronger and more resilient so that they can lead fulfilling family lives.

Our Face 2 Face service connects parents of disabled children for emotional and practical support. We have continued to deliver and develop our 15 Face 2 Face services with the support of the Big Lottery Fund.

As part of our partnership with Virgin Media, we are aiming to extend the accessibility and sustainability of our instrumental Face 2 Face service by bringing it online. We are trialling the use of technology to train befrienders and

connect parents of disabled children with other parents facing similar issues from the comfort of their homes. This pioneering approach could enable us to make the service accessible to a wider audience of new families.

Sleep problems affect 80% of disabled children, compared with 25% of non-disabled children. Through our six Sleep Solutions services we provide specialist support to families, including advice on sleep diaries and providing a bedtime routine.

This year, millions of people accessed information about our work through digital channels. We had 1.6 million website views and over 1 million engagements via social media: 248,000 on Twitter, 467,000 on Facebook and more than 1.4 million Facebook video views. Our online community also went from strength to strength: over 90,000 people used the community for tips and advice, making over 3,500 posts on a huge range of subjects.

We were delighted to have been chosen as one of the beneficiary charities of the Lord Mayor's Appeal. Over the 12 months of the Appeal, which ended in November 2015, a

substantial amount was raised for disabled people and their families through fundraising events and activities with the invaluable support of the Lord Mayor and Lady Mayoress of the City of London.

## **Living independently in the community**

We are committed to ensuring that more disabled people have the opportunity to live independently in the community and apply this commitment to the care we provide for our customers.

In 2013 we made proposals to close or change 11 of our 35 residential care homes as part of the Care Homes Review. We reviewed all of our care homes to find out which homes most needed to change. Over the following three years, we planned to consult everyone affected by the proposals before making a decision about the future of each service.

In 2015/16, we consulted with customers, staff and families on our proposals for three residential care homes. Following this, we made a decision to close two care homes and changed one to a supported living service. We know it was an anxious

time for many people. We were absolutely committed to supporting each person throughout the process, including providing additional support to find a suitable new home.

Following stakeholder feedback, we decided to take a different approach for three care homes. We had proposed to close the homes but instead we chose to market them to see if anyone would like to run these services in the future. If there was no interest from alternative providers then we will revert to our original proposal to close the care homes.

This year, we created an advisory group of customers, families, friends, volunteers and staff to provide a cross-section of views – from people accessing our services to those delivering and designing new services. The group will advise on embedding person-centred practice in the way we work and support our customers.

## Learning and skills

To improve access to good quality education in the local community, Beaumont College, Lancashire has three satellite sites in Lancashire and Cumbria that deliver specialist education for disabled students alongside their non-disabled peers. We also provide learning support assistants to a West London college, support teachers to work effectively with disabled students and are partnering with Dundee University on a project to promote assistive technology to adults across England and Scotland.

We continue to provide high quality education at our schools and colleges that are rated Good for education and Outstanding for care at the residential homes. There was a significant restructure at Beaumont College to address its financial position and the College has recovered well.

This year, we launched our biggest ever corporate partnership with Virgin Media, who have committed to supporting us until July 2017, aiming to transform the lives of thousands of disabled people and their families in England and Wales through national projects and campaigns that have technology at their heart. Part of this partnership aims to provide disabled people with access to Assistive Technology solutions to enable them to communicate, control their home environment and independently access education and employment.

At the start of 2016, we launched Scope for Change, a campaigns network that aims to upskill and train young disabled people to campaign on the issues that matter to them so they can bring about the changes they want to see in their own communities.

## Work and volunteering

The gap between the employment rate of disabled people and the rest of the population is 33.6%. This is unacceptable. We continue to work with the government on statutory employment contracts. During the year we supported 257 disabled people to transition into work. And our influencing efforts in 2015 resulted in the new





Government's commitment to halving the disability employment gap by 2020.

We have also continued to build innovative, non-statutory funded support to help disabled people into work. In 2015, Credit Suisse EMEA Foundation funded a new employment service which we deliver, called Future Ambitions. This service aims to support young disabled people in the London Boroughs of Hackney, Islington, Newham and Tower Hamlets move into long-term sustainable employment. Future Ambitions builds on the success of First Impressions, First Experiences – an employment project that ran from 2011 to 2015, and which was also made possible with support from Credit Suisse EMEA Foundation.

## Financial well-being

Being disabled often means you earn less, feel less financially secure and are more likely to fall into poverty. Our work on financial well-being supports disabled people to get the funding and financial understanding to live fulfilling lives.

The Extra Costs Commission that we established in 2014 to examine the extra costs faced by disabled people published its final report in June 2015. We continue to take forward many of its recommendations with seven organisations committing to the recommendations themselves. These include a new, affordable sleepwear range for disabled children from Marks and Spencer, Uber introducing wheelchair

accessible vehicles to its fleet in London and the Business Disability Forum creating an 'Extra Costs award' for companies that make an effort to reduce extra costs for disabled consumers.

Scope's helpline responded to 25,000 enquiries, and we partnered with the Money Advice Service, Which? and Turn2Us to launch an online benefits calculator that has enabled more than 7,500 people to research the benefits to which they are entitled. In 2016 alone, this has helped identify over £30,000 worth of potentially unclaimed benefits for people who need that vital support.

## Disabled leaders and role models

We aim to increase the visibility of disabled people and raise the profile of prominent disabled people as leaders and role models.

We are working with People's Health Trust to deliver five new community engagement programmes that support disabled people to take action in the local community on the issues that matter to them. With funding secured for three years, this £720,000 project will support choice and independence, and will enable disabled people to make the changes they want to see in their local communities. We are already working with people to identify their priorities and support them to take a leadership role in their community by tackling issues such as retail accessibility, disability awareness and stress

management for parents and carers.

This year, our Great Donate campaign featured disabled comedian Adam Hills and actress Holly Candy in a spoof of the original 1980s Cadbury's Milk Tray adverts. The retail stock generation campaign had a target of 1 million items in July 2015 – we exceeded the target with 1.3 million items.

We launched the Role Models education programme that takes disabled leaders and role models into secondary schools to challenge myths and inaccurate perceptions around disability from an early age.

## Progress against our corporate priorities

We report on high-level key performance indicators and milestones for each of these priorities on a quarterly basis.

## Financial sustainability

We set out to deliver a budget for 2015/16 that would restore our free reserves to their target level. This involved careful management of costs and prudent planning of investment. These are described in more detail in the Financial review section of this report, page 20.

We delivered a greatly improved financial performance through increased profits from our shops, building on last year's record profit levels, and through a sustained fundraising performance in difficult circumstances.

While we had to make some hard choices around costs and new projects, we have continued to invest in activities that help deliver our strategy – notably services transformation, our End the Awkward campaign and the provision of services for disabled people.

## Main operational activities

Our main areas of activity are set out below. Delivery across our strategic themes is embedded within these activities.

Type of activity	Aim of activity	Costs of activity (£000/year)
Providing residential care services for disabled adults	To deliver high quality care services for disabled people	19,305
Providing home or community-based day services for disabled adults	To support disabled people to live independent lives	4,651
Providing education services	To support the learning and development of children and young people with complex needs	22,110
Providing inclusion and transition services	To support disabled children and young people towards greater inclusion in society	11,121
Providing information, advice, employment and support services	To provide high quality news, advice and information on disability issues, emotional support to families of disabled children and employment support for young disabled people to find sustainable work	5,020
Influencing and campaigning	To influence decision-makers, other organisations, the media and the public on disability issues	2,261





**“Emotional support is not seen.  
If it’s not seen, it’s not heard.”**

**Asim’s son, Haider, has Down’s syndrome. Asim has just completed training for our Face 2 Face befriending service and is excited to start offering the emotional support he knows can make such a difference.**

“Scope really helps individuals get support. Going through the befriending course really helped open my eyes to the difficulties that parents face.

Our trainer was a fantastic guy, he just made us feel so welcome. This was a life experience and through that, meeting all the other women, something just clicked.

“Wow, we could make a difference”, and this is what I want to do.

It’s a really good service that we’re going to provide, I think it’s essential. It’s not part of an organised group, like a clinic or places like that. Emotional support is not seen. If it’s not seen, it’s not heard. So we’re here to open those eyes and I hope that helps.”

## Developing our influencing and awareness-raising work

We continued to work hard to influence politicians, decision-makers and the Government, as shown through our work on the disability employment gap and PIP.

Our End the Awkward campaign, supported by Virgin Media, increased awareness of Scope as a disability organisation. Semi-prompted awareness among a sample of our 25 to 30-year-old target audience went up by 5% – from 10% before the campaign to 15% once it ended. This is on top of the 5% increase achieved by the first End the Awkward campaign in 2014/15. The campaign led to 11,000 new followers on Facebook, Twitter and YouTube and, most importantly, 84% of people who saw the campaign told us it made them feel differently about disability.

We marked the 20th anniversary of the Disability Discrimination Act with a high-profile event at Google, reaching over 1 million people on social media. We secured over 500 pieces of positive national media coverage on a wide range of subjects, with the commemorative campaign itself achieving 50 national and 122 regional pieces of coverage in one month.

## Transforming our services

In 2015/16 an average of 94% of our 61 services for adults regulated by the Care Quality Commission (CQC) and Care and Social Services Inspectorate Wales (CSSIW) were assessed as ‘fully compliant’ overall. This is significantly above the national care sector average of 68% and above CQC’s green benchmark of 86.5%.

The following services for children and younger people received Outstanding ratings from either CQC or Ofsted during the year:

- Ingfield Manor School
- Beaumont College, our Further Education college
- Orchard Manor Transition Service
- The Early Years service at Walton Children’s Centre.

During 2015/16 we designed and developed the Quality Assurance Framework (QAF) to provide a structured approach to the assessment of our services’ success against customer quality outcomes. The QAF launched in April 2016 and will enable us to assess our strengths and weaknesses. Our customers’ views are a central part of the assessment and will help us continually improve our services. Expertise from top-rated services will be deployed to support lower-rated services to improve.

## 2. Financial review

### Overview

The results presented in the Annual Report and Accounts are presented for the first time under Financial Reporting Standard 102 (FRS 102) and the Accounting and Reporting by Charities: Statement of Recommended Practice 2015 (Charities SORP) in 2015/16. A full reconciliation highlighting the impact of the FRS 102 changes is presented in note 33 to the financial statements.

In 2015/16 we made a deficit before property sales and actuarial losses of £1.2 million (2014/15: £2.4 million). This is a significant improvement on previous years, driven mainly by procurement savings and managing costs in line with reduced income. Property sales of £5.1 million and actuarial losses of £1 million resulted in an overall surplus of £2.9 million (2014/15: deficit of £4.1 million).

Property sales are not considered part of Scope's standard operations. As such the benefit of any sales has been used to restore our free reserves. Any benefit from future sales will be used to maintain free reserves and be invested in delivering our future strategy.

The main financial headlines for 2015/16 are:

- income decreased by £1.4 million to £99.5 million (2014/15: £100.9 million): lower income for services was not fully offset by income from property sales with

the combined income from donations and legacies and other trading activities remaining flat

- costs of raising income were reduced at £30.5 million (2014/15: £31 million) and expenditure on charitable activities also decreased significantly to £64.9 million (2014/15: £73 million). This reflects costs being effectively managed across the organisation. The year-end balance sheet is stronger than last year, with net assets increasing by £2.9 million to £28.1 million due to property sales and improved financial performance
- free reserves increased to £6.5 million and we created a new, specific provision of £1.8 million for pension funding commitments to the Pension Trust Plan, a multi-employer defined benefit scheme, in line with the requirements of section 28 of FRS 102.

### Income

Our work is funded by the income generated through our fundraising activities, retail operations and earnings from our charitable activities and services. This is supplemented by a small amount of investment income.

Income from grants, donations and legacies decreased by 10% from £22.3 million to £20.2 million. This decline in fundraised income is mainly in individual giving and events due to a tough fundraising environment and adverse media attention on the sector.



Our shops had another exceptional year. Gross income of £23.1 million was £0.6 million higher than last year, due primarily to a 2.5% increase in like-for-like sales on donated goods. We continue to improve the quality of the retail portfolio by opening new shops and closing loss-making shops.

Fee income, which is primarily earned from statutory funders for our services, was £4.7 million below last year at £47.8 million. This was caused by a challenging commissioning environment and the impact of closing services as part of the Care Homes Review. £2.5 million of the decrease was driven by care home

closures during 2014/15 and 2015/16. A further £1.8 million of the reduced revenue was driven by Meldreth Manor Special School and Orchard Manor Transition Service. Student and resident numbers had been declining over a number of years, and local councils have been choosing to place children and young adults in services that are nearer to their homes. This had a significant impact on the services' finances, which have been running at a substantial loss. Both services were transferred to another provider on 12 May 2016.

We sold eight freehold properties in the year: three as a result of our Care Homes





Review and five as part of our normal estate management activities, generating cash of £5.5 million and a surplus of £5.1 million.

Our investment portfolio generated income of £0.2 million (2014/15: £0.3 million) with net investment loss totalling £0.3 million (2015: gain of £0.3 million).

## Cost of raising income

The total cost of raising income was reduced at £30.5 million (2014/15: £31 million) due to lower expenditure to recruit regular, individual donors. This was in line with the reduced income raised.

## Expenditure on charitable activities

Total expenditure on charitable activities was £64.9 million (2014/15: £73 million), with 96% of this being spent on services that directly support our disabled customers. The reduced spend was a result of service transformation, including care home closures, lower student and resident numbers at Meldreth Manor and Orchard Manor, and managing costs in line with income.

## Pensions

The year-end valuation of the Scope Pension Scheme, which is closed to new members and to future accrual, shows a surplus of £14.5 million based on FRS 102 assumptions (2014/15: surplus of £14.4 million). The increase in surplus is primarily due to a significant rise in the

value of the Scheme's assets and the contributions made by Scope during the year, under the agreed Schedule of Contributions.

Under FRS 102, the pension asset which can be recognised on the balance sheet is limited to nil as Scope does not have an unconditional right to a refund as per the Trust Deed and consultation with our actuaries. The impact of this limit on the balance sheet and the actuarial gains and losses entry is also shown in the figures below. Further details are set out in note 13 to the financial statements.

## Net assets

Our consolidated net assets of £28.1 million have increased by £2.9 million, reflecting the surplus for the year of £3.9 million and an actuarial loss relating to the Scope Pension Scheme of £1 million charged through the statement of financial activities in line with FRS 102 principles.

During the year we acquired the long leasehold interest (previously held on a short leasehold basis) in residential care home Lewis Martin Court for £2.2 million, £0.9 million cash paid to the owners and immediate cash settlement of £1.3 million for the mortgage owed by Illetas on the property. This acquisition was made through the purchase of Illetas Properties Limited, a special purpose vehicle (SPV) established solely to hold the property assets of Lewis Martin Court by the vendor.



**“Scope’s online community has genuinely made me feel less alone.”**

**Catherine is a young carer and Community Champion on Scope’s online community. She cares for her brother, who has autism and ADHD. She joined our online community so she could talk to like-minded people and feel less isolated.**

“Trying to be a role model, big sister, student, daughter, cleaner, cook and carer is quite an exciting circus act. I’d like to think that I’ve improved this balancing act over the years but it’s something that loves to change day by day, hour by hour – depending on everyone’s mood!

It is difficult at times not to feel resentful about being a young carer. Hearing about how my non-carer friends have enjoyed a day out in Manchester whilst I’ve had to care for my family at home can be annoying.

Scope’s online community has genuinely made me feel less alone. I saw how open everyone was about disabilities, their feelings and personal battles and I loved it. It helped me see that it’s okay to go through rough patches, and that I don’t have to feel so guilty about struggling.”





Our investment portfolio, as set out in note 15 to the financial statements, has decreased by £0.7 million. £0.8 million in cash was received in relation to the sale of a property on 31 March 2016, which was re-invested into the portfolio.

Net current assets of £4.8 million are £2.2 million higher than last year. This is the net impact on cash from property sales and our investment in Illetas Properties Limited.

## Investment policy and performance

Our investment objectives are:

- to cover short term financial risks, ensuring security and liquidity of funds held
- to preserve the value of the funds held in order to cover longer term financial risks and funding for future development opportunities (measured over a rolling three-year period)
- to ensure low volatility in investment asset values (measured over rolling three year periods)
- to provide certainty for our short-to-medium-term planning
- to achieve a total return on investments greater than the UK Retail Price Index measured over a rolling three-year period.

Royal London Asset Management (RLAM) was appointed as our investment manager to handle our investments in line with a mandate provided in May 2011. This is

subject to an annual review by the Board of Trustees.

The asset managers are assigned a benchmark split of the asset holdings of 41% cash or cash equivalents, 41% bonds and 18% equities within which to achieve our investment objectives. This policy aims to ensure that Scope's unspent restricted funds and free reserves are held in assets that are secure and liquid, and also where their value is preserved in the longer term. The balance between security, liquidity and maintaining long-term real value will be achieved through the asset allocations set under the policy. These asset allocations should reflect the reasons for our holding surplus funds (funds required at short notice versus funds required for the longer term).

We have also applied our ethical approach to our investments policy:

- investments are screened to exclude companies with significant trading interests in armaments, tobacco, pornography, alcohol, gambling, animal testing (excluding medical research for the benefit of human beings)
- the adoption of a balanced approach that only allows investment in companies that Experts in Responsible Investment Solutions (EIRIS) consider as having adequate management systems that help to mitigate their environmental impact and adequate policies, together with systems to help manage their exposure to regions

that EIRIS consider as representing a 'human rights risk'.

The fund manager ensures, through positive selection, that wherever possible, companies within the portfolio exhibit appropriate policies regarding discrimination on the grounds of disability, age, religion, race, gender and sexual orientation.

The performance of the investment portfolio (against the objectives, asset allocation and ethical criteria highlighted above) is formally assessed annually by the Resources Committee and reviewed monthly by the executive.

The value of our investments at 31 March 2016 was £5.4 million. The asset allocation at March 2016 was 41% cash and cash equivalents, 35% ethical bonds and 24% ethical equities. This is within the assigned benchmark split range.

There was a net divestment of £0.7 million during the year to fund operations and the investment in Illetas Properties Limited while managing the timing of receipts from property sales.

## Reserves policy

Scope's reserves policy aims to ensure that we hold sufficient funds to be able to mitigate the financial impact of events that lead to a shortfall in income or unplanned expenditure, and to take advantage of future development opportunities should they arise.



The policy focuses on the level of ‘free’ reserves. These are defined as net assets excluding restricted funds, designated funds and the portion of general and investment funds that has been used to acquire fixed assets for the charity’s own use.

Free reserves have been significantly impacted by application of FRS 102 as set out in note 33, most notably due to the creation of a provision of £1.8 million for our pension funding commitments to the Pension Trust Plan, a multi-employer defined benefit scheme. The level of free reserves at 31 March 2016 was £6.5 million (2014/15: £3.5 million); the in-year increase of £3 million was driven by the net impact of income generated from property sales and the underlying performance deficit. Note 29 to the financial statements sets out the calculation of free reserves.

The reserves policy is reviewed annually in light of progress in delivering the strategy, our financial performance and the potential impact of other risks evaluated through the corporate risk register.

Despite the creation from free reserves of a substantial new provision for pension funding commitments as required by FRS 102, we have decided to maintain the reserves policy unchanged to deliver further strengthening of the balance sheet in 2016/17. The target for free reserves is based on allocating reserve levels against specific categories of risk that have not fundamentally changed in the last year. The target for free reserves is being maintained at £7 million, broken down as follows:

- Short-term ‘in-year’ risks (£1 million)
- Medium-term risks (£3 million)
- Longer term strategic change (£3 million)

The amounts set aside for the risks identified above are linked to the corporate risks highlighted in the section called ‘Principal risks and uncertainties’.

Scope’s financial performance during the year means that our free reserves of £6.5 million remain below the £7 million target. We expect to achieve this target by March 2017 by continuing the careful management of costs in line with available income.

## Review of Scope subsidiaries’ activity

During the year ended 31 March 2016, we had three active subsidiaries: Scope Central Trading Limited, Mac Keith Press and Learning Disabilities Resources Limited. We acquired a fourth, Illetas Properties Limited, a special purpose vehicle established solely to hold the property assets of Lewis Martin Court. The activities of Scope Central Trading Limited and Mac Keith Press, their assets and liabilities are included in these financial statements on a line-by-line basis.

Learning Disabilities Resources Limited did not trade in the year ended 31 March 2016 so there is no result to report. Details of all our subsidiaries, including dormant entities, are given in notes 9 and 16.

## Scope Central Trading Limited

The Company's main activities are the purchase and sale of new general merchandise, greeting cards, clothing and giftware in our retail shops, as well as raising income through other commercial services.

All distributable profits raised are transferred to Scope as a Gift Aid payment. A resolution was passed by the Board of Directors on 29 March 2016 and communicated to Scope on 30 March 2016, that the Gift Aid payment would be provided for in the year to which the profits relate and, as a result, no deferred tax liability would arise. Technical guidance was issued by the Institute of Chartered Accountants for England and Wales in October 2014 requiring that where a wholly owned subsidiary gift aids its profits to its parent charity, the payments are treated as distributions in the same way as dividends. Therefore this has been recognised as a liability and in equity in Scope Central Trading Limited's financial statements.

The turnover for the year was £1.4 million (2014/15: £1.5 million). Net operating profit before the Gift Aid payment to Scope was £0.7 million (2014/15: £0.7 million).

## Mac Keith Press

Mac Keith Press is a wholly owned subsidiary charity whose central purpose is the advancement of the education of the public through promotion of research in the fields of child development and paediatric neurology. Its main activity is the publication of a medical journal Developmental Medicine and Child Neurology, available on subscription, and purchased by medical establishments and individuals throughout the world. The journal is the leading scientific publication on child neurology. Mac Keith Press also publishes a series of professional specialist books, Clinics in Developmental Medicine.

The charity's income for this financial year was £0.5 million (2014/15: £0.6 million). Sales remain static overall with a surplus for the year of £0.1 million (2014/15: £0.1 million).

## Illetas Properties Limited

The Group acquired Illetas Properties Limited ('Illetas'), a special purpose vehicle set up by the vendors for the sole purpose of operating Lewis Martin Court, a three-bungalow site offering mixed services, on 18 December 2015 for a consideration of £0.9 million cash paid to the owners and immediate cash settlement of £1.3 million for the mortgage owed by Illetas on the property.



**“I can now talk about disability in a positive light.”**

**Felix has Asperger’s syndrome. He was supported by First Impressions, First Experiences, our pre-employment service for young people. There he learned a wide range of new skills, from improving his CV and interview techniques to finding the confidence to disclose his impairment while applying for jobs.**

“I feel that what Scope has done has just been outstanding and really beneficial. I know I said I wanted to work as an office assistant or administrator, but if I had another career option, it would be having a job which enables young people and young adults to realise their potential.

First Impressions gave me a sense that, not only could I get a job with what they had taught me, but also that I can now talk about disability in a positive light.

As a disabled young person, you may feel that the world doesn’t understand you, but it doesn’t mean that you have to let your life go downhill. But what you do need is guidance, and this is where mentoring and ongoing support becomes handy.”

### 3. Plans for the future

In 2016/17 we will continue to invest to achieve our vision of changing society, while developing our new strategy and a robust and sustainable plan for the next five years to deliver it. Our corporate priorities for 2016/17 are set out below.

#### Developing our new strategy and preparing for change

In July 2015, we began work to develop a new strategy to build on our current direction, 'Changing Society'. We want to set out a clear plan for the next five years so that we can focus our efforts and deliver our vision in a financially sustainable way.

We have undertaken a significant amount of research and consultation to help shape the new strategy. We have researched and analysed our current operations and the external environment to establish a current baseline and to identify future opportunities and challenges.

We consulted almost 800 stakeholders including disabled people and their families, Disabled People's Organisations (DPOs) and our staff to inform the strategy development. We spoke to people who are not connected to Scope, including disabled people who do not currently use our services or support us.

The Board of Trustees has agreed three strategic themes as part of this new strategy:

- getting the best start in life
- living an independent life
- being financially secure.

The Board of Trustees will review the strategy in 2016/17. Further work will follow to support its implementation in the following months. This includes a review of our current governance to ensure that our decision making supports the delivery of the new strategy. The aim is for 2017/18 to be the first year of the new strategy.

#### We will continue to campaign for change and challenge attitudes

We will continue to campaign in our three key influencing areas: employment, extra costs and living independently. To improve our understanding of our impact we are working with New Philanthropy Capital to develop a framework for measuring our progress.

We will build on the successes of End the Awkward by running a third campaign in 2016. The campaign aims to influence people's attitudes towards disability.

In 2016, GlaxoSmithKline (GSK) and Scope launched a three-year partnership to support halving the disability employment gap. We will be working with GSK on a number of truly innovative projects in the areas of employment, awareness, retainment and development of a more inclusive disabled workforce.



## **We will provide excellent quality, person-centred services**

We remain committed to ensuring disabled people have the opportunity to live independently in the community. We want to support them to make choices about where and how they live. We continue to review our services as part of this commitment.

In April 2016 we launched the Quality Assurance Framework (QAF), which provides a structured approach to assessing our services' success against customer quality outcomes. Our customers' views are a central part of the assessment and will help us continually improve our services. Expertise from top-rated services will be shared to support lower-rated services to improve.

As mentioned earlier, we have created an advisory group of customers, families or allies, volunteers and staff to help embed person-centred practice in the way we support our customers.

## **We will make the most of our financial resources**

We have committed to a financial plan for 2016/17 that will allow us to meet our free reserves target by March 2017 and ensure operational expenditure is lower than the income received.

To optimise our free income, we are developing five-year strategic plans for our shops to improve profitability in line with the best performers in the charity sector and to review our fundraising activities in light of changing public attitudes to charity fundraising and the new regulatory framework.

We will monitor the financial viability of statutory funded services closely with service commissioners and take all necessary steps, in conjunction with local



authorities and all service stakeholders, to avoid subsidising statutory services from the charity's voluntary fundraising. We will continue to drive down infrastructure and support costs, and to improve value for money through the procurement of goods and services across all our activities.

We will continue to invest for the future sustainability of our organisation. Following the decision in 2015/16 not to award a pay rise beyond our statutory obligations, our improved financial position going into

2016/17 has allowed us to make a pay award from June 2016. We have decided to focus the pay award on our lowest paid staff by introducing a minimum wage of £7.50 per hour.

In addition, all staff will receive a pay increase of 1% from 1 June 2016. The Executive Leadership Team has declined its 1% pay increase.



## 4. Principal risks and uncertainties

To provide assurance that we are managing our activities effectively, we operate internal control systems within a framework of corporate assurance activities.

Our corporate risks reflect the financial, legal and regulatory risks associated with our day-to-day operations.

Our Executive Leadership Team own corporate risks. The Audit Committee oversees the progress of management actions via the Corporate Risk Register and performance reports. The Audit Committee also monitors our arrangements for internal and external audits and financial statements.

Directorates identify risks as part of planning and all identified risks are subject to regular review. As part of our work to develop a new five-year strategy we have undertaken a comprehensive review of operational, strategic and change management risks and this has been reflected in the corporate risk register.

Our systems of internal control manage risk to an acceptable level but we recognise that we cannot eliminate all risk. Certain external factors are out of our control. For example:

- changes in market conditions can affect our income
- the value of investments we hold can go up or down in line with general market trends
- government policy could change to a more or less favourable view of our aims.





## Our corporate risks

Our principal corporate risks for 2015/16 are outlined below, including management actions taken to mitigate either the likelihood of the risk occurring or its possible impact.

### Strategic risks

1. Our financial operating model and service models compromise our financial stability as a result of changes to our strategic direction and the external market.

Mitigation: we began the development of a new, five-year strategy to enable us to deliver our vision in a financially sustainable way. As part of this we will ensure our risk management framework develops in line with our new strategy.

2. Service models are not consistent with our strategic direction and do not contribute to achieving our vision. Our own services need to be consistent with our vision of a world where disabled people have the same opportunities as everyone else.

Mitigation: our service transformation activities helped to support disabled people to live independently in the community. We are also working to design our future services.

3. Our profile is too low to support our strategic aims. If we are not well-known it is more difficult to influence, form strategic partnerships and ultimately bring about change.

Mitigation: our End the Awkward campaign increased our profile. We continued to invest in public relations and media activity to increase our visibility.

4. We do not have the capacity, capability or desired culture to deliver our planned objectives and our strategy.

Mitigation: we provided management and leadership development programmes to improve capability on an ongoing basis. We have streamlined our performance and development process, reducing the workload for managers and employees.

5. Our reputation is damaged. If this happened it could undermine our credibility, limiting our ability to achieve our strategic aims.

Mitigation: we actively managed a reputational risk management process and risk register. We proactively planned communications around issues that could damage our reputation.

### Operational risks

6. Our financial targets are not met. Without sufficient available funds it is harder for us to make the right investments in our people and our strategy.

Mitigation: we regularly monitored our financial performance and forecast year end position throughout the year. In 2015/16 we significantly increased our free reserves.



7. Our long term financial sustainability is compromised.

Mitigation: actions to improve our financial position in the short term helped to mitigate this risk. We prepared a budget for 2016/17 designed to build on the improved financial position at the end of 2015/16 and are in the process of finalising a financially sustainable five-year strategy to deliver our vision.

## Legal and regulatory risks

8. We fail to comply with current Data Protection legislation.

Mitigation: we have improved our data security by reviewing and communicating relevant policies. We continued to monitor compliance and undertake continual improvements in this area.

9. Poor quality service causes death, injury, abuse or harm to a customer, service user or member of staff. This risk focuses on the importance of maintaining quality and safety in our services, reflecting this as one of our on-going annual corporate priorities.

Mitigation: a specialist management Group actively monitors the health, safety and well-being of customers and identifies priorities for improvement. Trustees, senior managers and the Audit Committee all receive regular reports on safeguarding performance.

## Financial risk management

In the ordinary course of its activities, Scope actively manages a variety of financial risks including those in respect of credit liquidity and interest rates. To do so, we employ a number of control mechanisms:

### Credit risk

This relates to the risk that another party fails to honour its obligation to Scope and, consequently, we suffer a financial loss. Scope is subject to credit risk from its investment assets. However, the risk is relatively small due to the nature of the investments and credit worthiness of those who hold our investments. The relevant aspects of Scope's investments are:

- Scope's investments of £5.4 million are managed by Royal London Asset Management (RLAM), an A- credit-rated organisation. RLAM's investment performance and credit rating are overseen by our Resources Committee
- Scope's main cash balances of £2.1 million are held in accounts managed by the RBS NatWest Group. Smaller cash management arrangements are also held with other UK based clearing banks. The credit rating of all these banks is taken into account when reviewing credit risk
- Scope does not undertake transactions involving derivatives.



**“Without Scope, I wouldn’t have achieved everything so far for Kinza.”**

**Aslam and his wife Sadia moved to the UK to try and build a better future for their daughter Kinza, who has cerebral palsy. However, after the birth of their second daughter, they struggled to cope. Our Face 2 Face befriending service offered support to both Aslam and Sadia as they continue to build a life for Kinza.**

“As Kinza was getting older, we were finding it difficult to handle. We asked for advice but nobody helped us.

I was given a number for Scope and a few other organisations. I called everyone. I couldn’t find help from those organisations but I found help from Scope.

Without Scope’s support we’d be struggling more and maybe getting worse. I’m feeling better compared to my previous days. I feel that was a positive step. My befriender David is a very nice guy, he is very helpful. His experience gave me strength.

Without Scope I wouldn’t have achieved everything so far for Kinza. She is in less pain now, she’s concentrating, she makes noises to communicate, she feels happy, she laughs.”

## **Liquidity risk**

Scope would encounter liquidity risk if we have difficulties raising cash to meet our obligations when they fall due. We monitor our exposure to liquidity risk by regularly monitoring our levels of cash and liquid assets and preparing rolling annual cash flow forecasts monthly. Scope keeps sufficient cash balances to cover its predicted obligations, plus a safety net which includes an overdraft facility. In addition, Scope has access to £2.2 million of cash investments, which can be drawn down within 48 hours.

## **Currency risk**

When the value of financial instruments or future cash flows fluctuates because of changes in foreign exchange rates, there is a currency risk. Scope's exposure here is minimal. The purchase of goods and services in currencies other than the British Pound is minimal.

## **Interest rate risk**

If the value of financial instruments or future cash flows fluctuate because of changes in interest rates, there is an interest rate risk. Scope has a number of interest-bearing loans such as mortgages on properties and specific loans arranged with both institutions and individuals. The interest rates vary from 0% to 6%. The current annual interest payable on these loans is £265,000 per annum. Scope aims to minimise its exposure to risk by arranging fixed term interest rates where possible. Some loans, however, are linked to bank base rate or the other party can renegotiate these after a number of years.

## **Market risk**

There is no difference between fair value and market value in relation to the investments and bond assets and liabilities included within the financial statements, as no derivatives are traded, and there are no other market exposures. Principally, funds are held in equities, cash or cash equivalents.



# Our structure, governance and management

Scope is a charitable company. Our main governing document is our Memorandum and Articles of Association, last amended on 29 March 2014. We are led by our Board of Trustees, who serve as Directors under Company Law.

During the year ended 31 March 2016, we had four active subsidiaries. More details on these subsidiary companies and their activities can be found on pages 26 to 27.

## How we are managed

Day-to-day management of Scope is delegated to the Chief Executive in accordance with the Scheme of Delegation. This document sets out which matters are reserved solely for decision by the Board and which are delegated to the Chief Executive. The Chief Executive reports progress on key areas of work to the Board of Trustees on a regular basis.

The Chief Executive is in charge of Scope's Executive Leadership Team, which comprises six directors, each of whom is responsible for leading and managing their own directorate.

## The Board of Trustees and its committees

Scope is governed by its Board of Trustees, which is ultimately responsible for the management and conduct of the charity. The Board of Trustees delegates certain responsibilities to five standing committees: Audit, Development, Nominations, Remuneration and Resources.

Membership of all five committees includes both members of the Board of Trustees and independent members. The Development and Nominations Committees also have representatives from the Scope Assembly who act as full members. Each of the committees provides an annual report to the Board of Trustees, outlining how it has worked to its terms of reference and highlighting key areas of work from the reporting year. Committees also report and make recommendations to the Board of Trustees throughout the year on specific issues in line with their areas of responsibility. The role of each Committee is described below.



**“Scope For Change helped me see that it’s possible to make change happen.”**

**Sam is part of our Scope for Change campaign training programme. Together with 22 other disabled young people, she has learned the skills to take forward her own campaign.**

“I’ve wanted to try and establish BSL (British Sign Language) classes for students at my university for a number of years, but I thought it was out of my reach.

Scope For Change helped me see that it’s possible to make change happen and has given me the confidence and structure to do so.

The training has helped to equip a very capable group of young campaigners with the necessary skills to get their voices heard. There simply aren’t many opportunities for young disabled people to engage in something like this and I’ve found it hugely empowering. I’m really grateful to have been given the opportunity to learn from professional disability campaigners and I feel like I have developed a lot of skills that I can take back into my community and use to effect real change.”

The **Audit Committee** oversees the development and monitoring of the corporate assurance framework and provides assurance to the Board of Trustees that appropriate frameworks and processes are in place to manage risk.

The **Development Committee** assures the Board of Trustees that proposals on new activities or changes to existing activities have been reviewed with due consideration of our stakeholders, and makes recommendations to the Board accordingly. Scope's stakeholders include our beneficiaries, service users, disabled people, DPOs and our Members. During the development of Scope's new strategy, the Development Committee has been held in abeyance, as much of its brief has been delivered by the Strategy Steering Group, a time-limited body.

The **Nominations Committee** ensures that the Board of Trustees has the right balance of skills, expertise and experience required to govern a large, complex charity and Company by identifying prospective Trustees for our Members to elect.

The **Remuneration Committee** sets remuneration policy for Scope, ensuring it supports the strategic aims of the organisation and is appropriate, relevant and competitive. Further information on how senior pay is agreed is set out below.

The **Resources Committee** provides assurance to the Board of Trustees that Scope is using its resources and assets appropriately.

## How senior pay is set

As noted above, our overall policy on pay and reward is agreed by the Remuneration Committee. This includes reviewing and approving recommendations from the Chief Executive regarding the Executive Leadership Team's remuneration. The Committee also makes recommendations to the Board of Trustees on the Chief Executive's remuneration.

We believe it is important to be transparent about the pay levels of our Executive Leadership Team and how they are set. At the end of March 2016, the gross annual salary and total employer pension contributions paid by Scope during the year for each member of the Executive Leadership Team were as below:

The aggregate amount of taxable earnings paid to the Executive Leadership Team for the year ended 31 March 2016 was £799,246. The aggregate employer pension contributions paid was £54,261. The total amount of additional earnings and employer pension contributions for loss of office was £241,556. Scope operates a number of pension schemes – employer contributions will vary depending on scheme membership and length of service.

In setting the pay and reward for senior staff we evaluate the role for internal comparison by different job families to ensure consistency of reward across our pay structure. We also benchmark externally using market data taken from sector pay surveys and reports. We aim to



Role	Gross salary as at 31 March 2016 (£)	Employer pension contributions in 2015/16 (£)
Chief Executive	129,000	4,498
Chief Operating Officer	120,000	851
Executive Director of Services	105,000	12,310
Director of Human Resources and Organisation Development	100,000	244
Director of Strategy and Innovation	80,018	14,403
Interim Director of External Affairs	70,000	7,228
Interim Director of Fundraising	70,000	1,759

set pay and reward at the market median in the charity sector. But some flexibility can be applied to take into consideration the specific requirements for each post and to ensure we can recruit the best candidate possible to help us fulfil our aims and meet the needs of our beneficiaries.

All senior staff are supported through a continual process of performance management and an annual appraisal that provides them with feedback on how they have contributed to the achievement of Scope's objectives. This process is also designed to identify any development needs for senior staff.

## Trustee recruitment

The Nominations Committee oversees the recruitment of members to the Board of Trustees, identifies the skills, experience and knowledge that the Board needs and recruits candidates on this basis. The Committee then proposes candidates for election by our Members at the Annual General Meeting. Once elected by the Members of Scope, Trustees serve a term of three years. This may be renewed once.

## Board induction and Trustee training

All new Trustees attend an induction programme to ensure they understand the role of a Trustee under charity law and of a Director under Company Law. The induction provides an overview of Scope's history, structure, mission and purpose. Trustees also visit Scope services and shops, and meet with staff and volunteers.

## Scope Assembly

Trustees and members of the Executive Leadership Team meet with a group of Members elected by their peers: the Scope Assembly. Meetings usually take place twice a year, in January and June, and offer opportunities for the Board and Executive Leadership Team to involve our Members in key areas of our work. These meetings ensure that many of our key decisions and initiatives have input from our Members as well as disabled people and their families.

## Directors' and Trustees' indemnity

During the year Scope had in force an indemnity provision in favour of one or more Directors and Trustees against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Trustees' report.

# Employee engagement

Engaging openly with our staff is an important part of making Scope a great place to work so that we can attract and retain talented people. We do this through a number of informal and formal means – from staff forums, opinion surveys and our performance management system, to newsletters, staff meetings and briefings.

We are committed to equal opportunities and to being an inclusive employer. We encourage job applications from disabled people and disabled volunteers, recognising the invaluable contribution that a diverse workforce brings.

To help managers provide appropriate support for disabled people working at Scope, diversity and awareness training is included in our development programme for managers. But we want to go beyond this. In September 2015, we took the Business Disability Forum survey to assess how disability-smart we are as an employer and received recommendations on how to improve. We set up a working group to define a clear action plan to address our development needs. We aim to retake the survey in 2016/17 to measure our progress.

## Statement of Trustees' responsibilities

The Trustees (who are also Directors of Scope for the purposes of Company Law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Board of Trustees to prepare financial statements for each financial year. Under that same law, the Board of Trustees has prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law (United Kingdom Generally Accepted Accounting Practice).

Under Company Law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the Group, and of the incoming resources and application of resources, including the income and expenditure of the charitable Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgments and estimates that are reasonable and prudent
- state whether FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' has 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 charitable company will continue in business.

The Board of Trustees is responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, as well as disclose with reasonable accuracy at any time the financial position of the charitable company and the Group, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Board of Trustees is aware:

- there is no relevant audit information of which the Company's auditors are unaware



- they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Board of Trustees is responsible for the maintenance and integrity of the charitable company's website. Legislation

in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustees' Report and Strategic Report were signed on behalf of the Trustees by

Andrew McDonald  
Chair  
22 July 2016



# Independent auditors' report to the Members of Scope

## Report on the financial statements

### Our opinion

In our opinion, Scope's Group financial statements and parent charitable company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 March 2016, and of the Group's incoming resources and application of resources, including its income and expenditure, and of the Group's cash flows for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006.

### What we have audited

The financial statements, included within the Annual report and consolidated accounts (the "Annual Report"), comprise:

- the Group and charity balance sheets as at 31 March 2016;
- the Group statement of financial activities (incorporating an income and expenditure account) for the year then ended;
- the Group cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Board of Trustees has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

In our opinion the information given in the Trustees' Annual Report, including the Strategic Report, for the financial year for which the financial statements are prepared, is consistent with the financial statements.

## Other matters on which we are required to report by exception

### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit
- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us
- the parent charitable company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Trustees' remuneration

Under the Companies Act 2006, we are required to report to you if, in our opinion, certain disclosures of trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.



## Responsibilities for the financial statements and the audit

### Our responsibilities and those of the Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK and Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's Members and Trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume 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.

### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the parent charitable company's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made by the trustees
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Trustees' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements, and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Lynn Pamment (Senior Statutory Auditor)  
for and on behalf of  
PricewaterhouseCoopers LLP  
Chartered Accountants and  
Statutory Auditors,  
London

Date: 10 August 2016

- a) The maintenance and integrity of the Scope 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 to the financial statements since they were initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Group statement of financial activities

(Incorporating an income and expenditure account)

For the year ended 31 March 2016

	Note	Unrestricted funds £000
<b>Income and endowments from:</b>		
Donations and legacies	3	15,891
Other trading activities	4	23,101
Investments	5	207
Charitable activities:		
Fees		47,734
Grants	6	1,462
Sales and ancillary income	7	2,842
Other	8	5,060
<b>Total income and endowments</b>		<b>96,297</b>
<b>Expenditure on:</b>		
Raising funds	10	30,198
Charitable activities:		
Residential care services for disabled adults	10	18,508
Home or community-based day services for disabled adults	10	4,028
Education services	10	20,658
Inclusion and transition services	10	10,264
Information, advice, employment and support services	10	4,858
Influencing and campaigning	10	2,137
Other	10	729
<b>Total expenditure</b>	10	<b>91,380</b>
Net (losses) / gains on investments		(276)
<b>Net income / (expenditure)</b>		<b>4,641</b>
Transfers between funds	23	1,072
Actuarial loss on defined benefit pension schemes	13	(952)
<b>Net movement in funds</b>		<b>4,761</b>
<b>Fund balances brought forward at 1 April</b>		<b>20,678</b>
<b>Fund balances carried forward at 31 March</b>		<b>25,439</b>

There were no gains or losses during the year other than those included in the statement of financial activities.

There is no material difference between the net incoming resources before other recognised gains and losses and their historic cost equivalent.

All results derive from continuing operations.

Restricted funds £000	Total funds 2016 £000	Unrestricted funds £000	Restricted funds £000	Total funds 2015 £000
1,761	17,652	16,625	1,703	18,328
–	23,101	22,483	–	22,483
–	207	272	–	272
25	47,759	52,450	48	52,498
1,073	2,535	1,792	2,202	3,994
366	3,208	3,066	803	3,869
1	5,061	(101)	(455)	(556)
<b>3,226</b>	<b>99,523</b>	<b>96,587</b>	<b>4,301</b>	<b>100,888</b>
297	30,495	30,558	434	30,992
491	18,999	22,571	558	23,129
623	4,651	4,520	786	5,306
1,452	22,110	21,049	2,526	23,575
857	11,121	11,923	635	12,558
162	5,020	4,740	493	5,233
124	2,261	3,120	74	3,194
–	729	163	–	163
<b>4,006</b>	<b>95,386</b>	<b>98,644</b>	<b>5,506</b>	<b>104,150</b>
–	(276)	297	–	297
<b>(780)</b>	<b>3,861</b>	<b>(1,760)</b>	<b>(1,205)</b>	<b>(2,965)</b>
(1,072)	–	125	(125)	–
–	(952)	(1,104)	–	(1,104)
<b>(1,852)</b>	<b>2,909</b>	<b>(2,739)</b>	<b>(1,330)</b>	<b>(4,069)</b>
<b>4,474</b>	<b>25,152</b>	<b>23,417</b>	<b>5,804</b>	<b>29,221</b>
<b>2,622</b>	<b>28,061</b>	<b>20,678</b>	<b>4,474</b>	<b>25,152</b>



## Group and charity balance sheets

As at 31 March 2016

	Note	Group		Charity	
		2016 £000	2015 £000	2016 £000	2015 £000
<b>Fixed assets</b>					
Tangible assets	14	23,893	23,177	21,693	23,176
Investments	15	5,408	6,133	6,350	6,133
<b>Total fixed assets</b>		<b>29,301</b>	<b>29,310</b>	<b>28,043</b>	<b>29,309</b>
<b>Current assets</b>					
Stocks		486	466	108	91
Debtors	17	9,111	9,372	10,573	9,499
Cash at bank and in hand		2,082	1,212	1,657	910
Total current assets		11,679	11,050	12,338	10,500
<b>Creditors: amounts falling due within one year</b>	18	<b>(6,919)</b>	<b>(8,473)</b>	<b>(6,797)</b>	<b>(8,414)</b>
<b>Net current assets</b>		<b>4,760</b>	<b>2,577</b>	<b>5,541</b>	<b>2,086</b>
<b>Total assets less current liabilities</b>		<b>34,061</b>	<b>31,887</b>	<b>33,584</b>	<b>31,395</b>
<b>Creditors: amount falling due after more than one year</b>					
Provision for liabilities and charges	21	(698)	(623)	(698)	(521)
Defined benefit pension liability	13	(1,520)	(1,520)	(1,520)	(1,520)
<b>Net assets</b>		<b>28,061</b>	<b>25,152</b>	<b>27,584</b>	<b>24,762</b>
<b>Funds</b>					
Restricted income funds	23	2,622	4,474	2,622	4,474
Unrestricted income funds (including investment revaluation reserve)	23	25,439	20,678	24,962	20,288
<b>Total funds</b>		<b>28,061</b>	<b>25,152</b>	<b>27,584</b>	<b>24,762</b>

Scope has a defined benefit pension scheme which is closed and in surplus – please see note 13 for details.

The notes on pages 53 to 90 form part of these financial statements.

The financial statements on pages 48 to 90 were approved by The Board of Trustees on 22 July 2016 and signed on its behalf by:



Andrew McDonald, Chair  
Company number: 520866

## Group cash flow statement

For the year ended 31 March 2016

	Note	Group	
		2016 £000	2015 £000
<b>Cash flows from operating activities:</b>			
Net cash provided by/(used in) operating activities	A	851	(1,989)
<b>Cash flows from investing activities:</b>			
Investment income received		201	263
Interest received		6	9
Purchase of tangible fixed assets		(1,342)	(2,014)
Purchase of investment in subsidiary		(942)	–
Sale of tangible fixed assets		5,545	447
Transfer of cash to investments		(318)	–
Investments		–	2,000
Purchase of fixed asset investments		(325)	–
Sale of fixed asset investments		1,096	1,189
Net cash provided by investing activities		3,921	1,894
<b>Cash flows from financing activities:</b>			
Drawdown on loans		–	65
Capitalised interest on loan		266	263
Capital repayment of finance lease rentals		–	(50)
Capital repayments of property loans		(3,902)	(407)
Interest repayments of property loans		(266)	(245)
Net cash used in financing activities		(3,902)	(374)
<b>Change in cash and cash equivalents in the reporting period</b>		<b>870</b>	<b>(469)</b>
Cash brought forward at 1 April		1,212	1,681
<b>Cash carried forward at 31 March</b>		<b>2,082</b>	<b>1,212</b>

## Notes to Group cash flow statement

### A. Reconciliation of net income / (expenditure) to net cash flow from operating activities

	Group	
	2016	2015
	£000	£000
Net income / (expenditure) for the reporting period	3,861	(2,965)
<b>Adjustments for:</b>		
Net gains / (losses) on investments	276	(297)
Investment income received	(201)	(263)
Interest receivable	(6)	(9)
Interest payable	39	258
Difference between pension contributions and current service cost	(952)	(1,104)
Depreciation charges	2,374	2,535
(Profit) / loss on sale of tangible fixed assets	(5,061)	556
(Increase) / decrease in stock	(20)	9
Decrease in debtors	261	327
Increase / (decrease) in creditors	205	(1,154)
Increase in provisions for liabilities and charges	75	118
<b>Net cash provided by / (used in) operating activities</b>	<b>851</b>	<b>(1,989)</b>

## Notes to the financial statements

### 1. Accounting policies

#### Basis of preparation

The financial statements are prepared in accordance with the Charities Act 2011, the Accounting and Reporting by Charities: Statement of Recommended Practice 2015 (Charities SORP) published in July 2014, applicable accounting and reporting standards in the United Kingdom, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), and the Companies Act 2006. The particular accounting policies adopted by the Board of Trustees are applied consistently year on year across the Group and are described below.

This is the first year in which the financial statements have been prepared under FRS 102. Details of the transition are disclosed in note 33.

The financial statements are prepared on a 'going concern' basis, under the historical cost convention as modified by the revaluation of investments.

The charity has taken advantage of the exemption from preparing a cash flow statement under FRS 102. The cash flows of the charity are included in the consolidated financial statements.

The charity is a public benefit entity.

#### Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of Scope and its subsidiary undertakings.

The total incoming resources attributable to the charity were £98,213,000 (2015: £98,671,000). The net incoming resources attributable to the charity before transfers were pension scheme actuarial losses of £952,000 (2015: £1,104,000) and investment losses of £272,000 (2015: gains £297,000) were £4,044,000 (2015: outgoing £4,115,000). There were no other recognised gains and losses attributable to the charity. As permitted by Section 408 of the Companies Act 2006, and also FRS 102, no separate statement of financial activities is presented in respect of the parent charity. Subsidiaries, including

acquisitions during the year, are included in these financial statements on a line by line basis.

On 18 December 2015, Scope acquired Illetas Properties Limited ("Illetas"). Illetas has been included in these financial statements using the purchase method of accounting. As Illetas reports its year-end to 31 October, interim accounts have been prepared to 31 March 2016.

#### Incoming resources

All income is recognised in the statement of financial activities when the conditions for receipt have been met (i.e. there is entitlement to the funds), it is probable that the funds will be received and the funds can be reliably measured. Where a claim for repayment of income tax (Gift Aid) has been or will be made, such income is grossed up for the tax recoverable. The following accounting policies are applied to income:

##### – Fees for services

Fees are recognised when receivable for services provided, mainly to public bodies, for residential care, day care, education and other services. Income received in advance is deferred until it is deemed that the service has been provided.

##### – Grants receivable from government bodies for revenue expenditure

Grants are recognised in the statement of financial activities when the conditions for entitlement have been met. Grants received before the conditions for entitlement have been met are deferred and included in creditors at year-end.

##### – Sales and ancillary income

Sales income comprises income receivable for the sale of books and journals, Disability Now, Thorngrove Garden Centre, sponsorship and other incoming resources from charitable activities (see note 7). Sales and ancillary income are recognised on the date of sale. Royalty income is recognised on the date of the related sale.



## Notes to the financial statements (continued)

### 1. Accounting policies (continued)

#### Incoming resources (continued)

##### – Donations and gifts

As a public benefit entity, Scope receives various donations, including legacies, as non-exchange transactions.

Donations and all other receipts from fundraising are included gross when received. Gift Aid to which Scope is entitled but which it has not received by the year-end is included in incoming resources in the statement of financial activities and shown as debtors in the balance sheet.

Assets given for use by Scope are recognised as incoming resources at their estimated fair value when received and an equivalent amount is included in the appropriate cost line. If they form part of the fixed assets at the year-end, they are included in the balance sheet at the value at which the gift was included in incoming resources. Donated goods for sale in Scope shops are recognised as income when sold on a cash basis. The financial statements do not include volunteer time as this cannot be reliably estimated.

##### – Retail income

Retail income, including donated goods for sale in Scope shops, is recognised as income when the sale takes place.

##### – Investment income

Investment income is accounted for when receivable.

##### – Legacies

Legacy income is a non-exchange transaction and is accounted for when the amount receivable is known at year-end with reasonable certainty. Legacies to which Scope is entitled, but for which the value cannot be reliably measured as at the date these financial statements are approved, are not included in these financial statements.

#### Resources expended

All resources expended have been accounted for on an accruals basis. Support costs, which are not directly attributable to raising income or charitable activities, are allocated to those categories based on the appropriate combination of headcount, staff time and transaction volumes. Irrecoverable VAT is included with the expense item to which it relates.

#### Charitable expenditure

This includes all expenditure directly related to the objects of Scope and is comprised of:

##### – Residential care services for disabled adults

Represents costs of providing accommodation, associated therapeutic care and other support services for disabled adults.

##### – Education services

Represents costs of running day and residential education services at schools for disabled children ranging from pre-school to secondary provision and for those aged between 19 and 25 at Beaumont College in Lancaster.

##### – Inclusion and transition services for disabled children and young people

Represents costs of providing multidisciplinary care and respite services to support children in their family home, local community and school, as well as supporting young people from 18 to 25 to live with more independence as an adult.

##### – Information, advice, employment and support services

Represents costs of providing information and advice, supporting families through face to face networks and schools for parents particularly during pre-school years, as well as services to help disabled people to secure sustained integrated employment.

## Notes to the financial statements (continued)

### 1. Accounting policies (continued)

#### Charitable expenditure (continued)

##### – Influencing and campaigning

Represents costs relating to campaigning work with and for disabled people, and in strengthening Disabled People's Organisations.

##### – Support costs

Scope's operating costs include staff costs, rent and other related costs. All costs are allocated between the costs of raising income, activities in furtherance of the charity's objects and other costs. Most costs incurred by Scope are directly attributable to individual activities. Where costs are not directly attributable to particular activities, they are apportioned pro rata to the total direct costs of activities or, in the case of shared offices costs, on the basis of the space occupied.

##### – Governance

Governance costs comprise Company secretariat, Annual General Meeting (AGM), Membership, external and internal audit. The costs also include an allocation of indirect costs to cover support from the Chief Executive and other Executive Directors and service departments. Central administration costs, meeting expenses and AGM costs include expenditure required to support disabled Trustees and Members to participate fully in the governance of Scope.

#### Tangible fixed assets

Freehold properties are stated in the balance sheet at cost or if donated, at the value at the date of receipt, less depreciation. Tangible fixed assets are stated at cost less accumulated depreciation. No depreciation is charged on freehold land. The depreciation of other assets is provided in equal annual instalments over the estimated useful lives of the assets at the following rates:

- Freehold land – no depreciation
- Freehold property – 2%
- Leasehold property and improvements to leasehold property – 2% or over the term of the lease if less than 50 years
- Improvements to property – 6.66%
- Motor vehicles – 20%
- Fixtures and equipment – 20%
- Computer equipment and software – 25% or 33.33%

The capitalisation threshold is £250 for IT equipment and £1,000 for all other assets.

Gains or losses realised on the disposal of tangible fixed assets are recognised within other income.

#### Asset impairment

At each reporting date, fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of financial activities.

#### Funds

Scope maintains various types of funds as follows.

##### Restricted funds

Restricted funds represent grants, donations and legacies received which are allocated by the donor for specific purposes.

Endowment funds represent an investment fund from which Scope can make withdrawals in accordance with the conditions of the donor.

##### Unrestricted funds

General funds are funds that are expendable at the discretion of the Board of Trustees in the furtherance of the objects of Scope. Such funds may be held in order to finance both working capital and capital investment.

## Notes to the financial statements (continued)

### 1. Accounting policies (continued)

#### Financial assets and liabilities

Investments are stated at fair value. Net gains and losses that have resulted from both changes in holdings, and in their fair value, are shown in the appropriate section of the statement of financial activities.

Debtors and creditors treated as financial assets and liabilities (notes 17, 18 and 19) are measured at transaction price, less any impairment. Cash balances are stated at present value. Loans and mortgages are stated at amortised cost.

The Bond liability (“the Bond”) is the corporate bond, listed on the Luxembourg Stock Exchange, issued by Scope. The Bond is initially measured at the proceeds of issue less all transaction costs directly attributable to the issue. After initial recognition, the Bond is measured at amortised cost using the effective interest rate method. The fair value of the Bond disclosed within the notes to the financial statements is the market value of the Bond at the year-end date. The Group is not required to, and therefore does not, recognise any adjustment to fair value in the balance sheet and the statement of financial activities.

#### Leases

Assets held under finance lease are capitalised at their fair value on the inception of the leases and depreciated over their useful lives or lease term if shorter. The finance charges are allocated over the periods of the leases in proportion to the capital amount outstanding. Operating lease costs are charged directly to the statement of financial activities in the period to which they relate.

#### Stocks

Stocks are stated at the lower level of cost and net realisable value, and are valued using the weighted-average method. Stocks of unsold donated goods are not valued for balance sheet purposes, since their cost is nil and their value is uncertain until sold. Stock is annually reviewed with a provision made for stock that is unlikely to be sold. A stock provision of £11,000 (2015: nil) was made.

#### Termination benefits

Costs associated with staff redundancies are recognised immediately when there is a detailed plan for termination and Scope is committed to that plan. Costs for the year are disclosed in note 12.

#### Pension costs

The statement of financial activities includes:

- the cost of benefits accruing during the year in respect of current and past service (charged against net outgoing resources);
- the expected return on the scheme’s assets and the increase in the present value of the scheme’s liabilities arising from the passage of time, shown as pensions finance charge;
- actuarial gain recognised in the pension scheme (shown within net movement of funds).

In accordance with FRS 102, the scheme value is calculated taking assets at their year-end fair values and liabilities at their actuarially calculated values discounted at year-end AA rated corporate bond interest rates. The scheme surplus is disclosed as nil value under FRS 102 balance sheet limitation. Further details regarding all pension schemes are disclosed in note 13.

Certain employees participate in a multi-employer defined benefit scheme with other companies. The liability recognised on the balance sheet represents Scope’s agreed deficit reduction payments discounted to their net present value.

There are a number of defined benefit schemes which are multi-employer pension schemes and as such it is not possible to identify Scope’s share of the underlying assets and liabilities. Scope has therefore taken advantage of the FRS 102 exemption from disclosing this information, treating them as defined contribution schemes. Where multi-employer funded defined benefit pension schemes have an agreed deficit reduction plan, Scope recognises a liability for the contributions payable.

## Notes to the financial statements (continued)

### 1. Accounting policies (continued)

#### Pension costs (continued)

Scope participates in a defined contribution scheme. Contributions to the scheme are recognised in the statement of financial activities in the period in which they become payable.

Pension costs (other than finance charges and actuarial gains / (losses) disclosed in note 13) are allocated to expenditure by charitable activity, in line with other salary costs.

#### Connected charities

Mac Keith Press, a charity that is a separately incorporated entity, is under the control of Scope. This relationship requires Mac Keith Press to publish its key publications during the year, while Scope is committed to provide financial support to the Charity. It has been treated as a wholly owned subsidiary, and whilst required to prepare its own financial statements, its results and assets and liabilities have been included in the consolidated accounts on a line by line basis.

#### Related party disclosures

Scope has taken advantage of the option conferred by FRS 102 that allows it not to disclose transactions with subsidiaries.

#### Irrecoverable VAT

Any irrecoverable VAT is charged to the statement of financial activities or capitalised as part of the cost of the related asset, where appropriate.

### 2. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Provision is made for retirement obligations, stock obsolescence and dilapidations on leased properties. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements.

Management considers whether fixed assets are impaired. Where an indication of impairment is identified, the estimation of the recoverable value of those assets requires estimation of the future cash contribution realised from those assets.

Certain employees participate in a multi-employer defined benefit scheme with other companies. In the judgement of the Board of Trustees, the Charity does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme. See note 13 for further details.

The Charity has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension asset in the balance sheet. The assumptions reflect historical experience and current trends. The valuation is particularly sensitive to the impact of the discount rate assumption on Scheme liabilities: a variation of 0.1% results in a change to the surplus of around £1.5 million. See note 13 for the disclosures relating to the defined benefit scheme.



## Notes to the financial statements (continued)

### 3. Donations and legacies

Legacy income for which confirmation of the amount has not been received as at the balance sheet date has not been included in the incoming resources. The value of these legacies is estimated as £725,377 (2015: £1,520,652).

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>Donations and gifts:</b>		
Services	42	135
Individual giving	9,256	9,236
Events fundraising	1,808	2,734
Philanthropy and corporate partnerships	1,311	1,245
Trusts	523	342
Other voluntary fundraising	1,198	312
	<b>14,138</b>	<b>14,004</b>
<b>Legacies</b>	<b>3,514</b>	<b>4,324</b>
	<b>17,652</b>	<b>18,328</b>

### 4. Other trading activities

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Gift Aid commission	1,502	1,503
Sale of donated and bought in goods	21,310	20,740
Raffles in shops	127	134
Other income	162	106
	<b>23,101</b>	<b>22,483</b>

## Notes to the financial statements (continued)

### 5. Income from investments

	Group	
	2016 £000	2015 £000
Interest received on bank deposits	6	9
Income from listed investments	201	263
	<b>207</b>	<b>272</b>

### 6. Grants receivable

	Unrestricted funds £000	Restricted funds £000	2016 Total £000	2015 Total £000
<b>Central Government grants:</b>				
Ingfield Manor School	605	–	605	581
Ingfield School Service	–	–	–	76
Ingfield Post 16 Service	–	–	–	138
Made to Measure DfE	–	5	5	313
Other central government grants < £50,000	1	10	11	29
<b>Total central Government grants</b>	<b>606</b>	<b>15</b>	<b>621</b>	<b>1,137</b>

## Notes to the financial statements (continued)

### 6. Grants receivable (continued)

	Unrestricted funds £000	Restricted funds £000	2016 Total £000	2015 Total £000
<b>Local Authority grants:</b>				
Activities Unlimited	77	–	77	384
Community Choice	–	–	–	51
Scope Activities Leeds	227	–	227	213
Walton Children's Centre	326	–	326	381
Other Local Authority grants < £50,000	–	28	28	74
<b>Total Local Authority grants</b>	<b>630</b>	<b>28</b>	<b>658</b>	<b>1,103</b>
<b>Big Lottery Fund grants:</b>				
Aspire Volunteering and Mentoring	–	14	14	70
Face 2 Face Stoke	–	100	100	51
Face 2 Face Cornwall	–	99	99	–
Face 2 Face Cymru Development	–	–	–	97
Face 2 Face Dudley	–	24	24	100
Face 2 Face Lancashire	–	14	14	98
Face 2 Face North West	–	189	189	–
Face 2 Face Solihull	–	85	85	80
Face 2 Face East London	–	174	174	176
Other < £50,000	–	31	31	55
<b>Total Big Lottery Fund grants</b>	<b>–</b>	<b>730</b>	<b>730</b>	<b>727</b>
<b>Other grants:</b>				
People's Health Trust – Local People's Programme	–	163	163	89
People's Health Trust – Healthy People, Healthy Places	–	83	83	342
School for Parents – Ingfield	192	–	192	228
North Wales ILM Employment	–	–	–	128
Other grants < £50,000	34	54	88	240
<b>Total other grants</b>	<b>226</b>	<b>300</b>	<b>526</b>	<b>1,027</b>
<b>Total grants receivable</b>	<b>1,462</b>	<b>1,073</b>	<b>2,535</b>	<b>3,994</b>

As at the balance sheet date, there were no unfulfilled conditions for any of the Government grants detailed above.

## Notes to the financial statements (continued)

### 7. Sales and ancillary income from charitable activities

	Group	
	2016 £000	2015 £000
Disability Now	–	36
Mac Keith Press and other book sales	514	622
Thorngrove Garden Centre	176	201
Ancillary services income	1,520	2,526
Rent receivable and other income	998	484
	<b>3,208</b>	<b>3,869</b>

### 8. Other income

	Group	
	2016 £000	2015 £000
Gain / (loss) on sale of property	5,094	(562)
(Loss) / gain on sale of other tangible fixed assets	(33)	6
	<b>5,061</b>	<b>(556)</b>



## Notes to the financial statements (continued)

### 9. Subsidiaries' income and costs

The income and costs of Scope Central Trading Limited, Mac Keith Press and Illetas Properties Limited are stated below:

	Scope Central Trading Limited	Mac Keith Press	Illetas Properties Limited	2016 Total	2015 Total
	£000	£000	£000	£000	£000
<b>Turnover</b>	<b>1,439</b>	<b>121</b>	<b>43</b>	<b>1,603</b>	<b>2,141</b>
Cost of sales	(718)	(188)	–	(906)	(1,375)
<b>Gross profit</b>	<b>721</b>	<b>(67)</b>	<b>43</b>	<b>697</b>	<b>766</b>
Administration and other costs	(29)	(282)	–	(311)	(6)
Other operating income	32	398	–	430	78
<b>Operating profit</b>	<b>724</b>	<b>49</b>	<b>43</b>	<b>816</b>	<b>838</b>
Taxation	–	–	–	–	–
<b>Net income</b>	<b>724</b>	<b>49</b>	<b>43</b>	<b>816</b>	<b>838</b>

- Income and expenditure raised by the subsidiaries has been incorporated into the appropriate sections in the statement of financial activities, relating to the relevant department.
- As at 31 March 2016, Scope Central Trading Limited had £100 net assets (2015: £100). This comprised assets of £365,244 (2015: £323,304) and liabilities of £365,144 (2015: £323,204). Scope Central Trading Limited passed a resolution on 29 March 2016 and communicated to Scope on 30 March 2016 that all distributable profit would be paid by Gift Aid to Scope during the year in which it arises. This results in no deferred tax charge arising to be paid on the 2015/2016 net profits.
- As at 31 March 2016, Mac Keith Press had net assets of £438,604 (2015: £373,053). This comprised assets of £480,685 (2015: £548,981) and liabilities of £42,081 (2015: £175,928).
- Illetas Properties Limited (“Illetas”) was acquired on 18 December 2015 (see note 16), and has an accounting year end of 31 October, with interim accounts prepared to 31 March 2016. As at 31 March 2016, Illetas had net assets of £619,686. This comprised assets of £1,877,274 and liabilities of £1,257,588.
- Learning Disabilities Resources Limited did not trade in the year ended 31 March 2016. At 31 March 2016 the subsidiary had net assets of £1.

## Notes to the financial statements (continued)

### 10. Analysis of total expenditure and support costs

The Group	Activities undertaken directly £000	Support costs £000	2016 Total £000	2015 Total £000
<b>Cost of raising income:</b>				
Cost of raising donations and legacies	7,413	933	8,346	9,596
Cost of goods sold and other costs	20,182	1,969	22,151	21,400
Investment management costs	(6)	4	(2)	(4)
<b>Total cost of raising income</b>	<b>27,589</b>	<b>2,906</b>	<b>30,495</b>	<b>30,992</b>
<b>Charitable activities:</b>				
Residential care services for disabled adults and young people	16,669	2,330	18,999	22,482
Home or community-based day services for disabled adults	3,972	679	4,651	5,306
Education services	20,079	2,031	22,110	23,575
Inclusion and transition services for disabled children and young people	9,902	1,219	11,121	12,558
Information, advice, employment and support services	4,511	509	5,020	5,233
Influencing and campaigning	2,519	(258)	2,261	3,194
<b>Total cost of charitable activities</b>	<b>57,652</b>	<b>6,510</b>	<b>64,162</b>	<b>72,348</b>
Governance costs	219	87	306	647
Pensions finance charge (note 13)	423	–	423	163
<b>Net total expenditure</b>	<b>85,883</b>	<b>9,503</b>	<b>95,386</b>	<b>104,150</b>

## Notes to the financial statements (continued)

### 10. Analysis of total expenditure and support costs (continued)

Support costs	Management overheads, HR and comms £000	Finance and purchasing £000	Information Technology £000	Property and facilities £000	2016 Total £000	2015 Total £000
<b>Cost of raising income:</b>						
Cost of raising donations and legacies	385	308	89	151	933	954
Shop costs	1,159	622	91	97	1,969	1,792
Investment management costs	2	2	–	–	4	5
	<b>1,546</b>	<b>932</b>	<b>180</b>	<b>248</b>	<b>2,906</b>	<b>2,751</b>
<b>Charitable activities:</b>						
Residential care services for disabled adults	1,187	427	338	378	2,330	2,264
Home or community-based day services for disabled adults	336	86	195	62	679	547
Education services	992	506	153	380	2,031	1,712
Inclusion and transition services for disabled children and young people	604	247	255	113	1,219	1,065
Information, advice, employment and support	115	89	166	139	509	307
Influencing and campaigning	(400)	12	53	77	(258)	(531)
<b>Total support costs – charitable activities:</b>	<b>2,834</b>	<b>1,367</b>	<b>1,160</b>	<b>1,149</b>	<b>6,510</b>	<b>5,364</b>
Governance costs	55	3	10	19	87	403
<b>Total support costs for 2016</b>	<b>4,435</b>	<b>2,302</b>	<b>1,350</b>	<b>1,416</b>	<b>9,503</b>	<b>8,518</b>
Total support costs for 2015	3,623	2,580	1,202	1,113		

## Notes to the financial statements (continued)

### 10. Analysis of total expenditure and support costs (continued)

Support costs are those costs that, whilst necessary to deliver an activity, do not themselves produce or constitute the output of the charitable activity. Similarly, costs will be incurred in supporting income raising activities such as fundraising and in supporting the governance of the Charity. Support costs include head office functions such as general management, payroll administration, budgeting and accounting, information technology, human resources, financing and property costs. The property costs of retail premises are categorised as direct costs of shop costs. The basis of allocation for support costs are as follows:

- Management overheads – 15% of total Executive Directors' costs, including their administration support costs, is allocated to governance. The balance is charged to the services under their responsibility.
- Human Resources costs are allocated based on the relevant staff being charged directly and the remaining costs on a headcount basis.
- Communications costs are charged on an expenditure basis.
- Finance and purchasing services are allocated based on the relevant staff being charged directly and the remaining costs on an expenditure basis.
- Information Technology costs are allocated based in the number of computers in use.
- Property management costs are allocated on the basis of property related expenditure.
- Shared office costs are allocated on the basis of floor space allocated to each department.

Where there is a negative figure, there is a net recharge to other areas of the organisation.

### 11. Net income / (expenditure)

	Group	
	2016	2015
	£000	£000
<b>Net income / (expenditure) for the year are stated after charging / (crediting):</b>		
<b>Auditors' remuneration:</b>		
Audit of these financial statements	87	63
Audit of the Charity's subsidiaries	6	6
Non-audit fees*	340	–
<b>Interest payable on:</b>		
Finance leases	–	5
Property loans	266	258
(Profit) / loss on the sale of fixed assets	(5,061)	556
<b>Depreciation of tangible fixed assets:</b>		
Owned assets	2,305	2,296
Leased assets	69	239
Net pension finance cost	423	370
<b>Operating lease rentals:</b>		
Equipment	221	272
Property	5,486	5,544
Motor vehicles	146	130

\* Relates to advice for consultancy services in relation to our new strategy.



## Notes to the financial statements (continued)

### 12. Information regarding employees and Trustees

	Group	
	2016	2015
	£000	£000
<b>Staff costs comprise:</b>		
Wages and salaries	52,226	56,087
Social security costs	3,879	4,286
Other pension costs	843	912
	56,948	61,285
Payments made to independent third parties for the provision of staff	2,453	4,285
<b>Total payroll and staff related costs</b>	<b>59,401</b>	<b>65,570</b>

In addition to the above, redundancy payments of £905,256 (2015: £558,314) and ex-gratia payments of £465,065 (2015: £136,626) were made to staff. Ex-gratia payments were awarded based on service, and had been fully paid in the year. These payments are managed through the Human Resources team in line with approved policy and procedure and authorised in accordance with the Scheme of Delegation based on the size of payment.

Payments made to independent third parties for the provision of staff relates to costs incurred where established staff vacancies exist and cover is required pending recruitment, short term sickness cover and time limited projects.

	2016	2015
	Number	Number
<b>Average number of employees during the year:</b>		
Residential care services for disabled adults	878	990
Home or community-based day services for disabled adults	218	248
Education services	814	878
Inclusion and transition services for disabled children and young people	442	479
Information, advice, employment and support services	131	148
Influencing and campaigning	33	43
Governance	3	4
Retail staff	612	596
Voluntary fundraising staff	43	46
Support staff	121	123
	<b>3,295</b>	<b>3,555</b>

## Notes to the financial statements (continued)

### 12. Information regarding employees and Trustees (continued)

The average full time equivalent headcount for the year was 2,387 (2015: 2,567). The full time equivalent excludes hourly paid casual workers due to the variable nature of the hours worked.

The number of senior staff whose total emoluments for the year (including taxable benefits in kind and redundancy payments, but not employer pension costs) exceeded £60,000 was:

	2016 No longer employed	2016 Still employed	2016 Number	2015 Number
£ 60,000 – £70,000	–	9	9	3
£ 70,001 – £80,000	2	7	9	4
£ 80,001 – £90,000	1	–	1	3
£ 90,001 – £100,000	–	2	2	3
£100,001 – £110,000	1	–	1	1
£110,001 – £120,000	–	1	1	–
£120,001 – £130,000	–	1	1	–
£130,001 – £140,000	1	–	1	1
£140,001 – £150,000	–	–	–	1
	<b>5</b>	<b>20</b>	<b>25</b>	<b>16</b>

Scope previously operated a final salary pension scheme and now has a stakeholder scheme as the main pension provision for new staff. The number of staff to whom retirement benefits are accruing under defined contribution schemes is 21 (2015: 16) and defined benefit schemes is 3 (2015: none). Scope also makes contributions to other approved schemes for certain staff.

These are members of the Teachers' Pension Scheme operated by the Department for Education and The Pensions Trust. Contributions paid for the year in respect of senior staff included in the table above for the different schemes, amounted to £124,045 (2015: £66,326).

Directors received £241,556 (2015: £75,879) for loss of office during the year.

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration paid in 2015/16 in respect of these individuals was £799,246.

No Trustee or person closely related or connected by non-charitable trust or business to them, has received any remuneration or other benefit from Scope during the year other than as a beneficiary on non-preferential terms (2015: none). During the year, the total of personal expenses directly or indirectly reimbursed to the Trustees amounted to £18,092 (2015: £20,308) for travel, subsistence and accommodation incurred in the furtherance of their duties as Trustees, and was paid to 10 (2015: 11) Trustees.

## Notes to the financial statements (continued)

### 13. Pension scheme

Scope operates a number of pension schemes.

1) Scope operates a defined benefit pension scheme, The Scope Pension Scheme was closed to both new members and new accruals in 2007. Current membership of the scheme is 790 (2015: 813) pensioners and 1,017 (2015: 1,083) deferred members. Scope assumes the risks for Mac Keith Press, which is included in the Group's scheme. The Scheme is managed separately to Scope's finances by Scope Pension Trustee Limited which delegates services to a variety of bodies. Contributions to cover expenses and to recover the deficit in the scheme are paid to the scheme in accordance with the Schedule of Contributions agreed between the Trustee and Scope.

2) The defined contribution stakeholder pension plan was opened on 1 October 2003 when the Scope Pension Scheme was closed to new members. The stakeholder scheme was closed to further contributions on 30 June 2013. On 1 July 2013, and in order to comply with Government legislation on auto enrolment, a defined contribution Group Personal Pension Plan was opened to replace the stakeholder pension plan. Employees were able to join on inception or under the rules of auto enrolment with a deferred period of three months. There are 2,110 (2015: 2,201) active members of the scheme.

The following schemes are multi-employer defined benefit schemes. As such it is not possible to identify Scope's share of the underlying assets and liabilities. Scope has therefore taken advantage of the FRS 102 exemption from disclosing this information and the accounting charge under FRS 102 represents the employer contribution payable for the year.

3) The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The plan is currently in deficit and from April 2013 Scope will contribute additional payments to reduce this deficit. In 2015 this payment was £212,626 (2015: £202,399). There are 2 (2015: 4) active members of the scheme.

4) Scope also contributes to the Teachers' Pension Scheme (TPS), a defined benefits scheme operated by the Department for Education in respect of certain members of staff. Scope's total contribution for the year in respect of this scheme was £373,803 (2015: £391,143). There are 34 (2015: 50) active members of the scheme.

The TPS is an unfunded defined benefit scheme. Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

## Notes to the financial statements (continued)

The pensions cost normally is assessed no less than every four years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation (under the new provisions)	31 March 2012
Actuarial method	Projected Unit methodology
Discount rate	3.0% real per annum 5.06% nominal
Long term salary growth	4.75% per annum
Notional value of assets at date of last valuation	£176,600 million

The Prudential Platinum Scheme is a defined benefit scheme related to a small number of staff who joined Scope in December 2010 under TUPE. Scope's contribution for the year was £3,701 (2015: £17,732). There are no (2015: 1) active members of the scheme. The Prudential Platinum Scheme was wound up in March 2016 by way of a section 75 buyout.

Additional details are provided for the primary schemes below:

### 1) Scope Pension Scheme

Scope operates a defined benefit pension scheme, the Scope Pension Scheme. The scheme funds are administered by the Board of Trustees and are independent of Scope's finances. Contributions are paid to the scheme in accordance with the Schedule of Contributions agreed between the Board of Trustees and Scope.

Initial results of the actuarial valuation as at 31 December 2014 were updated to the Scheme's accounting date by an independent qualified actuary in accordance with FRS 102. As required by FRS 102, the value of the defined benefit liabilities has been measured using the projected unit method.

Under FRS 102, the pension asset which can be recognised on the balance sheet is limited to nil as Scope does not have an unconditional right to a refund as per the Trust Deed and consultation with our actuaries. The impact of this limit on the balance sheet and the actuarial gains and losses entry is also shown in the figures below.

The estimated amount of total employer contributions expected to be paid to the Scheme during the 2015/16 financial year, in accordance with the Schedule of Contributions agreed in September 2012, is £1.35 million (2014/15 actual: £1.35 million), as part of a deficit recovery plan. The Schedule of Contributions was produced following the completion of the 31 December 2011 actuarial valuation.



## Notes to the financial statements (continued)

### 13. Pension scheme (continued)

#### 1) Scope Pension Scheme (continued)

Assumptions	31 March 2016	31 March 2015	31 March 2014	31 March 2013
RPI inflation (pa)	2.9%	2.9%	3.3%	3.4%
CPI inflation (pa)	1.9%	1.9%	2.3%	2.4%
Discount rate (pa)	3.5%	3.2%	4.4%	4.5%
Pension increases (PPI – 3% pa minimum, 5% pa maximum)	3.5%	3.5%	3.7%	3.7%

On the basis of the assumptions used for life expectancy, a male pensioner currently aged 65 would be expected to live for a further 22 years (2015: 22 years) and a female pensioner aged 65 would be expected to live a further 25 years (2015: 25 years). Allowance is made for future improvements in life expectancy.

Asset distribution and expected return:

	31 March 2016		31 March 2015	
	Current allocation	Fair value £000	Current allocation	Fair value £000
Equities	10%	9,792	10%	10,726
Gilts	48%	49,268	84%	89,183
Diversified growth funds	5%	4,973	5%	5,255
Cash	0%	207	0%	206
Insured pensions	37%	37,937	1%	880
<b>Total</b>	<b>100%</b>	<b>102,177</b>	<b>100%</b>	<b>106,250</b>

	31 March 2016 £000	31 March 2015 £000
<b>Balance Sheet</b>		
Present value of Scheme liabilities	87,703	91,843
Total fair value of Scheme assets	(102,177)	(106,250)
Surplus	(14,474)	(14,407)
Adjustment to reflect asset limit	14,474	14,407
<b>Pension asset</b>	<b>–</b>	<b>–</b>

Under FRS 102, the Scheme is represented on the balance sheet at 31 March 2016 as a £nil asset (2015: £nil asset) as Scope does not have an unconditional right to a refund as per the Trust Deed and consultation with our actuaries.

## Notes to the financial statements (continued)

### 13. Pension scheme (continued)

#### 1) Scope Pension Scheme (continued)

The following amounts have been included as 'Resources expended' under FRS 102.

	<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>
Running costs	423	192
Interest income	(21)	(29)
Losses on settlements	21	–
<b>Net return to charge to finance income</b>	<b>423</b>	<b>163</b>

The following amounts have been recognised under the 'actuarial gains and losses on pension scheme assets and liabilities' heading within the statement of financial activities.

	<b>At 31 March 2016 £000</b>	<b>At 31 March 2015 £000</b>
Remeasurements	1,321	(5,672)
Change in asset limit other than interest	(394)	6,859
<b>Actuarial loss recognised</b>	<b>927</b>	<b>1,187</b>

Changes in the present value of the Scheme liabilities are as follows:

	<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>
Opening present value of Scheme liabilities	91,843	78,855
Interest on Scheme liabilities	2,896	3,414
Actuarial (gain)/loss	(3,791)	12,109
Benefits paid	(2,736)	(2,535)
Curtailments and settlements	(509)	–
<b>Closing present value of Scheme liabilities</b>	<b>87,703</b>	<b>91,843</b>

## Notes to the financial statements (continued)

### 13. Pension scheme (continued)

#### 1) Scope Pension Scheme (continued)

Changes in the fair value of the Scheme assets are as follows:

	At 31 March 2016 £000	At 31 March 2015 £000
Opening fair value of the Scheme assets	106,250	86,085
Interest on Scheme assets	3,378	3,762
Actual return on Scheme assets less interest on Scheme assets	(5,112)	17,780
Contributions by the employer	1,350	1,350
Running costs	(423)	(192)
Benefits paid	(2,736)	(2,535)
Curtailments and settlements	(530)	–
<b>Closing fair value of the Scheme assets</b>	<b>102,177</b>	<b>106,250</b>

Changes in the net balance sheet position are as follows:

	31 March 2016 £000	31 March 2015 £000
Opening net asset	–	–
Return to charge to finance income	423	163
Actuarial losses recognised	927	1,187
Employer contributions	(1,350)	(1,350)
<b>Closing net asset</b>	<b>–</b>	<b>–</b>

## Notes to the financial statements (continued)

### 13. Pension scheme (continued)

#### 1) Scope Pension Scheme (continued)

Changes in the impact of the asset ceiling are as follows:

	31 March 2016 £000	31 March 2015 £000
Effect of asset ceiling at the start of the year	14,407	7,230
Interest on asset limit	461	318
Change in asset limit other than interest	(394)	6,859
<b>Pension asset</b>	<b>14,474</b>	<b>14,407</b>

#### 2) The Defined Contribution Pension Scheme

Members may contribute to the Group personal pension at whatever contribution rate they wish subject to the HMRC rules relating to the maximum annual allowance and lifetime allowance. Scope contributes employers' contributions to the auto enrolment pension scheme, not only in line with legislation but also on a basis of contributions matched by the employees' contributions. The table below illustrates the contribution rates payable to the Group personal pension plan and employees are entitled to receive enhanced contributions (if they apply for them) based on their length of service.

Membership Eligibility	Scope Contribution %	Employee Contribution %
Basic	1% of qualifying earnings	Employee to match 1% contribution of qualifying earnings
Upgrade – After 2 years' service	3% of total earnings	Employee must match the employer % contribution
Upgrade – After 4 years' service	6% of total earnings	Employee must match the employer % contribution

Scope deducts employee contributions on a salary exchange basis approved by HMRC unless the employee wishes to decline to use this arrangement. Details of the pension plan are provided to employees under the rules of auto enrolment or on request.

Scope's contributions to the Auto Enrolment Pension Scheme amounted to £1,246,096 (2015: £1,361,424).

## Notes to the financial statements (continued)

### 3) Pensions Trust Growth Plan

As at the balance sheet date two members (2015: three) of the Plan were actively employed by Scope. Scope continues to offer membership of the Plan to its employees.

Scope paid contributions at the rate of 5% during the accounting year. Members paid contributions at the rate of 5% during the accounting year.

The Plan's Trustees commission an actuarial valuation of the Plan every three years to determine the funding position of the Plan. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Growth Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the pension scheme should have sufficient assets to meet its past service liabilities.

The Company participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the

Company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780 million, liabilities of £928 million and a deficit of £148 million. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

#### Deficit contributions:

From 1 April 2013	£13.9 million
to 31 March 2023	per annum

(payable monthly and increasing by 3% each on 1 April)

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793 million, liabilities of £970 million and a deficit of £177 million. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

#### Deficit contributions:

From 1 April 2016 to	£12.9 million
30 September 2025	per annum
From 1 April 2016 to	£54,560
30 September 2028	per annum

(payable monthly and increasing by 3% each on 1 April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.



## Notes to the financial statements (continued)

### 13. Pension scheme (continued)

#### 3) Pensions Trust Growth Plan (continued)

Where the scheme is in deficit and where the Company has agreed to a deficit funding arrangement the Company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

	<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>	<b>31 March 2014 £000</b>
<b>Present values of provision</b>			
Present value of provision	1,753	1,728	1,811

	<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>
<b>Reconciliation of opening and closing provisions</b>		
Provision at start of period	1,728	1,811
Unwinding of the discount factor (interest expense)	28	48
Deficit contribution paid (note 18)	(208)	(202)
Remeasurements – impact of any change in assumptions	(28)	71
Remeasurements – amendments to the contribution schedule (note 18)	233	–
<b>Provision at end of period</b>	<b>1,753</b>	<b>1,728</b>

	<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>
<b>Income and expenditure impact</b>		
Interest expense	28	48
Remeasurements – impact of any change in assumptions	(27)	71
Remeasurements – amendments to the contribution schedule	233	–
Contributions paid in respect of future service*	–	–
Costs recognised in income and expenditure account	–	–

\* Includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.  
To be completed by the Company.

## Notes to the financial statements (continued)

### 13. Pension scheme (continued)

#### 3) Pensions Trust Growth Plan (continued)

Assumptions	31 March 2016	31 March 2015	31 March 2014
Rate of discount (pa)	2.07%	1.74%	2.82%

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

### 14. Tangible fixed assets for use by the Group and Charity

Group	Freehold and leasehold property £000	Motor vehicles £000	Fixtures, equipment and computers £000	Total £000
<b>Cost</b>				
At 1 April 2015	40,677	637	11,211	52,525
Additions	129	29	1,184	1,342
Acquired subsidiary	2,200	–	–	2,200
Disposals	(1,970)	–	(518)	(2,488)
<b>At 31 March 2016</b>	<b>41,036</b>	<b>666</b>	<b>11,877</b>	<b>53,579</b>
<b>Accumulated depreciation</b>				
At 1 April 2015	21,198	591	7,559	29,348
Charge for the year	754	25	1,595	2,374
Disposals	(1,544)	–	(492)	(2,036)
<b>At 31 March 2016</b>	<b>20,408</b>	<b>616</b>	<b>8,662</b>	<b>29,686</b>
<b>Net book value</b>				
At 1 April 2015	19,479	46	3,652	23,177
<b>At 31 March 2016</b>	<b>20,628</b>	<b>50</b>	<b>3,215</b>	<b>23,893</b>

## Notes to the financial statements (continued)

### 14. Tangible fixed assets for use by the Group and Charity (continued)

Charity	Freehold and leasehold property £000	Motor vehicles £000	Fixtures, equipment and computers £000	Total £000
<b>Cost</b>				
At 1 April 2015	40,677	637	11,206	52,520
Additions	129	29	1,184	1,342
Disposals	(1,970)	–	(518)	(2,488)
<b>At 31 March 2016</b>	<b>38,836</b>	<b>666</b>	<b>11,872</b>	<b>51,374</b>
<b>Accumulated depreciation</b>				
At 1 April 2015	21,198	591	7,555	29,344
Charge for the year	754	25	1,594	2,373
Disposals	(1,544)	–	(492)	(2,036)
<b>At 31 March 2016</b>	<b>20,408</b>	<b>616</b>	<b>8,657</b>	<b>29,681</b>
<b>Net book value</b>				
At 1 April 2015	19,479	46	3,651	23,176
<b>At 31 March 2016</b>	<b>18,428</b>	<b>50</b>	<b>3,215</b>	<b>21,693</b>

On 11 March 2016, Scope agreed to sell the combined site of Meldreth Manor Special School and Orchard Manor Transition Service as a 'going concern' including its freehold properties and the associated assets. The transaction was not completed until 12 May 2016 (see note 30), and the income recorded in that year, since the risks and rewards associated with the purchased assets did not transfer until completion. As at 31 March 2016, the net book value of these assets was £1,562,899. These are included in the above.

	Group		Charity	
	2016 £00	2015 £000	2016 £000	2015 £000
<b>Analysis of freehold and leasehold properties</b>				
Freehold	17,737	18,682	17,737	18,682
Long leasehold (over 50 years)	2,802	684	602	684
Short leasehold	89	113	89	113
	<b>20,628</b>	<b>19,479</b>	<b>18,428</b>	<b>19,479</b>

	Group and Charity	
	2016 £000	2015 £000
<b>Of which the following are non-depreciated assets:</b>		
Land	164	167

Scope has not adopted the policy of revaluing its properties and the carrying amount of its tangible fixed assets are all at cost.

## Notes to the financial statements (continued)

### 15. Investments

	Group		Charity	
	2016 £000	2015 £000	2016 £000	2015 £000
<b>Total investments:</b>				
Financial investments	5,408	6,133	5,408	6,133
Investment in subsidiaries	–	–	942	–
	<b>5,408</b>	<b>6,133</b>	<b>6,350</b>	<b>6,133</b>
			Group and Charity	
			2016 £000	2015 £000
<b>Total financial investments:</b>				
Market value at 1 April			6,133	9,025
Additions at cost			325	–
Disposals at book cost			(1,096)	(1,189)
Net movement in cash			318	(2,000)
Net investment (losses)/gains			(272)	297
<b>Market value at 31 March</b>			<b>5,408</b>	<b>6,133</b>
<b>Investments comprise the following:</b>				
<b>Investments listed on a UK stock exchange</b>				
Fixed interest			1,899	2,713
Equities			1,285	1,475
Cash deposits held as part of investment portfolio			2,224	1,945
<b>Market value at 31 March</b>			<b>5,408</b>	<b>6,133</b>
<b>Being at market value:</b>				
Investment assets in the United Kingdom			5,408	6,133
<b>Historical cost at 31 March</b>			<b>5,122</b>	<b>5,484</b>

Financial investments are a financial asset measured at fair value through income and expenditure.

The equity holdings are held as a proportion of a fund, rather than direct share holdings, and so no single equity investment exceeds 5%. The Board of Trustees considers the value of the investments to be supported by their underlying assets.

There is no difference between fair value and market value as the investments are either fixed interest, equities or cash deposits and therefore market valuation is a fair indicator of fair value for these assets.

## Notes to the financial statements (continued)

### 16. Subsidiaries

Results for the below subsidiaries are included in the Group balances of these accounts:

<b>Subsidiary undertaking</b>	<b>Country of registration and/or operation</b>	<b>Principal activities</b>	<b>Authorised and issued share capital</b>
Scope Central Trading Limited 100% direct holding (Company no. 1108300)	England and Wales	Purchase of general merchandise and sale thereof to Scope, and the distribution and sale of clothing and gifts and sales of greeting cards	£100
Mac Keith Press Common control (Company no. 03547818, Charity no. 1086014)	England and Wales	Publisher of a series of books covering issues relating to cerebral palsy and childhood disability, as well as a scientific journal	By Guarantee
Scope Pension Scheme Trustee Limited* 100% direct holding (Company no. 1108300)	England and Wales	Dormant	£100 – £2 issued and fully paid
Access Equality Limited* 100% indirect holding† (Company no. 5269937)	England and Wales	Dormant	£100 – £1 issued and fully paid
UK Federation for Conductive Education Limited* Common control (Company no. 2942276)	England and Wales	Dormant	By Guarantee
The Spastics Society* Common control (Company no. 2908452)	England and Wales	Dormant	By Guarantee
Scope Cerebral Palsy Limited* Common control (Company no. 3547836)	England and Wales	Dormant	By Guarantee
Learning Disabilities Resources Limited* 100% direct holding (Company no. 06717631)	England and Wales	Provision of independent special needs resources website and network	By Guarantee
Illetas Properties Limited 100% direct holding (Company no. 07401156)	England and Wales	Property company	£100

\* Entitled to audit exemption by virtue of s479a of Companies Act 2006, as subsidiary undertakings.

† 100% direct holding of Scope Central Trading Limited



## Notes to the financial statements (continued)

### 16. Subsidiaries (continued)

The Group acquired 100% of the share capital in Illetas Properties Limited (“Illetas”) on 18 December 2015 for a consideration of £942,412 cash paid to the owners and immediate cash settlement of £1,257,588 for the mortgage owed by Illetas on property. Results for Illetas are disclosed in note 9.

The purchase of Illetas has been accounted for using the acquisition method.

On the date of purchase, Illetas’ net assets were £613,980, including a property held at £1,876,238, with an outstanding mortgage of £1,257,588, immediately redeemed by Scope. A fair value adjustment of £323,762 was made to the property at acquisition, bringing the property into these accounts at £2,200,000. The net assets in these accounts from Illetas at acquisition is £2,195,330.

### 17. Debtors

	Group		Charity	
	2016 £000	2015 £000	2016 £000	2015 £000
Trade debtors*	3,654	3,776	3,661	3,709
Gift Aid recoverable*	1,001	432	1,001	432
Staff loans*	87	102	87	102
Amounts owed by Group undertakings*	–	–	1,463	80
Other debtors*	434	398	446	612
Accrued income	1,881	2,312	1,862	2,224
Prepayments	2,054	2,352	2,053	2,340
	<b>9,111</b>	<b>9,372</b>	<b>10,573</b>	<b>9,499</b>

\* Financial assets measured at amortised cost

Trade debtors are shown net of a £495,000 (2015: £368,000) provision against doubtful debts.

Staff loans include season ticket loans of £29,000 (2015: £49,000), which are repayable over a 12 month period, and imprests of £5,850 (2015: £6,900) repayable on leaving Scope or when the nature of employment changes.

Amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

## Notes to the financial statements (continued)

### 18. Creditors: amounts falling due within one year

	Group		Charity	
	2016 £000	2015 £000	2016 £000	2015 £000
Loans (note 22)*	660	494	660	494
Bond (note 22)*	–	2,000	–	2,000
Trade creditors*	966	799	928	756
Taxation and social security*	1,014	1,092	1,012	1,091
Other creditors*	120	154	124	165
Deferred income (note 20)	882	1,091	882	1,077
Accruals	3,044	2,635	2,958	2,623
Defined benefit pension liability (note 13)*	233	208	233	208
	<b>6,919</b>	<b>8,473</b>	<b>6,797</b>	<b>8,414</b>

\* Financial liabilities measured at amortised cost.

Any security on creditors is set out in note 22.

Amounts owing in respect of pension schemes as at 31 March 2016 included above is £100,830 (2015: £224,000).

### 19. Creditors: amounts falling due after more than one year

	Group and Charity	
	2016 £000	2015 £000
Loans (note 22)*	3,782	4,592
	<b>3,782</b>	<b>4,592</b>

\* Financial liabilities measured at amortised cost.

## Notes to the financial statements (continued)

### 20. Deferred income

	Balance 31 March 2015 £000	Released from prior year £000	Deferred in current year £000	Balance 31 March 2016 £000
<b>Group:</b>				
Fees	864	(760)	531	635
Book sales	14	(14)	–	–
Events fundraising	213	(211)	245	247
	<b>1,091</b>	<b>(985)</b>	<b>776</b>	<b>882</b>
<b>Charity:</b>				
Fees	864	(760)	531	635
Events fundraising	213	(211)	245	247
	<b>1,077</b>	<b>(971)</b>	<b>776</b>	<b>882</b>

Fees and book sales income is deferred until the relevant service has been provided.

Events fundraising income is deferred until the relevant event has taken place.

## Notes to the financial statements (continued)

### 21. Provisions for liabilities and charges

	Balance 31 March 2015 £000	Charged to income and expenditure £000	Spent £000	Balance 31 March 2016 £000
<b>Group:</b>				
Provisions for onerous leases for offices vacated by Scope	102	–	(102)	–
Provisions for dilapidations and onerous leases for shops vacated by Scope	521	320	(143)	698
	<b>623</b>	<b>320</b>	<b>(245)</b>	<b>698</b>

	Balance 31 March 2015 £000	Charged to income and expenditure £000	Spent £000	Balance 31 March 2016 £000
<b>Charity:</b>				
Provisions for dilapidations and onerous leases for shops vacated by Scope	521	320	(143)	698
	<b>521</b>	<b>320</b>	<b>(143)</b>	<b>698</b>

Where an onerous lease commitment exists, the provision for future lease commitments has been calculated as the net present value of rent payable less rent receivable to the end of the period. This has been estimated having taken account of vacant periods, lease incentives and discounted market rates to ensure future tenancy.

As part of the Group's property leasing arrangements there is an obligation to repair damages, on certain properties, incurred during the life of the lease, such as wear and tear. The cost is charged to the statement of financial activities as the obligation arises. The provision is expected to be utilised as the leases terminate.

## Notes to the financial statements (continued)

### 22. Borrowings

	Group and Charity	
	2016	2015
	£000	£000
<b>Bond:</b>		
Within one year	–	2,000
	–	<b>2,000</b>
<b>Loans:</b>		
Within one year	660	494
Between two and five years	2,382	2,403
Over five years	1,400	2,189
	<b>4,442</b>	<b>5,086</b>
	<b>4,442</b>	<b>7,086</b>

Included in the loan balances are the following items:

- A £20 million bond facility with BNY Mellon listed on the Luxembourg Stock Exchange. £2 million in cash was drawn down during the financial year 2012/13. The bond liabilities represent the fair value of the bond as at 31 March 2015. The £2 million bond was repaid on 29 May 2015. Interest is charged at 2.0%.
- A number of philanthropic loans from individual supporters totalling £1 million. No interest accrues on these loans.
- A £6 million loan facility in 2009 from the Social Investment Business to develop new services for disabled children and young people. The loans were used to develop 'move on' accommodation provision for disabled young people, specialist fostering and to develop classroom facilities to expand the education service at Ingfield Manor School to 16-19 year olds. £3,352,000 of this facility has been drawn down. Interest is charged at 6.0%.
- A £265,000 loan from Charity Bank to purchase property for Ashurst Supported Living. This loan is secured against the property. Interest is charged at 6.0%.
- Mortgages on two properties totalling £128,000 (2015: £180,000). Interest on the two mortgages is charged at Base Rate plus 1.0% and Base Rate plus 1.25%.

Scope has a working capital overdraft facility of £0.5 million, secured against the Head Office property at Market Road, London.

Borrowings are a financial liability measured at amortised cost.



## Notes to the financial statements (continued)

### 23. Funds

	Balance 31 March 2015 £000	Incoming resources £000	Expenditure gains and losses £000	Transfers £000	Balance 31 March 2016 £000
<b>Group:</b>					
<b>Unrestricted funds</b>	<b>20,678</b>	<b>96,297</b>	<b>(92,608)</b>	<b>1,072</b>	<b>25,439</b>
<b>Restricted funds:</b>					
Restricted funds	4,464	3,226	(4,006)	(1,072)	2,612
Permanent endowment	10	–	–	–	10
<b>Total funds</b>	<b>25,152</b>	<b>99,523</b>	<b>(96,614)</b>	<b>–</b>	<b>28,061</b>

	Balance 31 March 2015 £000	Incoming resources £000	Expenditure gains and losses £000	Transfers £000	Balance 31 March 2016 £000
<b>Charity:</b>					
Unrestricted funds	20,288	94,987	(91,385)	1,072	24,962
<b>Restricted funds:</b>					
Restricted funds	4,464	3,226	(4,006)	(1,072)	2,612
Permanent endowment	10	–	–	–	10
<b>Total funds</b>	<b>24,762</b>	<b>98,213</b>	<b>(95,391)</b>	<b>–</b>	<b>27,584</b>

Restricted funds are comprised primarily of restricted grants (see note 6) and restricted donations received. These are all accounted for in accordance with the various limitations placed on each fund. No individual fund balance is material to the financial statements.

Unrestricted funds includes an investment revaluation reserve of £285,912 (2015: £649,000).

Funds transferred during the year include £868,099 of tangible fixed assets where the asset was purchased from a restricted fund donation but is held for a general and not a restricted purpose.

## Notes to the financial statements (continued)

### 24. Commitments

#### Operating lease commitments

Group	Land and buildings		Vehicles and equipment	
	2016 £000	2015 £000	2016 £000	2015 £000
<b>Leases which expire:</b>				
Within one year	4,659	4,816	304	317
Within two to five years	11,402	13,090	517	473
After five years	13,495	17,541	33	36
	<b>29,556</b>	<b>35,447</b>	<b>854</b>	<b>826</b>

#### Capital commitments

At 31 March 2016 there were no capital commitments (2015: £nil).

### 25. Contingent liabilities

#### Guarantees and commitments

Scope has acted as guarantor for eight shop leases run by Capability Scotland, a charity providing services to disabled children and adults in Scotland. These guarantees were entered into during the year when Scope managed these shops on behalf of Capability Scotland. In the event of Capability Scotland defaulting on the payment under any of these leases Scope would be fully liable. The maximum liability in respect of the rental of these leases if terminated at 31 March 2016 would be approximately £180,168 (2015: £292,765). This does not include any potential liability for dilapidations.

No provisions (2015: none) have been made in respect of these contingent liabilities in these financial statements.

### 26. Taxation

As a registered charity, Scope is exempt from taxation under Part 11, Chapter 3 of the Corporation Tax Act 2010. The Group is not liable for taxation because of the policy of the trading subsidiary Company to gift all taxable profits to Scope. During the year ended 31 March 2016 no charge to tax has been incurred.

## Notes to the financial statements (continued)

### 27. Members

The charity is incorporated as a Company limited by guarantee having no share capital and, in accordance with the Memorandum of Association, every Member, of which there are 655 (2015: 666), is liable to contribute £5 in the event of the Company being wound up.

### 28. Analysis of assets and liabilities between funds

	Restricted funds £000	Unrestricted funds £000	Total 2016 £000
<b>Group:</b>			
<b>Fixed assets</b>	656	28,645	29,301
Current assets	1,996	9,683	11,679
Current liabilities	–	(6,919)	(6,919)
<b>Net current assets</b>	1,996	2,997	4,993
Long term liabilities	–	(3,782)	(3,782)
Provisions for liabilities and charges	(30)	(2,188)	(2,218)
<b>Net assets</b>	<b>2,622</b>	<b>25,439</b>	<b>28,061</b>

	Restricted funds £000	Unrestricted funds £000	Total 2016 £000
<b>Charity:</b>			
<b>Fixed assets</b>	656	27,387	28,043
Current assets	1,996	10,342	12,338
Current liabilities	–	(6,797)	(6,797)
<b>Net current assets</b>	1,996	3,778	5,774
Long term liabilities	–	(3,782)	(3,782)
Provisions for liabilities and charges	(30)	(2,188)	(2,218)
<b>Net assets</b>	<b>2,622</b>	<b>24,962</b>	<b>27,584</b>

## Notes to the financial statements (continued)

### 29. Free reserves

	2016 £000	2016 £000	2015 £000	Group 2015 £000
<b>Net assets</b>		28,061		25,152
<b>Less:</b>				
Restricted funds		(2,622)		(4,474)
<b>Less amount represented by tangible fixed assets</b>	<b>(23,893)</b>		<b>(23,177)</b>	
<b>Add back:</b>				
Other restricted fund fixed assets	656		878	
Net book value of properties financed by loans	4,277		5,087	
		(18,960)		(17,212)
<b>Free reserves</b>		<b>6,479</b>		<b>3,466</b>

### 30. Post balance sheet events

On 12 May 2016, the combined site of Meldreth Manor Special School and Orchard Manor Transition Service was sold as a 'going concern' for £4,600,000, with a profit from the sale of £2,600,000. The income has been recognised in the year ending 31 March 2017.

### 31. Related party disclosures

During the year ended 31 March 2016, the Group had the following related party transactions.

- Scope paid £270 for room hire to Action for Children, a charity at which Scope's Chair, Andrew McDonald, held the position of Trustee during 2014. As at 31 March 2016, £240 was outstanding as a liability for payment. This has since been paid.
- Scope paid £245 for care staff to The Papworth Trust, a charity at which Scope's previous Company Secretary, Jacqueline Penalver, held the position of Director of Transformation during the year. As at 31 March 2016, there was no outstanding balance.
- Scope billed £113,407 for client care fees to the London Borough of Haringey, where the spouse of Scope's Chief Executive,

Mark Atkinson, is the Council Leader. As at 31 March 2016, debt of £9,605 was outstanding. This has since been received.

Scope has taken advantage of the exemption within FRS 102 allowing non-disclosure of transactions between Group companies.

Scope received donations of £8,894 from its Board of Trustees and Directors during 2015/16. No conditions were attached to these.

### 32. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Scope.

The ultimate parent undertaking and controlling party is Scope, a company incorporated in England and Wales.

Scope is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2016. The consolidated financial statements of Scope are available from 6 Market Road, London, N7 9PW.

Scope is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Scope are available from 6 Market Road, London, N7 9PW.

## Notes to the financial statements (continued)

### 33. Adjustments made in adopting FRS 102

#### Group Statement of Financial Activities

Year ended 31 March 2015

	Note	£000
<b>Net movement in funds</b>		
As previously stated		(3,854)
<b>Prior year judgement error</b>		
Onerous lease	A	(115)
<b>FRS 102 transition</b>		
Legacy income	B	(180)
Employee benefits	C	(3)
Multi-employer pension scheme deficit	D	83
<b>Total adjustment to net movement in funds</b>		<b>(215)</b>
<b>FRS 102</b>		<b>(4,069)</b>

#### Group Total Funds

	Note	1 April 2014 £000	31 March 2015 £000
<b>Total funds</b>			
As previously stated			
Restricted income funds*		5,804	4,474
Unrestricted income funds		24,676	22,152
<b>Adjustments to unrestricted income funds</b>			
<b>Prior year judgement error</b>			
Onerous lease	A	–	(115)
<b>FRS 102 transition</b>			
Legacy income	B	766	586
Employee benefits	C	(214)	(217)
Multi-employer pension scheme deficit	D	(1,811)	(1,728)
<b>Total adjustment to unrestricted income funds</b>		<b>(1,259)</b>	<b>(1,474)</b>
<b>FRS 102</b>		<b>29,221</b>	<b>25,152</b>

\* No adjustment required



## Notes to the financial statements (continued)

### 33. Adjustments made in adopting FRS 102 (continued)

#### A. Onerous lease

On review of provisions held for property rented by Scope, it was found that no provision had been made for an onerous lease for one of Scope's shops. Scope's management felt it was necessary to adjust for this, resulting in a £115,000 charge.

#### B. Legacy income

FRS 102 requires recognition of income where it is probable that Scope will benefit, rather than virtually certain. This resulted in Scope recognising an additional £766,000 accrued income relating to legacies on transition to FRS 102. A further £586,000 was recognised in the year to 31 March 2015, but earlier recognition of legacy income on transition caused a net reduction in legacy income of £180,000 in that year.

#### C. Employee benefits

FRS 102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received.

This resulted in Scope recognising a liability for holiday pay of £214,000 on transition to FRS 102. Previously holiday pay accruals were not recognised and were charged to the statement of financial activities as they were paid. In the year to 31 March 2015, a charge of £3,000 was recognised in the statement of financial activities and the liability at 31 March 2015 was £217,000.

#### D. Multi-employer pension scheme deficit

FRS 102 requires that, where there is a multi-employer funded defined benefit pension scheme with an agreed deficit reduction plan, Scope shall recognise a liability for the contributions payable that arise from the agreement, with the resulting expense recorded in the statement of financial activities. On transition, the liability deemed appropriate by the actuaries of the scheme was £1,811,000. In the year to 31 March 2015, the liability reduced to £1,728,000, with a resulting credit to the statement of financial activities of £83,000.

# Trustees' report

(continued)

The remainder of this document forms part of the Trustees' Report.

## Scope's Directors and Trustees

The Trustees who were in office during the year and up to the date of signing the financial statements are given below:

Celia Atherton OBE, Vice Chair

Agnes Fletcher,  
Chair of the Scope Assembly

John Gilbert,  
Treasurer and Chair of  
Resources Committee

Andrew Hooke,  
appointed in October 2015

Tony Hunter OBE,  
re-appointed in October 2015

Richard Jones CBE,  
Chair of Audit Committee

Rupy Kaur,  
former Chair of the Scope Assembly,  
re-appointed in October 2015  
but stood down in February 2016

Alex Massey,  
appointed in March 2016

Victoria McDermott,  
stood down in September 2015

Dr. Andrew McDonald CB,  
Chair of Scope

Gavin Poole,  
re-appointed in October 2015

Hilary Samson-Barry,  
stood down in October 2015

Clare Thomas MBE

Rachael Wallach,  
Vice Chair, re-appointed in October 2015

## Legal and administrative details

Scope is a charitable company (Charity Registration Number 208231 and Company Number 520866).

**Independent Auditors:**

PricewaterhouseCoopers LLP,  
1 Embankment Place,  
London, WC2N 6RH

**Solicitors:**

Bond Dickinson LLP,  
Prince's Wharf, Teesdale,  
Stockton on Tees, TS17 6QY

**Bankers:**

National Westminster Bank plc,  
City of London Office,  
Corporate Business Centre,  
PO Box 12263,  
1 Princes Street,  
London, EC2R 8PH

**Investment Advisers:**

Royal London Asset Management,  
55 Gracechurch Street,  
London, EC3V 0UF

**Company Secretary:**

Steven Maiden

**Registered Office:**

6 Market Road,  
London, N7 9PW

## Our supporters, partners and volunteers

We would like to acknowledge the support of our donors, from major companies to members of the public, who have donated to us or fundraised for us during the year. A list of our major donors is included in this Trustees' Report.

Our partnerships help us widen our impact on society and on the lives of disabled people by providing money, time, expertise or other invaluable support.

We would also like to thank our volunteers, who make an immense contribution to our work. We particularly value their commitment and trust as they help us navigate this tough economic climate.

We couldn't support as many disabled people as we currently do without the help of our volunteers. Approximately 9,000 people volunteer for Scope, including 5,000 people in our shops. In our services, volunteers provide vital additional support to our customers, while in Fundraising, they act as valuable cheerers and marshals in our events or support us through their involvement on a corporate level.

All of our volunteers are real Scope advocates, generating awareness about disability and extending our reach in their local communities. Volunteering also provides our customers and other disabled people with opportunities to develop valuable life skills, enabling them to become more employable, live more independent lives and be socially active in the community.

# Thank you to all of our supporters

including:

Anthony Collins Solicitors LLP

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The Sandra Charitable Trust

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Uber UK

Virgin Media

The Zochonis Charitable Trust

We would also like to thank our Patrons and Ambassadors for their support:

Neil Blackley

Cherie Blair CBE QC

Richard Bradbury CBE

Peter Brewer

Alex Brooker

Richard Farr

Nicolas Hamilton

Richard Herring

Isabel Hudson

Sophie Morgan

Clare Salmon

Anant Shah

Mark D Smith

Alastair Stewart OBE







**Scope**  
About disability

**[scope.org.uk](https://www.scope.org.uk)**

Call 0808 800 3333 to let us know if you'd like this information in a format that's accessible for you.